



Stopping Grinch Bots

116th Congress

House Sponsor: Paul D. Tonko (D-NY)

Senate Sponsors: Richard Blumenthal (D-CT), Charles E. Schumer (D-NY), Tom Udall (D-NM)

"Allowing grinch bots to rig prices and squeeze consumers during the holiday season hurts American families, small business owners, product makers and entrepreneurs. We will not allow this market manipulation to go unchecked."

❖ Paul Tonko

Bots Ruin the Holidays for U.S. Families

- Since the days of **Tickle Me Elmo**, the holiday season has brought trending toys and the hopes of parents searching for the one gift their kid wants most. Grinch Bots put that hope out of reach
- **Bots are self-running programs that** track and buy inventory online. In a matter of seconds, 3rd-party vendors can use them to **buy up trending items until they are out of stock**
 - In previous years, popular toys such as **Fingerlings** that sold for around \$15 sold out at major retail stores, allowing 3rd-party vendors to corner the market & charge vastly more
 - When the Super Nintendo NES Classic Edition went out of stock on most sites, it started to appear on resale for **nearly \$13,000** by third-party sellers
- Retailors have tried instituting control measures, but rogue programmers continue to find ways to game the system and flip trending products or services at significantly marked-up prices

Digital Commerce has Opened Pandora's Box

- In 2018, online sales exceeded those in stores for the first time during the peak U.S. holiday weekend, with \$6.2 billion spent on Black Friday and \$7.9 billion on Cyber Monday
- On average, **50% of all web traffic is generated by bots**; for certain sites, the share of non-human traffic can be as high as 70%
- In 2016, **Congressman Tonko's Better Online Ticket Sales (BOTS) Act** was signed into law by President Obama to ban "ticket bots" that intentionally bypass security measures on online ticketing websites to unfairly outprice individual fans
- The **Stopping Grinch Bots Act** would apply the structure of the BOTS Act to e-commerce sites, to ban bots bypassing security measures on online retail sites

Congress Needs to Step Up!

H.R. 5263 / S. 2957: the Stopping Grinch Bots Act

Endorsed by: Consumer Reports, Consumer Federation of America, National Consumers League

1. Prohibits manipulative work arounds that allow bad actors to use bots to circumvent control measures designed to protect real consumers
2. Makes it illegal to knowingly circumvent a security measure, access control system, or other technological control or measure on an Internet website or online service to maintain the integrity of posted online purchasing order rules for products or services, including toys, and would make it illegal to sell or offer to sell any product or service obtained in this manner
3. Allows the Federal Trade Commission to treat these abusive workarounds as prohibited unfair or deceptive acts or practices and take action against the bad actors

Connect with Congressman Paul Tonko on Facebook, Twitter or Instagram: @RepPaulTonko