

MD Senate iGaming Hearing Rebuck Testimony (Extend

Uploaded by: David Rebuck

Position: FAV

Testimony Before Maryland Senate – Budget and Taxation Committee
Senate Bill 340
January 29, 2025

David Rebuck

Chair Guzzone and members of the Committee, thank you for having me here today. My name is David Rebuck. Before my retirement last year, I served 13 years as Director of the New Jersey Division of Gaming Enforcement (DGE). I was appointed Director in 2011 after 23 years as a Deputy Attorney General for the state. In October 2013 two years after my appointment, the state authorized and launched the nation's first competitive iGaming market.

Gaming in New Jersey is famously concentrated in the casinos of Atlantic City, as required by the state's constitution. In turn, gaming is the lifeblood of that city, drives its economy, and provides significant tax revenue to the State supporting services for its most vulnerable residents — persons with disabilities and senior citizens.

As with any form of advancement and progress, some in the state were wary of how a new technology such as iGaming would impact the status quo. There were fears that casino workers would lose jobs, and that the supporting industries around the casinos would suffer. I imagine that some in Maryland share similar fears.

Throughout my 13 years as the director of the DGE, a tenure that spanned before and after the introduction of iGaming, iGaming demonstrated itself to be complementary to existing forms of gaming and critical to sustaining the growth of land-based casinos. This same experience holds true across states that have implemented iGaming since that time, especially those states that have required online gaming operators to tether to an existing land-based casino or racino.

Multiple studies have shown that iGaming in fact boosts land-based casino growth rates by an average of 2% annually.¹ Related surveys found that the presence of iGaming boosts interest from a much wider and more diverse adult customer base than all forms of gaming including the land-based gaming options currently available.

New Jersey offers a tethered model of iGaming, in which all iGaming flows through the casinos in Atlantic City, as required by the constitution — like the framework proposed here in Maryland. This gives casinos the opportunity to cross-market their own gaming, food, and entertainment options to a broader group of potential customers, while simultaneously providing casinos with a business

¹ [*The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States \(New York, Illinois, Louisiana, Maryland, and Virginia\)*](#), Mickey Ferri and Laura O'Laughlin, Analysis Group, March 18, 2024; [*Comparing Online And Land-Based Casino Gaming: How The Growing Online Segment Impacts Land-Based Performance*](#), Eilers & Krejcik Gaming, February 2024.

opportunity to partner with experienced nationwide online gaming operators who want to engage in the state.

In New Jersey, as in other states, iGaming both saved and then expanded jobs. Across all iGaming states, jobs supported by the land-based casino industry grew by an annual average of 9.4% from 2017-2022.² When comparing job growth in the iGaming states versus non-iGaming states as a control group, the iGaming states outperformed the non-iGaming states by 0.6% to 5.4% per year. In addition to boosting land-based casino jobs, New Jersey has seen an additional 1,800 new direct iGaming jobs added since it was legalized.

Among the multitude of benefits that iGaming brings to a state is its ability to combat the illegal market. Over the lifespan of my career as a regulator, the rise in the illegal market has been staggering. With this comes incredible risk to consumers, who are exposed to unsafe and unregulated platforms. Today, every state in our nation has illegal, unlicensed, unregulated and untaxed online gambling operations within its borders.

There is proof in concept to taking a multi-pronged approach to cracking down on the illegal market, with legalization being a critical component to any approach. It draws customers to highly regulated platforms while simultaneously giving the state additional tools to take action against illegal operators.

Having worked closely with many of the legal operators interested in offering iGaming in Maryland, I can attest to the work that goes into ensuring there are safety measures in place to ensure legal markets grow responsibly. Many of these operators are already regulated and trusted in Maryland to responsibly offer mobile sports betting. In addition, having worked very closely with the members of the Maryland Lottery & Gaming Control Agency prior to the commencement of online sports wagering here, I believe it is well positioned to effectively and efficiently regulate this new form of online gambling.

States that have implemented iGaming, including my own, have been able to realize meaningful revenue while responsibly offering online games, drawing business away from illegal operators, and boosting jobs and business to land-based casinos. I'm pleased that Maryland may soon see similar benefits, and I'm happy to provide whatever assistance may be helpful based on my experience and expertise as you undertake this effort. Thank you for your time.

² *The Potential Economic Impact of iGaming: Supplement for New York*, Mickey Ferri and Laura O'Laughlin, Analysis Group, April 2, 2024.

MD Senate iGaming Hearing Kalani Testimony.pdf

Uploaded by: Lori Kalani

Position: FAV

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Lori Kalani
Chief Responsible Gaming Officer, DraftKings

Good morning, Chair Guzzone, Vice Chair Rosapepe, and members of the committee. My name is Lori Kalani, and I am the Chief Responsible Gaming Officer at DraftKings. As an attorney with a background in consumer protection law, I understand the critical importance of ensuring public safety and well-being and empowering consumers to make informed decisions. I firmly believe that authorizing online casino gaming—or “iGaming”—is a necessary step in protecting Maryland's gaming community.

Today, billions of dollars are wagered on unregulated sites in Maryland and elsewhere that are easily accessible to minors and lack responsible gaming protections. By legalizing iGaming, Maryland can provide a safer, regulated alternative, ensuring that consumers are protected while the state collects tax revenues from vetted gaming operators.

At DraftKings, we are committed to creating a fun and enjoyable gaming environment for adults. Our robust responsible gaming program is central to this commitment. We have over 60 full-time staff dedicated to responsible gaming, and we’ve created tools and resources on our platform that encourage our players to enjoy gaming responsibly. This includes:

1. A comprehensive suite of tools, such as deposit and time limits, cool offs, and reminders to empower players to manage their play.
2. Engagement with players to encourage responsible gaming habits.
3. Clear, accessible processes for players seeking to self-exclude or access professional support services.

Unfortunately, these resources are absent from the illegal, unregulated iGaming sites where Maryland residents currently wager nearly \$7 billion annually. These operators lack effective age verification and player protections, yet consumers are often unaware they are playing on unauthorized sites.

Our recent research highlights the public’s struggle to distinguish between legal and illegal operators. Companies like Stake and Bovada sponsor prominent events and feature celebrities such as Ryan Seacrest in their advertising, creating the illusion of legitimacy. Yet, these unregulated platforms fail to meet even the most basic consumer protection standards.

Our research also found that players prefer legal, trusted sites when given the option. However, in the absence of legal alternatives, they turn to these unsafe platforms. By legalizing iGaming, Maryland would not only offer a safer, regulated option but also can educate the public, redirect consumers to authorized operators, and shut down illegal sites. Additionally, a legal iGaming market could generate an estimated \$500 million in annual tax revenue for the state.

At DraftKings, we believe responsible gaming is a shared commitment among lawmakers, regulators, public health organizations, and the industry. We are actively engaged with regulators, including here in Maryland, where we already operate online sports betting. We fully support legalizing iGaming to

prioritize consumer protection, strengthen responsible gaming, and ensure a safer gaming environment for all.

Thank you for the opportunity to address the committee today. I welcome the chance to speak with any of you individually about our responsible gaming program and am happy to answer your questions.

MD Senate iGaming Hearing MacGregor Testimony.pdf

Uploaded by: Michelle MacGregor

Position: FAV

Testimony Before Maryland Senate – Budget and Taxation Committee
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Michelle MacGregor
Senior Strategist, Orrick, Herrington & Sutcliffe LLP

Good morning, Chair Guzzone, Vice Chair Rosapepe, and members of the committee. My name is Michelle MacGregor, and I am here today testifying on behalf of the Sports Betting Alliance, a trade association for online gaming operators that includes BetMGM, DraftKings, Fanatics, and FanDuel. I am here today to talk about Maryland iGaming from two perspectives:

The iGaming that is currently here in Maryland: unregulated, unlicensed and generating no taxable revenue or job creation benefits for the state.

And the iGaming contemplated in SB 340, which would (1) provide regulatory oversight and licensing for suitable entities, (2) protect consumers from the ills of the illegal market, (3) provide complementary revenue to existing brick and mortar casinos, (4) empower minority businesses to grow in an innovative tech vertical, and (5) generate upwards of half a billion in dollars annually in new tax revenue for the state.

For thousands of Maryland residents, it would come as a big surprise to learn that the games of blackjack, roulette, poker and slots that were advertised on their radio and podcast channels, or highlighted in their social media feeds or on the side of their favorite Formula One car **are not authorized by the state.**

Recent studies have estimated that Maryland consumers are illegally wagering \$7 billion annually on these sites. This estimate is growing daily and has little to no consumer protection. This immediate reality was reported on in November by the Washington Post. That reporting is in my written submission.

On face value, this number is astonishing – almost unbelievable. But it only takes a quick search on google or in your phone's app store to produce a host of very professional looking platforms available for individuals of all ages to deposit money and play casino games.

These operators have no oversight, no age verification mechanism or any consumer protection tools to moderate play.

I urge this committee to take this opportunity to ask questions of this panel; which represents a wealth of experience regulating and safeguarding iGaming marketplace intended to foster safe consumer engagement while generating critical new revenue for state programs.

Thank you, Senator Watson, for your leadership on this issue and I look forward to taking your questions.

SPORTS BETTING

The ‘sweepstakes’ games that look a lot like online gambling

Millions of Americans are betting real money on online casino games marketed as “sweepstakes.” Users, regulators and the casino industry are fighting back.

🔊 20 min



By [Rick Maese](#)

November 27, 2024 at 7:01 a.m. EST

It was only about a year ago, Erik says, that he started gambling online. He wagered just \$10 or \$20 at first but soon found himself putting up hundreds of dollars at a time — money, he says, he couldn’t afford to lose.

“It’s almost like I blacked out,” he says. “I remember how fast it went. It’s such an embarrassing thing. These are such childlike little games. I don’t even know how it happened.”

It’s a familiar tale. But Erik’s habit doesn’t involve casino visits, basement poker games or mobile sports betting. Though online casino games are illegal in most every state, Erik is among millions of Americans who have played slots and blackjack online, winning and losing real money faster than they could in Las Vegas.

Erik was playing what the gaming industry calls a “sweepstakes” game.

With names such as Chumba Casino and McLuck, sweepstakes social casinos are at the forefront of a booming, multibillion-dollar industry operating in a legal gray area. Players have the option of playing for free — or they can feed money into the games, unlocking a secondary “currency” that effectively turns their smartphone into a slot machine, blackjack table or roulette wheel. Sweepstakes operators aren’t regulated, licensed in the United States or subject to gaming taxes, and though they target American consumers, the biggest ones operate from offshore locales including Cyprus, Malta and Gibraltar.

Erik, a 41-year-old transportation professional from St. Louis, is part of the growing army of players who have spent hours playing the games — and watched their bank accounts grow or shrink in the process. He spoke on the condition that his last name be withheld because his family and employer are unaware of the addiction he says has upended his life. He has maxed out three credit cards, he says, taken out a personal loan and, all told, has lost nearly \$100,000 in the past year. He provided screenshots of past-due credit card bills and bank statements showing thousands of dollars in payments for sweeps coins, often multiple deposits over the course of a single day.

“This turned me into a person I never thought I’d be,” he said.

Unlike regulated sportsbooks and casinos, sweepstakes casinos don’t have to offer responsible gambling services, age verification or other consumer protections. Yet more than a million Americans play each month, and the games drew nearly \$6 billion in player purchases last year, including \$1.9 billion in net revenue, according to Eilers & Krejcik Gaming, a research analyst firm. The firm predicts those numbers will more than double next year.

Australia-based Virtual Gaming Worlds (VGW), which operates Chumba Casino, LuckyLand Slots and Global Poker, alone brought in \$4 billion in revenue in 2023, including \$322 million in net earnings, according to its most recent financial report. Even amid legal challenges, it’s now a primary sponsor of Ferrari’s Formula One team and enlists celebrities Ryan Seacrest, Michael Phelps, DJ Khaled and others as pitchmen.

The boom has caught the attention of the regulated gaming industry, which has long seen online casino games as its most lucrative potential market. Only seven states have legalized and licensed online casinos, even as online sports betting thrives. Yet legal iGaming generated \$6.1 billion in gross revenue last year, according to the American Gaming Association, the trade group representing many of the largest companies in the traditional, regulated gaming industry. Legal sports betting, available in five times as many states, generated \$11 billion, the AGA says.

The AGA recently asked states to investigate the sweepstakes games, and states have begun responding, with some accusing the companies of flouting gambling laws and ordering them to cease operating.

“They look like a casino, talk like a casino, walk like a casino,” said Shawn Fluharty, a West Virginia delegate and president of the National Council of Legislators from Gaming States. “And they’re trying to tell us they’re not a casino.”

The sweepstakes industry insists its offerings are misunderstood and that its core product is not gambling but social gaming.

“We’ve got full confidence in our compliance with all laws and regulations where we operate,” Tim Moore-Barton, VGW’s chief operating officer, said in an interview. “... We don’t view this as gray at all.”

That view is being tested by the casino industry, states and users themselves, who are increasingly turning to the courts to recover their losses and challenge the legality of the sweepstakes games.

Daniel Wallach, a Florida-based gaming attorney, said the model is a ruse and operators are peddling in gambling under the guise of legitimate sweepstakes. “It’s a stretch to even call it subterfuge because it’s so easy to pierce,” he said.

“It not only skirts the edges of the legality but is so far over the cliff that I’m surprised that state attorneys general and federal prosecutors haven’t seized upon this yet,” he added.

Free vs. ‘sweeps’

To understand sweepstakes casinos, it helps to first understand “social casinos,” which offer free-to-play games such as slots and blackjack. There, users can purchase virtual currency to unlock certain features, not unlike in countless other mobile games. But they can’t win or lose real money.

“Sweepstakes games” are social casinos with a twist. Users can play with one of two types of currency: virtual “coins” that have no value, as well as a second tier of currency, called “sweeps” coins, that can be cashed out.

Signing up is typically easy. Chumba verifies each user’s email address and asks them to attest that they are 18 or older — no ID or Social Security number required, as on sports betting apps. Then users get a pop-up offer: For \$10, they can purchase 10,000 gold coins. The coins technically have no value. But in exchange for making the purchase, the user receives 30 sweeps coins, which can be used to play for real money.

The sweeps coins are labeled “free,” and users can toggle between gold coins and sweeps coins. Those playing the casino games for actual money, though, compete separately from those playing for fun.

The registration process takes a couple of minutes. Only users who try to withdraw money have to submit a form of ID.

Having two forms of currency is confusing — and key to the enterprise, according to stakeholders. To meet the legal definition of gambling, a game needs three elements: prize, chance and “consideration,” the industry term for the cost of playing a game.

Sweepstakes operators claim their game has no “consideration” — that the product is the social casino and the sweepstakes are simply a vehicle to help promote that product. They cite the popular McDonald’s Monopoly game or Starbucks’ frequent sweepstakes contests.

“Instead of selling coffee and running sweepstakes to sell more coffee, Chumba sells social casino currency and runs the sweepstakes to promote the sale of the social currency,” said Chris Grove, managing partner with Acies Investments, whose portfolio includes Jefebet, a sweepstakes casino aimed at the Hispanic market, and Fliff, a sweepstakes sportsbook.

Grove points out that people spend more than \$7 billion annually on social casinos, according to the Eilers & Krejcik analysis, knowing they have no chance of winning real money. Only half of VGW’s million monthly users ever make a purchase, Moore-Barton said, unlocking the ability to win and lose money.

“People might wonder: ‘Oh, why would anyone ever do that? I would never pay money to play slots that you can never win,’” Grove said. “But the ‘why’ of it is kind of irrelevant. Because people do.”

Jon Kaplowitz, CEO of Clubs Poker, a social poker site that includes a sweepstakes offering, recently suggested that only 1 percent to 5 percent of social casino users ever pay to play.

“The rest play for free,” he said, “versus the regulated gambling market where money exchanges hands 100 percent of the time.”

So if not gambling, then what are the sweepstakes games?

“I think they’re entertainment,” said Kaplowitz, a former executive for Penn National Gaming. “They’re a way to play with friends online for free.”

A playboy’s play

VGW is the brainchild of Laurence Escalante, the company’s 42-year-old founder and chief executive. He’s among the richest people in Australia, with a net worth reportedly nearing \$4 billion and a toy box that includes private planes, helicopters, boats, flashy watches and a fleet of sports cars — Ferrari, McLaren, Lamborghini and Pagani among them.

When VGW launched as a social games company in Perth in 2010, sweepstakes were not part of the equation. According to Ben Reichel, the company’s former chief executive officer, Escalante saw an opportunity in U.S. law to use sweepstakes to promote and grow the business. (Sweepstakes casinos are illegal in Australia.) The company sought advice from U.S.-based lawyers.



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Isaiah Rashad · Headshots (4r da Locals)

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"Welcoming home, Perth's very first Pagani, the Huayra Tempesta!

A piece of artwork on wheels, it has to be seen in person to be truly appreciated, Horacio does it better than anyone!

Perth, what event do you want to see it at?"

[View all 160 comments](#)

"The Board at the time was very cautious ... because sweepstakes had never been used to promote social casino games," Reichel said in an email. "Eventually the Board was confident of the legality of the model — otherwise it would never have been deployed."

The company launched its products in the United States in 2017, operating under a gaming license from the Malta government. It flourished during the coronavirus pandemic, reporting a net profit of \$115.8 million in the back half of 2020 — a 60 percent increase from the previous year. By 2021, Chumba Casino alone had more than a million players, largely from North America, and paid out nearly \$500 million in prize money.

Competition followed. VGW's market share has fallen from 90 percent in 2020 to 50 percent now, according to Eilers & Krejcik, though it's still the runaway market leader, with \$4 billion in revenue this year.

Critics say the sweeps industry has been able to grow so rapidly because it isn't subject to the same oversight as the regulated industry. Keith Whyte, president of the [National Council on Problem Gambling](#), a nonprofit advocacy organization funded in part by the gaming industry, said sweepstakes operators are exploiting "an antiquated definition of gambling" and "an antiquated definition of sweepstakes."

A key component of any sweepstakes promotion is the phrase "No purchase necessary." For sweepstakes casino players, making a purchase is the easiest way to collect "sweeps" coins. But it's not the only way. Users also can request free game play by mailing a letter to an address — which some choose to do, though the process takes much longer than simply buying sweeps coins on the site.

Sweepstakes casino WOW Vegas invites players to send a letter with specific instructions — only black ink, a No. 10 envelope — to 1445 Woodmont Lane, a one-story gray house on a residential street tucked in an otherwise industrial area of northwest Atlanta. A sign out front identifies the home as the location for "PhysicalAddress.com," a company that provides physical addresses to third-party companies.

The person who answered the door one recent afternoon declined to identify himself or herself and said they could not confirm whether WOW Vegas used the address.

"People can use this address to file their business with the state," the person said, "so that's why they say they're here, but they're not."

Asked whether they could provide contact information for a WOW Vegas representative, the person said, "I can't tell you." Emails sent to a company media representative were not returned.

Chumba and LuckyLand use a post office box in Portsmouth, New Hampshire. Pulsz has a P.O. Box in Manchester, New Hampshire, as do McLuck and Rolling Riches. Sweeptastic has a box at a shipping and mailing business in Amherst, New York, while Stake.us uses a similar business in Dallas.

“It stunned me with how non-fancy these places are,” said Wallach, the attorney. “It’s almost like a secretive thing where they just have a shell presence. It really underscored to me how off-the-grid these companies are.”

Fighting back

In May, the AGA sent letters to the gaming commissions and attorneys general offices in every state, encouraging them to investigate. The memo stopped short of saying the sweepstakes offerings are illegal but urged the offices to consider “legislation to prevent unlicensed operators from exploiting loopholes in sweepstakes regulations to offer online real money gambling.”

“Consumers are being deprived of protections and states are forgoing significant tax and revenue opportunities as this gambling replaces that conducted through regulated channels,” the memo stated.

Brick-and-mortar casinos in Las Vegas and elsewhere have strict rules that dictate payouts and what percentage of money needs to be returned to the player, critics point out. The sweeps casinos might not adhere to any such standards, and if they do, they’re probably governed by some far-away gaming authority. Those casinos also require gamblers to be at least 21; the sweeps games are available to anyone over 18.

“It’s almost like some drug company not going through FDA and just saying, ‘We did all testing ourselves — trust us,’” said Chris Cylke, the AGA’s senior vice president for government relations.

Only four states have barred the sweepstakes games, including two that offer (and collect tax from) legal iGaming. Several other states’ regulators, in interviews, said they’re aware of the sweepstakes issue but declined to say whether or how they may act.

The sweepstakes operators formed a trade association in August, though it doesn’t include VGW. The company says it rejects the AGA’s assertions but welcomes regulation, which Moore-Barton said “adds legitimacy to the business model.”

For now, no court has ruled definitively on the social casinos, and federal regulators haven’t taken up the matter.

“It’s legal until it’s not,” said one longtime state regulator, who spoke on the condition of anonymity because he was not authorized to discuss the matter.

Michigan, where iGaming is legal, was among the first to bar the sweepstakes operators, sending VGW a cease-and-desist letter in December 2023. In addition to the lost tax revenue, Kurt Steinkamp, chief of staff for the Michigan Gaming Control Board, said in an interview the sweepstakes operators made no attempt to follow the guidelines in place for legalized online casinos, which include consumer protections and a minimum age restriction of 21.

“They’re not playing by the same rules,” he said. “They don’t have the same controls in place when it comes to anti-money laundering, player protections, problem gambling, know-your-customer requirements, age verification — all of the things that exist in the legal market.”

VGW’s games are still available in all but five states. The company says it did not exit any state because of concerns over the legality of its products.

“In the handful of states where we have exited, we’ve done so with respectful disagreement with the regulator or the relevant body that we’ve spoken to, and we’ve done so in the best interest of all our stakeholders,” Moore-Barton said.

Players who have lost money playing sweepstakes casinos have recently filed lawsuits in a dozen or so states, saying the sweepstakes operators violated state gambling regulations and unlawfully collected money from consumers. None has gone to trial, though several have been sent to arbitration, as dictated by the games’ terms of service.

In Kentucky, though, players did claw back some money, including a woman who claimed she lost \$7,000 playing Chumba Casino. In separate cases, four operators admitted to no wrongdoing in Kentucky but agreed to pay users a combined \$14.2 million. VGW agreed to the largest payout — \$11.75 million — in a class-action suit and said it settled to avoid additional legal costs and risks of continued litigation.

Yet sweepstakes companies continue to operate in the state. Spokespeople for the state’s department of charitable gaming and the Kentucky Horse Racing and Gaming Corporation said their offices had no authority over sweepstakes, and the state’s attorney general’s office said in a statement, “Our office has not received any complaints relating to sweepstakes social casinos.”

The only game in town

Zach, a 23-year old accountant in the Pacific Northwest, says the casino-style games move too quickly and are too accessible. As his playing habits evolved into what he calls an addiction, he found himself constantly pulling out his phone — at dinner, during meetings, in the restroom — trying to replicate big wins or recover big losses. Zach also spoke on the condition his full name not be used.

“It’s the classic problem gambling,” he says, “except you don’t have to go to the casino. ... A lot of times, it felt like I was on autopilot, where it would just feel more like a mobile game — Candy Crush or something — than actually gambling money.”

Similarly, Erik found himself idly playing at all hours, pushing a button and watching the animated graphics spin on the screen in front of him.

“I just couldn’t stop,” he says. “I let myself get completely devoured. It’s just ridiculous.”

Critics say the sweepstakes operators can be predatory. People susceptible to problem gambling — especially young people — can’t avoid the advertisements and allure of easy-to-play games, they argue. And, as Whyte points out, they’re sometimes the only game in town — as in California and Texas, where even online sports betting is not permitted.

“These are all customers the legal market can’t get to. Some of these companies we’re seeing much more youth-focused websites with youth-focused celebrities,” he said. “When it looks like they’re trying to appeal to youths, that’s not by accident; that’s by design.

While companies such as VGW say their offerings appeal to users of all ages and don’t specifically target youths, the games often feature cartoon characters and colorful gameplay, and the companies advertise on social media sites, such as Twitch, TikTok and Kick, where younger consumers congregate. The biggest companies, such as VGW and Stake, cross-promote heavily, making sponsorship deals with UFC and Formula One. According to the company’s most recent financial report, VGW spent \$275 million on marketing alone last year.

Seacrest is the ambassador for Chumba, while Phelps, DJ Khaled and basketball players Paul George and Karl-Anthony Towns have partnered with VGW’s Global Poker brand. Drake is a celebrity endorser for Stake, which uses cryptocurrency in Canada but operates as a sweepstakes casino in the United States. Paris Hilton recently signed on to be the face of WOW Vegas. Her face is the only non-animated character on the casino’s website.

“State leaders and regulators have worked exceptionally hard to craft iGaming frameworks that protect minors and ensure product transparency. These unregulated operators throw all of that out the window — adhering to none of those safeguards — while robbing states of billions in potential tax revenue,” said Jeremy Kudon, president of the Sports Betting Alliance, a coalition of regulated operators including DraftKings, FanDuel and BetMGM.

Any safeguards that are in place are largely voluntary. Moore-Barton defends VGW’s protections and protocols, saying the company “would hold up what we do, toe to toe, against the land-based operators.”

“Being a fully digital business in almost every sense, we have better transparency, better visibility, better controls around our players,” he said. “You can go into Vegas and you can walk onto a gaming floor and play cash. And it’s anonymous. ... We know who people are at an incredibly early stage. We track every click, every transaction. We put the right protections and controls in place.”

Kaplowitz, the CEO of Clubs Poker, said his site and other social casinos use many of the same “best-in-class” tools as regulated gambling operators to protect consumers, including giving users the ability to self-exclude or limit their spending.

Still, unlike forms of legalized gambling, no money or resources from the sweepstakes operators are earmarked for problem gaming. Unlike sports betting, there aren't any restrictions on television advertising, either, and Chumba ads have aired in places with strict gambling laws in place, such as Texas.

"My concern is it's coming at the expense of our children," said Brianne Doura-Schawohl, a consultant whose clients include Campaign for Fairer Gambling. "My concern is communities bear the brunt. While the legal nuances get debated, how many kids or how many families need to be caught in the wake of these legal debates? And how many are never going to really understand that this was the catalyst of the issues because it just looks and feels like yet another game on a tablet?"

Gaming observers are watching the court cases closely and anticipate more states shutting the doors on sweepstakes operators in the wake of the AGA memo. If states decide not to take action — a de facto green light for sweepstakes operators — a busy space could only become more crowded as social casinos and regulated gambling operators race to expand their offerings.

Thousands of industry insiders gathered in Las Vegas last month for the Global Gaming Expo, a trade show and conference more commonly called G2E. While the annual event encompasses every facet of the gambling world, the rise and success of the sweepstakes social casinos was the week's hot topic.

A company called GammaSweep was among the vendors on-hand at the Venetian Convention & Expo Center. The start-up sells "turnkey sweepstakes software that guarantees authentic casino-like experiences," and it constructed a giant display that stretched across a wide hallway. Thousands of people at the convention passed beneath the words: "Launch your Social Casino in just 5 weeks!"

Will Hobson contributed to this report.

SB340 Gaming

Uploaded by: Ravi Kapur

Position: FAV



Written Testimony of Playtech | January 28, 2025
Budget and Taxation Committee
In Support of Senate Bill 340 Internet Gaming - Authorization and Implementation

Playtech is grateful for the opportunity to submit a written submission supporting Senate Bill 340, which would authorize and implement internet gaming.

Playtech is a leading technology supplier to the gambling sector and one of the largest global B2B software and services suppliers. We are an FTSE 250 company regulated in over 40 jurisdictions, working with 180 global licensees. We employ more than 7,900 people in 20 countries.

We provide operators (our licensees) with gambling software, data-driven services, and platform technology across the industry's most popular product verticals, including casino games and live dealer entertainment, sports betting, virtual sports, bingo, and poker.

In 2020, Playtech entered the US market with a transactional waiver in New Jersey and has since launched casino games, our leading IMS platform, and Player Account Management (PAM) system in a number of states. We have launched state-of-the-art facilities and live dealer game studios in Michigan, New Jersey, and Pennsylvania. In addition, we have entered the land-based sector with our retail kiosk terminals.

This written testimony presents the rationale for authorizing iGaming, discusses important considerations in an iGaming framework, and outlines how Live Dealer Studios operates.

Reasons for iGaming

Playtech believes that legalizing iGaming in Maryland would have several advantages for the state. It would help to reduce the illegal offshore market and safeguard the interests of Marylanders. The offshore market provides online casino games, but with low standards of player protection and responsible gambling. Players are at risk of playing on untested websites and games that are not monitored or reported.

Legalizing the iGaming sector benefits the players and the local government. Some of the benefits include the following:

- **Protection of players** – Offering a legal sector will mean players can play with local licensed and verified gambling companies. In addition, players will be kept safe by the regulatory framework designed by local regulatory authorities.
- **Creation of new jobs** – numerous new jobs would be created if Maryland approved iGaming, notably with the opening of local live dealer game studios.
- **Government revenues** – As shown in the early days of sports betting, the iGaming sector will contribute both meaningful licence fees and tax revenues for the state government.
- **Greater accountability** – The state regulatory authority can set high standards and hold operators accountable by bringing the industry under local licences. This can include adequate security, game testing and software development, among other things.

In Canada, [research by Deloitte](#)¹ estimated that in its second year of operation, Ontario's regulated online gambling market sustained almost 15,000 full-time equivalent jobs across the province despite the state not requiring live dealer studios to be within the province. The estimated contribution to Ontario's GDP increased by 70% compared to year 1, from C\$1.6bn (US\$1.11bn) to C\$2.7bn (US\$1.88bn).

Meanwhile, a report² conducted on behalf of the iDevelopment & Economic Association (iDEA) by Eilers & Krejcik Gaming, a boutique research and consulting firm, showed that online gaming helps boost revenue for operators' brick-and-mortar properties instead of harming the sector. The study, *Comparing Online and Land-Based Casino Gaming*, can be found [here](#).

Responsible Gambling and Player Verification

Playtech welcomes a legalised iGaming framework that expects high standards from the gambling industry. We believe that this framework should encompass robust means of proactively preventing harm. In our view, New Jersey and Ontario are the best practice examples in North America. Both these require that operators employ player analytics and technology to spot problematic gambling patterns early on. This data-driven approach allows for personalised interventions based on actual observed behaviour. It protects all types of players and can be part of Maryland's iGaming legislation.

We want to highlight the draft Model Internet Gaming Act (MIGA)³, published by the National Council of Legislators from Gaming States (NCLGS). Authored by various legislators from Gaming States, the Act establishes legislative and regulatory standards for implementing an iGaming framework, such as responsible gaming best practices, player protection provisions and exclusion protocols, among other topics.

Any iGaming model can implement safeguards to ensure that the player is thoroughly verified and that login requirements are met. The industry norm is that an operator must verify an individual's identity before allowing that individual to place an internet wager. Operators are commonly required to use reliable identification sources, including third-party KYC specialists and governmental databases. Given the volume of digital KYC sources, completing player registration exclusively online is the industry norm, as is the case in other states.

Other standards from leading markets can be used for login standards. In New Jersey, operators must implement multi-factor authentication for all New Jersey accounts. Multi-factor authentication requires patrons to provide additional verifications besides their usernames and passwords to gain access to an account. This can include a player's biometric data, such as fingerprints, facial or voice recognition or

¹ [Deloitte: Economic Contribution of Ontario's Regulated iGaming Market](#)

² [Eilers & Krejcik Gaming: Comparing Online And Land-Based Casino Gaming: How The Growing Online Segment Impacts Land-Based Performance](#)

³ [Model Internet Gaming Act Committee on Model Internet Gaming Legislation](#)



information known only to the account holder. Adopting the above measures should alleviate any concerns that anyone can access the gambling account other than the account holder.

Live Dealer Games

Playtech has three US studios in New Jersey, Michigan and Pennsylvania and will shortly support West Virginia licence holders with our studios outside of the state. We have vast experience opening studios worldwide and are among the most experienced in the US. Live dealer studios are now a standard product in terms of iGaming offerings.

As with any new studio, there is a significant initial investment in constructing and developing a local studio and hiring and training best-in-class personnel/dealers, who often grow into other opportunities within the business. Although live dealer games are sometimes dubbed casinos without players, the studios are not the casinos but are suppliers. A gaming supplier only receives a low percentage of its license holders' net gaming revenues from these games, often classic casino low-margin table games, such as blackjack and roulette.

Once built, live dealer studios have operational costs, such as security, IT, and equipment, to ensure operations can run 24/7 and our staff is trained and invested. In contrast to RNG slot games, for example, while there is a lot of initial cost invested in the game's creation, there is much less operational cost post-production besides certification.

We support the 20% tax rate on live dealer games. This would allow studios to invest in and develop employees, innovate games, and invest in new equipment.

We would also encourage you to ensure that the studio is not exclusive to the state so that the stream can be used outside of the state and that other US studios can be used to serve Maryland licence holders with certain new and innovative game types that will benefit players with more games and consequentially lead to more tax revenues.

Player Journey

If the legal market model is chosen, then to provide the best possible player experience, the financial burden, in general, should allow operators to offer games at a competitive return to the player (RTP). As business costs increase, some operators may use lower RTP slot games, impacting the player experience. RTP is the theoretical payback a casino player will get back when playing casino games over a long period of time. The higher the RTP the casino game has, the higher the chance the player has to win over the long run, and vice-versa.

The RTP also affects the length of the game session, as games with a higher RTP provide more minutes of entertainment and more value for the player's money.

Given the above, Maryland's 55% tax rate on non-live iGaming products would be one of the highest in the world, and it would mean that operators use lower RTP games to manage the tax burden. In addition,



this also does not factor in the other ongoing overheads incurred, such as hosting, certification, customer services, and other compliance costs.

Conclusion

Much of the great work done in Maryland to regulate sports betting, such as licensing standards, responsible gaming, consumer protection, and anti-money laundering practices, can be extended to the iGaming sector, meaning that a robust market could be launched quickly.

A well-designed regulatory framework will ultimately protect players from playing with offshore websites. Thank you for the opportunity to submit this information, and please do not hesitate to contact me if the committee has any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hogan' with a stylized flourish.

Charmaine Hogan
Head of Regulatory Affairs
Email: Charmaine.hogan@playtech.com

Igaming Testimony

Uploaded by: Senator Watson Senator Watson

Position: FAV

iGaming Impact on Land-Based Gaming Revenue and Jobs

A Pennsylvania Case Study

Year	Slot Machine Revenue	Table Games Revenue	iGaming Revenue	Sports Wagering Revenue	VGT's Revenue	Fantasy Sports Contests	Total Gaming Revenue
2014	\$2,319,534,380	\$749,543,217					\$3,069,077,597
2015	\$2,365,651,659	\$808,137,112					\$3,173,788,771
2016	\$2,360,184,122	\$853,238,055					\$3,213,422,178
2017	\$2,336,212,902	\$890,704,254					\$3,226,917,156
2018	\$2,369,885,203	\$878,796,174		\$2,516,589		\$15,309,615	\$3,266,507,581
2019	\$2,363,085,678	\$903,594,181	\$33,599,749	\$84,112,967	\$2,329,540	\$25,872,124	\$3,412,594,239
2020	\$1,355,924,785	\$504,309,266	\$565,776,908	\$189,703,465	\$16,647,898	\$21,148,707	\$2,653,511,029
2021	\$2,287,529,465	\$924,902,965	\$1,112,855,937	\$340,113,160	\$39,852,039	\$29,298,635	\$4,734,552,201
2022	\$2,390,757,300	\$990,568,468	\$1,364,392,468	\$401,208,108	\$42,079,447	\$22,329,896	\$5,211,335,687
2023	\$2,463,698,452	\$971,742,564	\$1,741,832,079	\$458,616,339	\$41,237,349	\$20,091,332	\$5,697,218,115
2024	\$2,447,354,419	\$937,479,260	\$2,181,669,449	\$510,716,858	\$41,525,888	\$18,668,580	\$6,137,414,455

*Source: Pennsylvania Gaming Control Board 2024 Revenue Report; January 21, 2025

Slot Machine Revenue

- 2014–2018 (Total): \$11,751,468,266
- 2019–2024 (Total, including 2020): \$13,308,350,099
- Percent Difference: +13.25%

Table Games Revenue

- 2014–2018 (Total): \$4,180,418,812
- 2019–2024 (Total, including 2020): \$5,232,596,704
- Percent Difference: +25.17%

Key Takeaways:

To assess the impact of iGaming on Pennsylvania's retail gaming market, we analyzed the revenue numbers from the five years before iGaming's introduction (2014–2018) and compared them to the five years following its introduction (2019–2024). This approach provides a balanced comparison, even accounting for the challenges posed by the COVID-19 pandemic in 2020, which significantly disrupted retail gaming revenues.

The results show that **retail table games and slot revenues have increased considerably during the five years since iGaming was introduced, despite the unprecedented challenges of the pandemic year.**

- **Retail slot revenue** grew by **13.25%** between the two periods, rising from \$11.75 billion (2014–2018) to \$13.31 billion (2019–2024). This demonstrates that slots, a cornerstone of the retail casino industry, have remained strong and even grown in the presence of iGaming.
- **Retail table game revenue** experienced an even more remarkable increase, growing by **25.17%** from \$4.18 billion (2014–2018) to \$5.23 billion (2019–2024). This substantial growth highlights the continued appeal of table games and their ability to thrive alongside iGaming.

This growth occurred alongside the expansion in the state's land-based gaming footprint. Since 2018, **five new casinos** (two full casinos and three mini/satellite casinos) have opened in Pennsylvania, further contributing to the increased revenue from retail gaming. This demonstrates that iGaming and land-based casinos are not in competition but are complementary. The simultaneous growth of iGaming and new brick-and-mortar venues reinforces the idea that **land-based and online gaming can coexist and thrive, creating a more robust and diverse gaming ecosystem.**

The employment impact further underscores this complementarity. According to publicly available data from the Pennsylvania Gaming Control Board (PGCB)¹ **more than 1,000 new jobs have been added at land based casinos over the past three fiscal years (FY21/22 to FY23/24)**. Additionally, the PGCB's job board² highlights active recruitment efforts by casinos across the state, with **hundreds of full-time and part-time opportunities available**. These positions range from dealers and table games supervisors to roles in restaurants and other non-gaming amenities that are essential to the in-person casino experience.

Finally, the combination of **iGaming and sports betting** has driven **record-breaking gaming revenues** for the state. Total gaming revenue grew from **\$3.27 billion in 2018** to **\$6.14 billion in 2024**, an increase of over **87%**. iGaming and sports make-up the lion's share of this growth. The availability of these new digital gaming channels has contributed to **record tax revenues from gaming**, benefiting Pennsylvania's economy and public services.

¹ Pennsylvania Gaming Control Board Annual Reports; [2021-2022](#); [2022-2023](#); [2023-2024](#).

² Pennsylvania Gaming Control Board [Casino Employment Opportunities](#).

fluharty_remarks_MD.pdf

Uploaded by: Shawn Fluharty

Position: FAV



Senate Budget and Taxation Committee

Chair, Senator Guy Gazzone

Vice Chair, Senator Jim Rosapepe

3 West Miller Senate Office Building

Annapolis, Maryland 21401

January 29, 2025

Good morning, Senators. It is an honor to be in Annapolis, Maryland. It is especially an honor to be in the oldest statehouse building “in continuous legislative use” and of course the only to ever to serve as our nation’s capitol. If only these walls could talk.

I am Delegate Shawn Fluharty from neighboring West Virginia. I serve as the Minority Whip in the West Virginia House of Delegates. I would like to thank the Maryland Senate, Chairman Gazzone, Vice-Chairman Rosapepe and the lead sponsor of Senate Bill 340 - Senator Ron Watson - for the invitation.

I know a little bit about gaming. In the working-class district that I represent in the West Virginia Legislature, which encompasses the city of Wheeling, we have almost every form of regulated gaming. A traditional brick and mortar casino, retail and mobile sports betting, limited video lottery machines, iLottery and iGaming (which we passed in 2019).

In addition to my legislative role, I also serve the President of the National Council of Legislators from Gaming States (“NCLGS”) which was founded a quarter century ago and is the only organization of state lawmakers that meets on a regular basis to discuss gaming policy.

NCLGS knows Maryland very well. I am proud to report we have had attendance from Maryland legislators over the past years, specifically from today’s lead sponsor, Senator Ron Watson. We have also had participation from Maryland Lottery. In addition, I have visited the Morgan State University campus to join them on awareness and consumer protection issues in gaming, most recently a town hall focused on iGaming and the opportunities this legislation can bring for university research, potential careers and consumer protections.

At our conferences we convene expert panels that discuss and debate all the top gaming issues nationwide; this enables us to educate our fellow legislators on what other states are implementing. The idea being we can all work together to put forward best practices and create the best policy.

I know governing is complex, but I can attest that iGaming policy is good public policy. Rarely will you find a piece of legislation this session or any session that can raise new revenue without raising existing taxes while shrinking the black market and protecting consumers.

Today, I would like to focus on a few areas related to regulated iGaming and Senate Bill 340:

Revenue Generation vs. Revenue Theft

38 vs. 7

Q3 2024 38 Sports Betting States = \$3.24 billion revenue

Q3 2024 7 iGaming States = \$2.08 billion revenue

SUMMARY OF THE U.S. ILLEGAL AND UNREGULATED MARKET			
UNREGULATED MARKET	ESTIMATED HANDLE	ESTIMATED REVENUE	ESTIMATED STATE TAX LOSS
Sports Betting	\$63.8B	\$3.8B	\$700M
Online Slots and Table Games	\$337.9B	\$13.5B	\$3.9B
Unregulated Machines	\$109.2B	\$26.9B	\$8.7B
TOTAL	\$510.9B	\$44.2B	\$13.3B

SOURCE: AMERICAN GAMING ASSOCIATION

Shrinking the Black Market

The screenshot shows a website titled "Best Online Casino Sites in Maryland" with a sub-header "UPDATED FOR Mar-2024". It features two main promotional banners. The top banner is for "BETUS", which is "RATED #1 BY PLAYERS" and offers a "WELCOME BONUS 200% Up to \$5,000". It includes a 5-star rating from 445,687 votes and a score of 10. The bottom banner is for "cafe CASINO", labeled as the "BEST CHOICE", offering a "WELCOME BONUS 350% Bonus Up to \$2,500". It also has a 5-star rating from 420,687 votes and a score of 9.9. Both banners include a "Get Bonus" button and a note that the offer is for "21+, New Customers Only, T&C Apply".

Currently available in the state of Maryland. No tax revenue. No consumer protections.

The above graphic illustrates what is readily available in the state of Maryland. I think it is safe to say that Café Casino is not generating tax revenue for the state nor are they employing any of your constituents or giving back to your respective communities. Instead, they are operating free and clear without consequence. They are also failing to protect consumers along the way.

Senate Bill 340 represents the due diligence that the state of Maryland has taken on iGaming and will produce good policy for years to come in the state. We all know about the projected revenue numbers. I can tell you they are real. In West Virginia or any state with a regulated iGaming industry, it far surpasses sports betting revenue. Beyond the obvious revenue generation, the live dealer studio requirements found in this bill will create jobs. For example, the state of Michigan has generated thousands of jobs from a similar requirement in the iGaming legislation. Senate Bill 340 also utilizes the strong educational and research opportunities available through university partnerships, namely Morgan State University and Bowie State University.

This legislation also lays the groundwork for proper consumer protections. Recently, NCLGS unveiled our model iGaming legislation which also includes many parameters found in Senate Bill 340, including provisions such as a credit card ban. In addition, prohibiting predatory practices so that consumers are not chasing losses or bypassing normal gameplay by directly paying for bonus feature access, would also be worth considering as this bill continues the legislative process.

The objectives of Senate Bill 340 are clear - establish an effective, comprehensive, and efficient regulatory framework consistent with public policy that will foster public confidence and trust in the integrity of the regulatory process and the fairness of internet gaming operations.

I look forward to further discussion and I am happy to answer any questions.

Sincerely,

Shawn Fluharty, Esq.

SB 340 iGaming Sen BT Testimony Caesars Horseshoe

Uploaded by: Joseph Tyrrell

Position: FWA



Maryland Senate Budget and Taxation Committee hearing on SB 340

January 29, 2025

Good morning Chairman Guzzone and Committee Members,

I am Joseph Tyrrell, Regional Vice President of Government Relations of Caesars Entertainment and representing the Horseshoe Baltimore. Last August, the Horseshoe celebrated its 10th anniversary. In that time, the Horseshoe has contributed over \$1 billion in gaming tax revenues. We continue to be one of Baltimore City's largest economic engines, generating tens of millions of dollars every year for City coffers, and employing predominantly City and Baltimore County team members.

iGaming primarily appeals to an expanded demographic of casino customers, and would be a significant new revenue source for the State. On behalf of the 750 team members at the Horseshoe, I am supportive of SB 340 but respectfully suggest the following for your consideration:

First, all iGaming licenses should be tethered to the existing six Maryland casinos. The existing casinos have proven experience in operating casino gaming, including strict adherence to all gaming regulations such as anti-money laundering, Know Your Customer, Responsible Gaming, and underage protections. Moreover, Maryland casinos have the unique ability to cross market iGaming with the existing brick-and-mortar businesses. We can run a promotion online with fulfillment using the many amenities at Horseshoe. This would result in more traffic at the Horseshoe, more jobs at the Horseshoe, and more overall state and local tax revenues from the Horseshoe.

Second, iGaming should have a reasonable tax rate of 15%. You should demand the best iGaming experience in the country, which requires significant technology and infrastructure investments by the operators. iGaming is a fast-evolving landscape with a different expense structure than traditional casinos. A reasonable tax rate ensures Maryland iGaming patrons will have a demonstrably better experience than illegal off-shore operators, or even operators in nearby states.

Thanks for permitting me to testify today – I am happy to answer any questions you may have.

SB0340-BT_MACo_SWA.pdf

Uploaded by: Kevin Kinnally

Position: FWA



Senate Bill 340

Internet Gaming - Authorization and Implementation

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: January 29, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 340 **WITH AMENDMENTS**. If approved through a statewide referendum in the 2025 general election, this bill would authorize the State Lottery and Gaming Control Commission (SLGCC) to license video lottery operators to conduct and operate internet gaming in Maryland.

SB 340 presents an opportunity to generate new revenue through internet gaming, but safeguarding essential funding from brick-and-mortar casinos is vital. These casinos generate crucial local impact grants that support infrastructure improvements, public safety, economic development, and education services in casino-adjacent communities. Local development councils ensure that these investments effectively address community needs and priorities.

However, the expansion of internet gaming could jeopardize these funding streams, posing risks to local economies, jobs, and the stability of critical community investments. Accordingly, MACo urges the Committee to include measures that protect existing revenue streams and maintain the effectiveness of local impact grants.

Counties are already facing fiscal pressures from the Blueprint for Maryland's Future and rising costs for public safety, transportation, health services, and other essential programs. Despite providing record funding for education, counties lack the revenue flexibility needed to meet these growing demands. A fair and balanced revenue distribution from internet gaming would help counties sustain their commitment to critical services while addressing long-term challenges.

The bill allocates counties 1% of internet gaming revenue—distributed based on school-age population—to support education. While helpful, MACo urges the Committee to pursue a more equitable revenue distribution for county governments as true partners in education investments.

SB 340 provides a pathway for generating meaningful education revenue. However, ensuring that counties have equitable access to these funds is essential to maintain vital services and support public schools. Protecting existing funding streams from brick-and-mortar casinos while fairly distributing new revenues will help local governments meet evolving community needs and priorities.

For these reasons, MACo urges a **FAVORABLE WITH AMENDMENTS** report on SB 340.

SB 340 01-29-2024 FWA - MGMNH.pdf

Uploaded by: Ricardo Limardo

Position: FWA



To: Chair Guy Guzzone and Members of the Budget and Taxation Committee
From: MGM National Harbor
Date: January 29, 2025
Re: Senate Bill 340 (Internet Gaming -- Authorization and Implementation)
Position: Support with Amendments

My name is Rick Limardo, Senior Vice President of Government Affairs for MGM Resorts International, a global entertainment company with national and international destinations featuring best-in-class hotels and casinos.

I appreciate this opportunity to testify in support of SB 340 with amendments, and would like to thank Senator Watson for introducing this bill and for his leadership on this timely conversation about iGaming.

As detailed in this testimony, there is an incredible opportunity for Maryland to modernize its gaming options, meaningfully contribute to solving the State's \$3 billion budget deficit without increasing the table games tax, and expand the existing commercial gaming market by nearly \$2 billion in annual gross gaming revenue¹ over the next several years by legalizing iGaming, a form of online casino gaming that has become a popular form of entertainment offered by casino operators to adults of legal age in regulated iGaming states. I appreciate the opportunity to testify today on behalf of MGM and hope the information shared will assist the committee as you deliberate over policy measures that are crucial to the continued evolution of Maryland's gaming industry.

The MGM Resorts portfolio encompasses 31 unique hotel and gaming destinations globally, including one of the most recognizable resort brands here in Maryland – MGM National Harbor. The Company's 50/50 venture, BetMGM, offers U.S. sports betting and online gaming through market-leading brands. BetMGM is currently licensed in Maryland and operates both statewide online sports betting as well as our retail sports book located inside MGM National Harbor.

Maryland's commercial brick-and-mortar casino gaming industry, of which MGM National Harbor is proudly a part, continues to be a significant economic engine for the state through robust job creation and the generation of substantial tax revenues that fund important public priorities, including education.

Collectively, Maryland's six commercial casinos, have generated nearly \$6 billion in economic

¹ *The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States*, Analysis Group, pending release in March 2024 (finding in total, land-based and iGaming revenues combined are projected to grow from \$2.0 billion in 2024 to \$3.9 billion in 2029 (a 91.7% increase). This large increase is attributable to multiple factors, including Maryland's large population for iGaming, continued growth potential for Land-based casino revenues, and its demonstrated large sports betting revenues.



impact²; creating more than 15,000 direct jobs to date; and produced \$824 million in positive tax impact in FY 2024³.

Since the creation of the Maryland Education Trust Fund (ETF), the state's commercial casinos contributed \$6.1 billion to the fund. **Since opening in December 2016, MGM National Harbor contributed more than \$1 billion to the ETF.**

MGM Resorts is deeply committed to supporting the vitality and growth of the communities in which we operate. At MGM National Harbor, approximately 47% of our more than 3,200 employees are local residents of Prince George's County and/or veterans, reflecting our dedication to creating opportunities close to home. Our mission is rooted in making lasting, positive impacts on the local area through job creation, business partnerships, and community involvement that support the people and organizations in the communities we serve.

Our commitment to the community is evident – since the inception of our *Community Benefits Agreement* in 2014, MGM National Harbor has contributed more than \$8 million in financial assistance and in-kind support to local non-profit organizations. Since opening in 2016, our team members have collectively volunteered more than 30,000 hours, contributing their time and talents to local organizations that address critical issues and support the unhoused, veterans, low-income families, youth, and environmental causes.

The land-based casino gaming industry has been a significant economic driver that has positively impacted the lives of many Marylanders – whether they be our employees, our local suppliers, our community partners, or residents who have benefited from the tax dollars that our industry generates. It is in this context that we vocalize our strong support of efforts to legalize iGaming, which we believe will **increase revenue growth for existing casino gaming, create meaningful new tax revenue to fund critical state programs, and modernize the state's gaming industry.**

iGaming – casino-style slots and table games offered on an online platform – presents a significant economic opportunity not only for industry participants but also for the State in terms of incremental tax revenues, job creation, and diversification of the land-based casino industry. **Legal and operational in eight states, including in Maryland's neighboring states of Pennsylvania, West Virginia, and Delaware, full-scale iGaming is an \$8.2 billion⁴ industry as of 2024 and growing.** The industry produces substantial tax revenues in each respective jurisdiction.

We recognize that there are some who may be concerned about the effect of iGaming legalization on land-based operations. **Based on our experience in two iGaming states – New Jersey and Michigan – where MGM Resorts currently operates both retail and online casino gaming, there are complementary synergies between our retail casino properties and iGaming that have allowed us**

² *State of Play*, American Gaming Association. As of December 31, 2023.

³ *Fiscal Year 2024 Annual Summary*, Maryland Lottery and Gaming.

⁴ Eilers & Krejcik Gaming, U.S. Online Casino Monitor, January 2025.



to enhance the customer experience, and build business, with both.

For example, we have found that a significant percentage of iGaming “omnichannel” customers (i.e., patrons with both land-based casino activity and online casino play) first interacted with our online gaming platform *prior to* visiting an MGM Resorts retail property in those two states, indicating an opportunity to leverage online gaming to convert digital gaming customers to retail as well as increase the frequency of land-based casino visitation. In addition, omnichannel customers with both land and digital casino activity have higher gaming spend vis-à-vis a “single-channel” patron, which means that iGaming grows the overall revenue pie, thus positively impacting the overall state gaming tax revenue. In Maryland alone, the tax revenue generated by iGaming would be at least \$450 million annually at market maturity (i.e., five years from market launch).

Additionally, iGaming legalization ensures that the gaming entertainment we offer – just like any other entertainment product – stays relevant and continues to evolve with technology and modern-day delivery methods. We are particularly excited about an emerging but fast-growing segment of iGaming called online “live dealer” games, which are live table games conducted in real time either at a studio or at a land-based casino that are livestreamed on an iGaming platform, allowing patrons to participate as those games occur in studio or on the casino floor. Live dealer is a prime example of how the synergies between retail and online can make gaming entertainment more innovative, interactive, and fun while creating new opportunities for Maryland businesses.

Based on our experience, our digital gaming customer database is younger, compared to our overall customer database. iGaming can give retail casino operators a new way to (1) interact with and engage their customers digitally wherever they are and (2) introduce a new customer demographic to land-based casino gaming.

These anecdotal observations of our experiences in New Jersey and Michigan are further substantiated by several empirical studies that have examined the interplay between retail and online casino. **A recent study by Eilers & Krejcik concluded that 1) online casinos have a positive impact on land-based casino revenue; 2) online casinos attract different customers versus land-based casinos; and 3) the typical state would boost casino revenue after introducing iGaming.⁵**

To repeat: We have over a billion dollars invested here in Maryland, and most assuredly, we would not jeopardize that investment if we thought iGaming would compete or negatively impact our business or employees. We know that iGaming, whether online slots, table games or live dealer, is a different form of entertainment, and our land-based venues will always offer an experience that cannot be replicated on a computer.

While we appreciate and strongly support the intent of SB 340 to legalize and regulate iGaming, we are concerned by certain provisions in the bill relative to licensure and taxation.

⁵ “Comparing Online and Land-Based Casino Gaming,” Eilers & Krejcik, February 2024.



First, we support a licensure framework that tethers iGaming licenses to the incumbent land-based casino gaming operators who have fostered and maintained deep ties to the community; have invested billions of dollars into the state; and continue to generate jobs, economic development, and tax revenues for the state. MGM National Harbor, as outlined above, is committed to supporting our communities and businesses at the state and county level.

Additionally, as a highly regulated gaming company MGM Resorts must prove that we are suitable for the privilege of holding a license to operate the very same casino games that would be offered on an iGaming platform. Our gaming license in any jurisdiction is dependent not only upon the integrity with which we operate in that market, but in all markets. As a company with several destination resorts in the country, we have billions of dollars of investment that depend on our ability to conduct our business consistent with the strongest regulatory standards to which we are subject.

To put it simply, MGM is engaged in a race to the top. This race to the top is evident in every aspect of our business, and we incorporate the following principles into our iGaming product:

- We know our customer. Our online gaming partner, BetMGM, creates all our technology in-house and in a manner that reflects the regulatory requirements of each jurisdiction in which we operate.
- A customer must create an account before they are permitted to gamble on our mobile app or Internet site. When verifying our customer accounts, we use a sophisticated multi-factor identity verification process that uses a customer's name, Social Security Number, and date of birth to confirm identity across different databases and that the customer is as purported and of legal age. This is the same know-your-customer protocols we use for sports betting accounts created in the state.
- We invest in responsible gaming. MGM Resorts is an industry leader in responsible gaming in the brick-and-mortar environment, and we carry that expertise into the mobile environment. We, along with BetMGM, continue to develop protocols that encourage responsible gaming on the front-end and use a series of markers to identify when a player may be exhibiting signs of problem gambling. We offer messaging and interaction with players, self-exclusion lists, and wager limits as examples of ways that players may limit their engagement.

That is why we believe any iGaming licensing framework should recognize those who have made existing investments in the state as well as the most suitable and experienced operators in the market.

Second, the most entrenched competition that regulated iGaming operators would face in a legalized iGaming market would be the existing illegal offshore operators who pay no taxes, have no compliance overhead costs, do not invest in responsible gaming tools, and thus can invest heavily in marketing to drown out the legal competition. **We believe that a reasonable tax rate is critical to stamping out**



unregulated online offshore operators and to recognize the already significant tax revenues⁶ that incumbent casino gaming operators already produce for the state.

While you may be familiar with offshore online gaming operators like Bovada that continue to capitalize on existing demand for iGaming and the lack of a legal, regulated alternative, we also would like to draw the committee's attention upon the more recent proliferation of online sweepstakes casinos. These platforms, many of which are *onshore with headquarters in the United States and whose apps are readily available on major online stores for download*, take advantage of legal loopholes around sweepstakes and provide customers the ability to play casino games or substantially equivalent games with similar statistical odds of winning. Advertised as "social casino games," these platforms are anything but and run multi-million-dollar marketing campaigns, including through social media and celebrity influencers, that often target teens and young people. Based on their public securities filings, the online sweepstakes industry over the past four years has grown at an astonishing compound annual growth rate (CAGR) of 85 percent, and this year expects to see \$11.4 billion in player purchases and \$4 billion in net revenue. Despite their rapid proliferation, this illicit sweepstakes industry is not subject to any state gross gaming tax; does not offer any meaningful responsible gambling tools; and does not employ sophisticated KYC, identity- or age-verification processes – to the contrary, most of these platforms allow prospective customers to simply check a box and self-certify that they are of gambling age.

In our view, the continued and growing prevalence of the illicit online gaming market, including this latest crop of illegal online sweepstakes operators, further necessitates passage of a reasonable iGaming legalization and regulatory framework in the state of Maryland.

We look forward to working with Senator Watson, Chair Guzzone, and the Committee on developing a framework that legalizes iGaming in a responsible way that creates opportunities for all Marylanders while recognizing the current contributions of the brick-mortar casino industry.

Thank you very much, and I welcome any questions you may have on this important and timely topic.

Regards,

Rick Limardo
Senior Vice President, Government Affairs
MGM Resorts International

⁶ The blended casino gaming tax rate in the state is 41 percent, which is second highest in the country.

Boyd Gaming SB 340 Written Testimony January 27 20

Uploaded by: Richard Tabuteau

Position: FWA

BOYDGAMING

TO: Chair Guy J. Guzzone, and the members of the Senate Budget and Taxation Committee

FROM: Uri Clinton, Boyd Gaming Corporation, Executive Vice President and General Counsel

DATE: January 29, 2025

RE: **FAVORABLE WITH AMENDMENTS** – Senate Bill 340

As the Executive Vice President and General Counsel for Boyd Gaming Corporation, I am writing to support Senate Bill 340, which would authorize iGaming in the state of Maryland. A well-regulated iGaming market in Maryland could generate \$1.1 billion in gross gaming revenue (GGR) by 2030. We support SB 340 with amendments that would authorize additional skins, foster a competitive market through a tax rate below 30%, and provide meaningful minority business participation. These amendments would yield more competition for the benefit of Maryland residents, maximize revenues for the state, and create new marketing opportunities for the Maryland's six (6) brick-and-mortar operators.

Boyd Gaming is one of the largest casino entertainment companies in the United States, owning and operating 28 casinos in 11 states, along with our iconic Stardust Online Casino in Pennsylvania, New Jersey, and Ontario, Canada. Passage of SB 340 would provide an opportunity for Boyd to make new investment in the state of Maryland.

Before divesting our ownership interest in Atlantic City's Borgata Hotel and Casino, Boyd Gaming managed that property and was among the first to launch iGaming in New Jersey once it was legalized there in 2013. We embraced iGaming at Borgata despite those who thought that it would cannibalize our brick-and-mortar business. The results confirmed what we believed to be true; iGaming proved to be complementary to our land-based business, not competitive, in that:

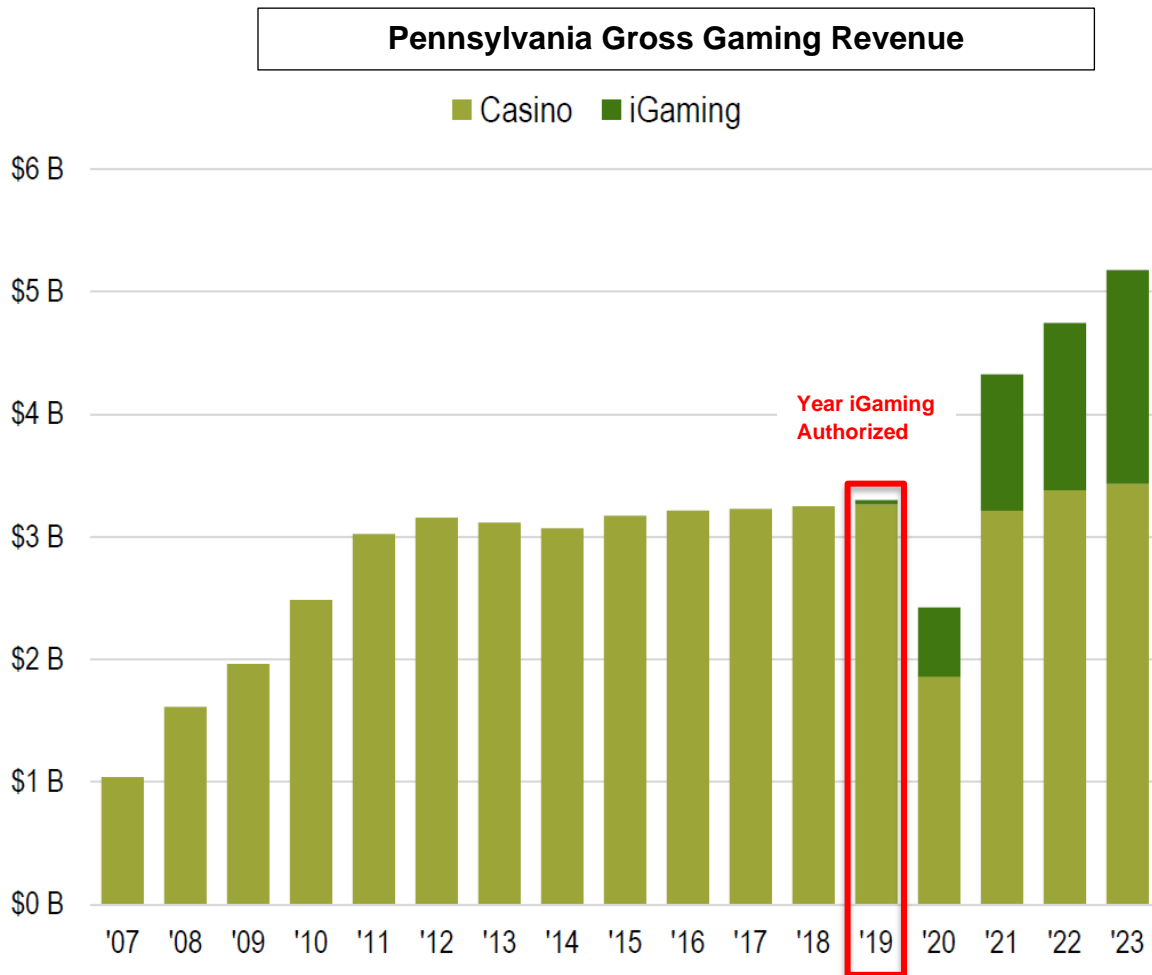
- ***iGaming Attracted a Different Clientele*** - 60% of online casino customers had not been to Borgata in over a year, and 75% had made fewer than two trips to Borgata in the previous year.
- ***iGaming Grew Overall Gaming Revenues*** - And on a combined basis, the addition of online gaming revenue¹ resulted in an incremental revenue increase for Borgata of more than 40% from our land-based play alone in December 2012.

We are now experiencing similar results in our current operations in Pennsylvania. It is important to note that our Pennsylvania land-based property has not experienced any job loss as a result of iGaming's launch in 2019. Our experience is not unique, in fact recent industry studies and the raw Gross Gaming Revenue reports of states where both brick-and-mortar and iGaming coexist show similar outcomes.

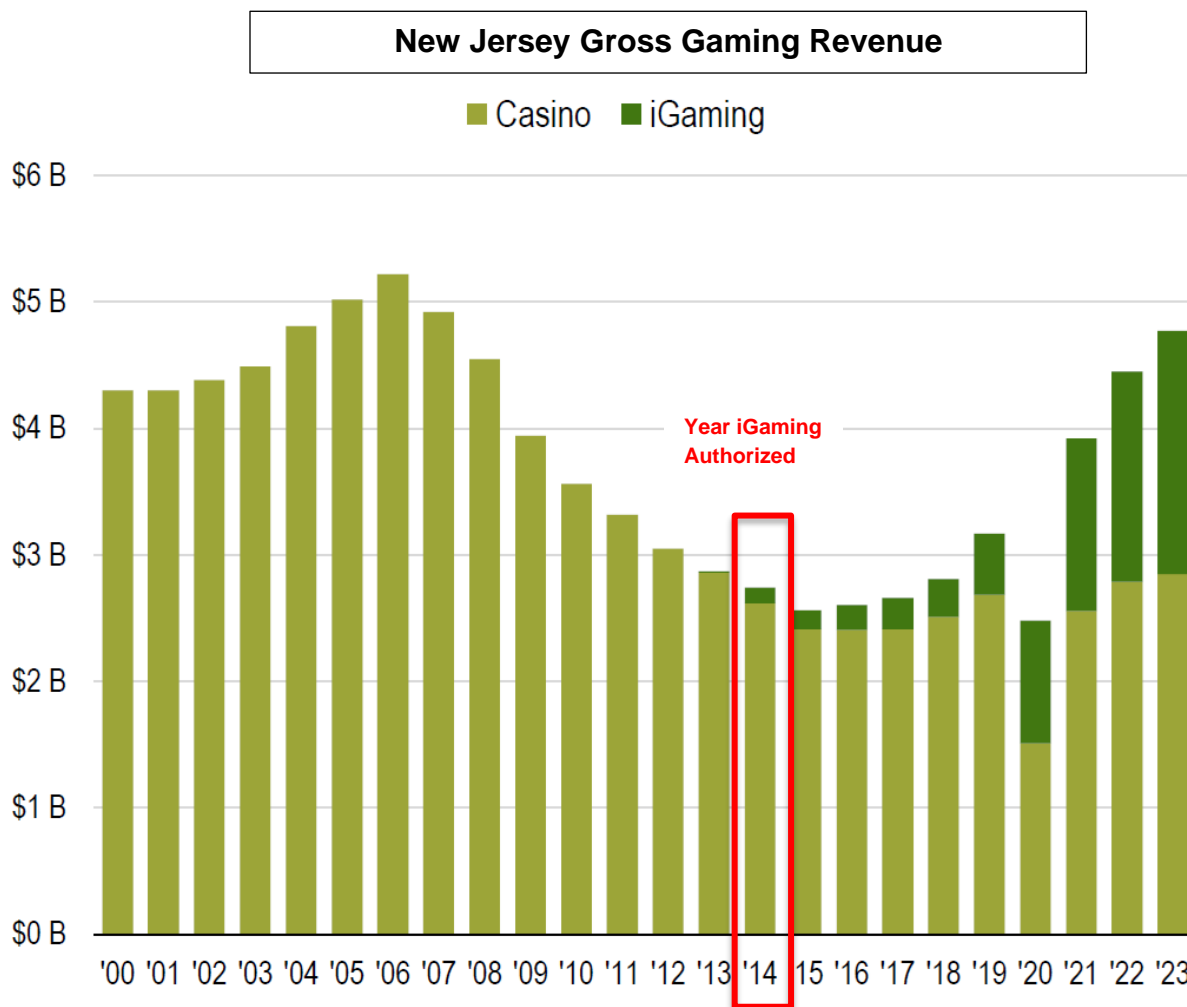
¹ Including land-based poker

iGaming is Additive to Brick-and-Mortar Revenue – Not Cannibalistic

Pennsylvania Case Study – Pennsylvania’s brick-and-mortar casino revenue began to plateau in 2012 and remained relatively flat through 2018, the final full year before the addition of iGaming in July 2019. In fact, from 2012 through 2018, the brick-and-mortar revenue only increased 3%. However, since the introduction of iGaming, the brick-and-mortar gaming revenue has increased 6% from 2019 to 2023. In addition, the State had \$1.7B in taxable iGaming revenue. So not only did the brick-and-mortar casinos show growth, but the State’s gaming tax revenue grew substantially from iGaming.



New Jersey Case Study - Prior to the introduction of iGaming, New Jersey was experiencing a downward trend in brick-and-mortar casino revenue due in large part to the expansion of legalized gaming in neighboring states. However, after the launch of iGaming in November 2013, brick-and-mortar casino revenue began to rebound, while total taxable gaming revenue returned to pre-expansion levels. For example, in the 7 years prior to the launch of iGaming in New Jersey, brick-and-mortar casino revenue had a compound annual growth rate (CAGR) of **-8.2%**. However, over the past 8 years with iGaming that trend has reversed, and New Jersey's brick-and-mortar casinos had a CAGR of 2.1%, while adding another \$1.9B in iGaming revenue.



Additional Licenses to Serve Maryland's \$1Billion iGaming Market

We suggest increasing the number of iGaming skins and licenses available under SB 340. Having a robust number of skins and licenses will spur competition among market participants, which will maximize tax revenue for Maryland and yield a better iGaming experience for the public. Moreover, it would provide more opportunities for minority business owners to enter the iGaming industry.

States with a greater number of iGaming platforms have reported the strongest gaming volume. The number of outlets, also referred to as skins or sublicenses, that are offered in each state provide a number of advantages, including expanding the marketing reach of brick-and-mortar casinos by providing access to multiple databases and establishing a competitive marketplace. Increasing the number of licenses, skins, or sublicenses would also increase the number of opportunities for disadvantaged and/or minority business owners. Moreover, fewer skins would suggest less revenue potential when you compare revenue per skin in states with higher numbers of skins against those with lower number of skins.

iGaming Metrics by State (2023)

State	Start Year	iGaming Revenue	No. of Skins	Revenue Per Skin
States with a Greater Than 15 Skins:				
New Jersey	2013	\$1.9 B	33	\$58 M
Pennsylvania	2019	\$1.7 B	19	\$92 M
Michigan	2021	\$1.7 B	16	\$108 M
States with a Fewer Than 15 Skins:				
Connecticut*	2021	\$335 M	2	\$167 M
West Virginia	2020	\$157 M	11	\$14 M
Delaware	2013	\$14 M	3	\$5 M

*Operated under tribal gaming compacts.

A Tax Rate That is Under 30% Would Create a Healthy iGaming Segment of Maryland's Gaming Industry

Moreover, a sound tax policy is critical to the success of iGaming. The current proposed tax rate is higher than many other states, which limits marketing reinvestment and market growth. We recommend a gaming tax of no more than 30% to help accomplish this goal. By way of comparison:

- New Jersey's tax rate is 17.5%², and
- Michigan has sliding scale from 20% to 28%, based on adjusted gross gaming revenue.³

We also recommend the tax deduction for free play and promotional credits be capped after year one at 40%, with a \$10,000,000 annual limit. There is a substantial, ongoing marketing investment required to attract and retain players. These incentives are required to help grow the overall revenue for the state.

We also support various proposed initiatives to address local stakeholder issues:

- (1) Meaningful minority business participation, including the 5% partnership requirement;
- (2) Protecting jobs at Maryland's brick-and-mortar casinos; and
- (3) Expanding protections against problem gambling.

² American Gaming Association's Gaming Regulations and Statutory Requirements, New Jersey, Exhibit C, p.5.

³ American Gaming Association's Gaming Regulations and Statutory Requirements, New Jersey, Exhibit D, p.7.

Appendix/Notes

- A) The Eilers & Krejcik February 2019 Analysis: How The Multiple-Brand Model Impacts State-Regulated Online Gambling Markets data indicates only 7% of customers participate in both land-based and online casino games. The minimal crossover is a big reason cannibalization has not been observed. Land-based casino revenues will (actually) increase as operators leverage iGaming platforms as a marketing tool to drive visitation with a new or wider set of patrons.

SB340_HRT_FWA.pdf

Uploaded by: Therese Hessler

Position: FWA



January 29, 2025

Senate Bill 340 - Internet Gaming - Authorization and Implementation

Senate Budget & Taxation Committee

Position: SUPPORT W/AMENDMENT

High Roller Technologies, Inc. (“HRT”) is **supportive with amendment of Senate Bill 340 – Internet Gaming – Authorization and Implementation**. High Roller Technologies, Inc. (“HRT”) is an online gaming operator. The company offers a compelling real money casino platform and a wide range of casino games. HRT is publicly listed on the NYSE (“ROLR”) and serves customers worldwide.

Legalizing and regulating online casinos within Maryland is essential for channeling black-market activity into a safer, more trusted environment for consumers. The current lack of regulation leaves consumers vulnerable to unregulated and potentially predatory operators. By introducing enabling legislation, Maryland can establish an overarching governance structure that ensures fair play, data security, and consumer protections. This framework will encourage reputable operators to enter the market, enhancing trust and accountability while protecting Marylanders who choose to participate in online gaming.

A well-designed regulatory structure that fosters healthy competition among operators will drive innovation in products and services, ultimately delivering a better entertainment experience for consumers. Competition encourages operators to develop new features, implement responsible gaming measures, and invest in cutting-edge technologies that enhance both safety and enjoyment. As a result, Maryland residents will have access to a vibrant, secure, and innovative iGaming market that meets the highest industry standards.



We ask that prior to the passage of SB340, the following friendly amendment be included in the language where appropriate:

“A PRINCIPAL ENTITY OF A HOLDER OF A SPORTS WAGERING FACILITY DESCRIBED UNDER § 9–1E–06(A)(1)(I)(2) THAT HAS BEEN QUALIFIED UNDER COMAR 36.10.02.10; AND”

HRT encourages the adoption of the aforementioned amendment which would enable greater participation from minority business enterprise stakeholders, as minorities are heavily underrepresented throughout the gaming ecosystem. By creating pathways for minority-owned businesses to participate and thrive within the iGaming space, Maryland can foster a more inclusive and equitable market. This approach not only strengthens the industry’s diversity but also ensures that the economic benefits of this legislation reach all communities across the state.

For more information call or email:

Therese M. Hessler | 301-503-2576 | therese@ashlargr.com

SB 340 - Riverboat on the Potomac Testimony.pdf

Uploaded by: Tony Jones

Position: FWA



301 Beach Terrace • Colonial Beach, VA 22443 • 804.224.7055
www.riverboatonthepotomac.com

Wednesday, January 29, 2025

Subject: Testimony in Favor with Amendments for Senate Bill 340 - Internet Gaming - Authorization and Implementation

Dear Chair Guzzone and esteemed Members of the Budget and Taxation Committee,

For the record, my name is Antonio Jones, Managing Partner of Riverboat on the Potomac. On behalf of our managing partners, I submit this testimony in **support with amendments** of Senate Bill 340. As a 100% minority-owned business, we recognize the potential economic and recreational benefits that iGaming could bring to Maryland. However, to ensure that these opportunities are accessible and equitable, certain amendments are essential.

Our support for SB 340 is contingent on the inclusion of the following amendments:

1. **Significant and Viable Minority Business Ownership Participation**
It is imperative that the legislation provides for meaningful minority business ownership participation. This should include an equal starting point for small businesses, akin to the framework established by the Sports Wagering Application Review Commission (SWARC) for mobile sports wagering licensees. Such provisions are vital to ensure equitable access to this growing industry.
2. **Reduction of Initial Licensing Fees for MBE Business Licenses**
We urge the committee to reduce the initial licensing fee for Minority Business Enterprise (MBE) licensees. High fees present a significant barrier to entry for small businesses and minority entrepreneurs, limiting their ability to participate in Maryland's burgeoning iGaming industry.
3. **Increase in Retention Level for Non-Live Dealer Games Revenue**
We recommend increasing the retention level for non-live dealer game revenue to 55%. This adjustment would enable licensees to reinvest in their operations and contribute to the long-term growth of the industry while ensuring profitability for smaller operators.
4. **Amendment of the RaceTrack Facility Renewal Account**
We propose expanding the RaceTrack Facility Renewal Account to include support for Off-Track Betting (OTB) Facility Renewal. This change will ensure that OTB facilities, which play an integral role in Maryland's gaming ecosystem, have the resources needed to thrive.
5. **Increased Funding for the Small, Minority, and Women-Owned Business Account**
The growing demand for low-interest capital and grants among Maryland's small businesses requires a robust response. We urge increased funding for the Small, Minority, and Women-Owned Business Account to help sustain and expand these vital enterprises.

The iGaming industry offers a unique opportunity to advance diversity, equity, and inclusion in Maryland's business landscape. Studies have shown that fostering diversity not only strengthens the business community but also enhances customer satisfaction and employee engagement, leading to greater overall success.

In conclusion, Riverboat on the Potomac supports Senate Bill 340 with the proposed amendments. These changes are necessary to create a fair, inclusive, and sustainable iGaming industry that benefits all Marylanders. We appreciate your consideration and look forward to participating in this important dialogue.

Sincerely,

A handwritten signature in dark ink, appearing to read "Antonio Jones".

Antonio Jones, Managing Partner
Riverboat on-the Potomac, LLC

If you have any questions, please contact:

Lesly Feliz

Greenwill Consulting Group

lfeliz@greenwillgroup.com

Rocky Gap Casino Resort SB 340 testimonial letter

Uploaded by: brian kurtz

Position: UNF



Subject: SB 340 Internet Gaming

Dear Chairman Guzzone,

Representing Maryland's smallest casino, we oppose SB 340, Internet Gaming in its current form.

Similar to Sports Betting the excessive number of licenses offered will dilute the market and allow insertion of unqualified licensees that do not possess the necessary gaming background and knowledge. This inevitably will result in issues related to regulatory compliance and failures of responsible gaming.

Maryland's casinos are a cornerstone of the State's economy, driving substantial revenues and unmatched benefits to Maryland and its communities. Collectively, we employ over **15,000 workers**, generate an annual economic impact of over **\$5.78 billion**, and create over **\$962 million** in tax impacts each year. As such, the initial five-year term of licenses should be tethered to the already established brick and mortar locations only. Additional licenses then can be considered by the legislators as the platform solidifies with analytics and data to drive those decisions.

The tax rates put Maryland at a national and regional disadvantage. The 55% tax rate would not be conducive for further reinvestment back into the brick-and-mortar locations needed to compete in a now hyper-competitive market place with the continued expansion in neighboring states Pennsylvania (State College Jan 2026), and Virginia with the potential of a Tysons Corner location. As Rocky Gap Casino will look for a partner that owns the necessary technical stack, these tax rates would effectively push us out of the marketplace.

Our commitment to Maryland extends beyond operations. Casinos spent over **\$3 billion** in initial "brick & mortar" construction and have reinvested an additional **\$1 billion** since opening, ensuring continued growth and stability in local economies.

As the smallest casino in Maryland, yet a major contributor to Allegany County and Western Maryland tourism and economic success, we respectfully request that the Budget & Taxation Committee give **an unfavorable report to SB 340**, until more reasonable and accretive terms can be established.

Sincerely,

Brian Kurtz P-819

Brian Kurtz

SVP | General Manager

Rocky Gap Casino, Resort, and Golf

SB340 - PNG - Hollywood Casino Perryville - Oppose

Uploaded by: Caitlin McDonough

Position: UNF



January 29, 2025

**SENATE BILL 340 – INTERNET GAMING – AUTHORIZATION AND IMPLEMENTATION –
OPPOSED UNLESS AMENDED**

**SUBMITTED TESTIMONY TO THE SENATE BUDGET AND TAXATION COMMITTEE
BY JEFF MORRIS, VICE PRESIDENT, PUBLIC AFFAIRS & GOVERNMENT RELATIONS FOR PENN
ENTERTAINMENT, INC.**

Good Morning, Chair Guzzone and members of the Budget and Taxation Committee, my name is Jeff Morris and I am the Vice President of Public Affairs and Government Relations for PENN Entertainment. I appreciate the opportunity to submit testimony to this Committee regarding online casino gaming.

As you may be aware, our Company developed and opened the first casino in Maryland in 2010, Hollywood Casino Perryville. Following a divestiture in 2014 required by the creation of the real estate investment trust Gaming and Leisure Properties, Inc., PENN reacquired the property in 2021 and has since proudly operated Hollywood Casino, which is one of 43 properties in our portfolio across 28 jurisdictions.

In Perryville, we currently employ over 315 team members, offering competitive salaries and wages and a robust wellness and benefits program, which includes traditional benefits and numerous additional programs, such as tuition reimbursement and workforce training partnerships. Hollywood Casino Perryville also happily supports dozens of worthwhile charitable organizations, including but not limited to the following: Habitat for Humanity, Maryland Veterans Trust Fund, House of Hope Animal Rescue, Christiana Care Breast Center, Janet Memorial Scholarship Fund, American Cancer Society, Cecilton Volunteer Fire Company, Aspire Living and Learning, SARC (Sexual Assault/Spouse Abuse Resource Center), and CHEP (Chesapeake Health Education Program).

We are also proud partners with Bowie State University and recently contributed \$1 million to their endowment as part of the PENN Diversity Committee's STEM Scholarship Program with Historically Black Colleges and Universities nationwide. PENN also supports STEM academic programs on campus, and we offer internships to Bulldogs through our Leadership Excellence at PENN program.

We appreciate the hard work being done by this Committee to consider the legalization of online casino gaming, or "iCasino", in Maryland. Like others in the industry, PENN supports the legalization of internet gaming as a key catalyst for growth, as it can be complementary to existing brick and mortar business and drive gaming and associated tax revenue. As you are aware, the border states of New Jersey, Delaware, Pennsylvania, and West Virginia allow for iGaming, and we are proud to offer our online Hollywood Casino products in neighboring states. Coupled with our existing casino properties and ESPN BET sports betting app, the inclusion of iGaming has resulted in PENN becoming a best-in-class omni-channel provider of entertainment to these constituencies.

However, unlike sports wagering, which has quickly become legalized in 39 states and the District of Columbia in less than six years, we are still in the nascent stages of legal iGaming in the United States, with only a handful of states in operation.

Across the country, advocates and opponents are issuing white papers, case studies and reports on the benefits and dangers of online gaming. Two unique circumstances pose problems in the analyses of both camps: the COVID-19 pandemic and the rapid proliferation of illegal slot machines and so-called “skill games” across the country.

The pandemic upended the gaming industry, changing customer habits across the board and the way casinos operate across the country. Meanwhile, the influx of tens of thousands of slot machines and skill games in bars, taverns, gas stations, laundry mats, and so on during this same time flooded the market with new supply. In Pennsylvania alone, we believe there are upwards of 100,000 of these machines operating across the Commonwealth, which is more than four times the amount of slot machines in all the state’s 17 casinos. While we have yet to see this level of infiltration yet in Maryland, we can confirm that these types of skill games have been found in Cecil County, and we welcome coordination with this Committee, our regulator, and law enforcement to eliminate these machines as soon as possible.

The pandemic and proliferation of skill games – which occurred at approximately the same time iGaming and iLottery were legalized in Pennsylvania – make it incredibly difficult to offer an objective analysis on the effects of the legalization of iGaming and iLottery on the traditional brick-and-mortar business.

Meanwhile, the benefits of brick-and-mortar regulated gaming in Maryland are proven – tens of thousands of jobs and billions in capital investment and tax revenue. As the legislature considers the legalization of iGaming, we urge this Committee and your fellow lawmakers to ensure that legislation includes a requirement that all online licenses are tethered to the brick-and-mortar casinos. You must consider the potential negative effects of untethered licenses on the thousands of existing jobs, past and future capital investment in and around the properties, and associated local benefits provided by state’s existing casino industry.

Thank you.

SB340 Testimony.pdf

Uploaded by: Carroll Hynson

Position: UNF



Dear Chairperson Guzzone,

I am providing testimony on behalf of Image Power Inc, MBE certified since 2009. We have been involved as a gaming contractor since the startup of casinos in 2010. My testimony is directed towards Senate Bill 340 and its attempt to provide I-Gaming in the state of Maryland.

We are currently actively involved in providing project assistance, employees and oversight in the gaming program and we are opposed to the passing of the I-Gaming bill. Our casino gaming facilities provide substantial funds to Maryland state revenue and we are of the opinion that I-Gaming would financially effect the income stream only with minimal increases, if any! Secondly, there would be no control over minors, addictive gamblers and other illegal individuals using someone's account to overextend or cause a possible criminal situation. Our casinos and gaming operations spend millions of dollars on the procurement of supplies, operational expenses and hiring thousands of employees whose jobs could be jeopardy if this bill is passed.

I respectfully request a declining vote on Senate Bill 340, as it would have an adverse effect on our current casino gaming industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Carroll H. Hynson, Jr.", written over a horizontal line.

Carroll H. Hynson, Jr.
President
Image Power, Inc.

Worcester County Letter Re SB 340.pdf

Uploaded by: Charlene Sharpe

Position: UNF

TEL: 410-632-1194
FAX: 410-632-3131
WEB: www.co.worcester.md.us



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OFFICE OF THE
COUNTY COMMISSIONERS

Worcester County

GOVERNMENT CENTER
ONE WEST MARKET STREET • ROOM 1103

SNOW HILL, MARYLAND

21863-1195

January 24, 2025

WESTON S. YOUNG, P.E.
CHIEF ADMINISTRATIVE OFFICER
CANDACE I. SAVAGE, CGFM
DEPUTY CHIEF ADMINISTRATIVE OFFICER
ROSCOE R. LESLIE
COUNTY ATTORNEY

Honorable Senator Guy Guzzone
Miller Senate Office Building, 3 West Wing
Annapolis, MD 21401
guy.guzzone@senate.state.md.us

Honorable Senator Jim Rosapepe
Miller Senate Office Building, 3 West Wing
Annapolis, MD 21401
jim.rosapepe@senate.state.md.us

Dear Budget and Taxation Chair Senator Guzzone, Vice Chair Rosapepe and members:

The Worcester County Commissioners strongly opposed SB 340 Internet Gaming. We are concerned the introduction of internet gaming to Maryland would threaten existing brick-and-mortar institutions, fuel gambling addictions and result in lost revenues to jurisdictions in Worcester County.

Worcester County is home to the Casino at Ocean Downs. Since opening its doors in 2011, the casino has grown to become a vital tourism and economic development partner, generating more than \$46.2 million in local impact grant (LIG) funds to Worcester County, Ocean City, Berlin and Ocean Pines. These funds are reinvested in our communities. Just a few of the many projects our jurisdictions have been able to fund, even in years of economic downturn, include improvements to roadways and bridges, upgrades to public safety radio systems, additional police vehicles, a new Berlin Police Department, and a new Worcester Technical High School that trains area youth for family-sustaining careers right here at home.

Unlike the Casino at Ocean Downs, which has established partnerships designed to attract residents and visitors to invest their discretionary income in area hotels, eateries and retail establishments, most online gaming operators are out-of-state. Every dollar spent gambling online would equate to a direct loss to our local economy. We respectfully urge you to oppose SB 340.

Sincerely,

Theodore J. Elder

President

Citizens and Government Working Together

Bill Rickman letter SB 340 2025.pdf

Uploaded by: Denise Hill

Position: UNF

W.M. RICKMAN CONSTRUCTION COMPANY, LLC

15215 Shady Grove Road, Suite 201
Rockville, MD 20850
301-840-2011

January 28, 2025

Honorable Guy Guzzone
Chair
Budget & Taxation Committee
3 West, Miller Building
Annapolis, MD 21401

RE: Opposition to SB 340, Internet Gaming

Dear Guy,

As the former owner of two casinos, I am writing today in opposition to SB 340.

Maryland's brick-and-mortar casinos are a cornerstone of the State's economy, driving substantial revenues to Maryland and its local communities. I know firsthand, that the casinos spent over \$3 billion in initial construction and an additional \$1 billion since opening. In addition, Maryland's in person casino gaming supports over 15,000 jobs.

I am very concerned that the introduction of iGaming would cannibalize our brick-and-mortar casinos which would adversely impact the casinos and the casino employees. I am also concerned that iGaming legalization would fuel gambling addictions, since everyone would be able to gamble at any time, day or night, on their smart phones or at home on their computers.

I hope that you and your committee members will give SB 340 an unfavorable report.

Sincerely,



William M. Rickman

SB 340 - Internet Gaming.pdf

Uploaded by: Denise Riley

Position: UNF

Kenya Campbell
PRESIDENT

LaBrina Hopkins
SECRETARY-TREASURER

**Written Testimony Submitted to the Maryland Senate Budget & Taxation Committee
SB 340 - Internet Gaming - Authorization and Implementation
January 29, 2025**

OPPOSE

Chair Guzzone and members of the Committee, AFT-Maryland asks for an unfavorable report on SB 340, due to the detrimental impact internet gaming will have on traditional casino jobs and the broader community.

Online gambling poses a significant threat to the livelihoods of thousands of workers employed within the brick-and-mortar casino industry. These establishments serve as vital economic engines, providing stable employment opportunities for countless Maryland citizens, including state employees, hospitality staff and maintenance workers.

Unlike traditional casinos, online gambling platforms require minimal physical infrastructure and human capital to operate. As a result, they are not significant contributors to local employment and do not offer the same level of job security and benefits as their brick-and-mortar counterparts.

Traditional casinos serve as more than just places to gamble; they are vibrant entertainment destinations that attract tourists, support local businesses, and generate tax revenue to fund essential public services.

By contrast, online gambling fosters isolation, addiction, and financial hardship. The accessibility and convenience of online gambling platforms make it easier for vulnerable individuals to succumb to addictive behaviors, leading to devastating personal and societal consequences.

We need to prioritize the well-being of our communities and safeguard the interests of hardworking individuals who rely on the casino industry for their livelihoods. Rather than embracing the expansion of online gambling, let us work together to support the traditional casino industry and preserve the jobs and prosperity it brings to our communities. Thank you.

SB 340 - Internet Gaming - Authorization and Imple

Uploaded by: Donna Edwards

Position: UNF



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

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President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

SB 340 - Internet Gaming - Authorization and Implementation
Senate Budget and Tax Committee
January 29, 2025

OPPOSE

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in opposition to SB 340. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

Proponents of SB 340 claim there will be millions of dollars in new revenue and increased jobs but have no real data regarding jobs that will be lost in brick-and-mortar casinos and the number and type of jobs they plan to create. Labor's experience in states that have I-Gaming is different from what the proponents assert. In 2023, over 3,700 casino workers in Detroit, Michigan went on strike after months of failed negotiations. The casino operators there, MGM and Penn Entertainment, were seeing record profits that failed to trickle down to workers. Increased gaming revenues does not automatically translate to good jobs.

The General Assembly created good middle-class jobs when you passed gaming in 2008. Currently, the following unions represent thousands of workers in the six Maryland casinos: UNITE HERE, Seafarers International Union (SIU), International Union of Operating Engineers (IUOE), United Food and Commercial Workers International Union (UFCW), United Auto Workers (UAW), International Alliance of Theatrical Stage Employees (IATSE), American Federation of Teachers (AFT), and the Teamsters (IBT).

Online gaming is simply too new as an industry to be understood as a foolproof potential state revenue source. Some states find that they are simply "robbing Peter to pay Paul" by decreasing potential in-person casino tax revenues. In 2023, an Indiana report of their Legislative Services Agency claimed the state could expect to lose between \$134 million and \$268 million from the "loss of tax revenues from displacement of gaming activities at brick-and-mortar casinos and racinos" if they passed I-Gaming.¹ Another report found that, "On average, **onsite** sports betting is associated with an increase

¹ Wayne Parry, "Internet casinos thrive in 6 states. So why hasn't it caught on more widely in the US?" AP. November 24, 2023.

in casino revenues; however, **online** sports betting is associated with a decrease in casino revenues.”² Maryland’s own commissioned report with The Innovation Group found that brick and mortar gaming establishments could expect to lose 10% of their revenue.³

Focusing on online gaming as a new potential state revenue source shifts the attention away from Maryland’s structural revenue problems that require real solutions like combined reporting, changing the throwback rule, and increasing income taxes on millionaires. I-Gaming will disproportionately tax working people. When Michigan expanded online casino gaming, a representative of their state’s Problem Gambling Association, stated, “It’s a way for the state to increase revenue without increasing taxes on the masses. The more the population loses, the more kickback the government gets, so they have little or no incentive to put up guard rails to slow down the problem side of gambling.”⁴ This creates a dangerous relationship where the state is required to derive its revenue from problem gambling itself, while claiming to combat it.

Online gaming will contribute to more problem gambling. Many of the states that have legalized online gambling have seen a significant increase in the number of calls made to their respective problem gambling hotlines. A 2023 Pennsylvania report found that the total number of calls made to the hotline regarding online gaming went from 20% of total calls in 2021 to 34% in 2023.⁵ Michigan reported seeing their total calls triple from 2018 to 2023⁶; Pennsylvania saw that one in three people who called the hotline reported at least one problem with their gambling⁷; and New Jersey, one of the country’s leaders in online gambling, reported seeing a 277% increase in calls made to their 800-GAMBLER helpline since legalization in 2018.⁸ This finding is hardly unique, a 2023 article by Dr. Tristian Brass and Dr. Shawn R. Charlton of the University of Central Arkansas found that, “The easy access and always-on nature of online gambling could encourage compulsive behavior... bettors can easily conceal their gambling activity from others, making it easier for individuals to engage in excessive gambling behavior.”⁹

Proponents of online gaming argue that revenues from gaming can be dedicated to funds that combat gambling addiction, as proposed in SB 340, but these funds have struggled to keep up with the proliferation of gambling addiction as the industry has grown. The Maryland Center of Excellence on Problem Gambling was established in 2012 and operates the state’s problem gaming fund, addiction treatment services, resource hotline, and research. Its \$4.7 million budget comes solely from brick-and-mortar casino operations. Legal sports betting in the state currently contributes nothing to the fund.

² Can, Ege and Nichols, Mark W. and Pavlopoulos, Vasileios, The Effects of Sports Betting on Casino Gambling and Lottery (December 9, 2023). Available at SSRN: <https://ssrn.com/abstract=4659440> or <http://dx.doi.org/10.2139/ssrn.4659440>

³ Maryland State Lottery & Gaming Control Agency, “The Innovation Group: iGaming in Maryland.” November 2023.

⁴ Claire Chapin and Jakila Taylor, “Online casinos, sportsbooks intensify online gambling problem.” Spartan News Room. Michigan State University. May 1, 2022.

⁵ Harrison Can, “Watchdogs see uptick in helpline calls as sports and online gambling increase.” City & State Pennsylvania. August 2024.

⁶ Zach Lutz, “Michigan Sports Betting, Gambling Addiction Numbers Rising.” Birches Health. November 2024.

⁷ 2023 Online Gambling Report. The Pennsylvania State University. 2023.

⁸ Wayne Parry, “New Jersey loves the money from online sports betting, but fears addictive consequences.” AP News. October 2024.

⁹ Tristan Brass and Shawn R. Charlton, PhD (University of Central Arkansas), “The (Unfortunate) Rise of Online Gambling.” PSI CHI. April 2023.

As brick-and-mortar casinos lose revenue to online gaming, it will decrease important funding for problem gaming. Online gaming may raise additional funds set aside in the bill for problem gaming but not nearly enough to combat the increase in the problem it is helping to cause in the first place. CNN reported that, “Resources for gambling addiction programs have long been thin in the United States and have been stretched further by the current wave of sports betting.”¹⁰ A 2024 gambling addiction study found that up to 20 million Americans have gambling problems or are at risk of developing one.¹¹

These problems are not just limited to adults that can legally participate in online gaming but are especially concerning for young people, primarily young men. The same Pennsylvania 2023 report found that nearly 50% of gamblers ages 18-30 reported being online-exclusive—the highest percentage of any age group. Due to easy-access and limited regulation, researchers suggest that online gambling attracts younger audiences with less-developed frontal cortexes who spend more recklessly than the older populations.¹² The Journal of Behavioral Addictions found that, “Despite its illegality among adolescents, online gambling is a common practice, which puts their mental health and well-being at serious risk...Between 0.89% and 1% of adolescents exhibited an online gambling disorder...Many adolescents worldwide are involved in gambling—both online and offline—despite being below the legal gambling age (between 16 and 21 years, depending on the country and type of game)... Due to its progressive legalization and promotion alongside the expansion of technology, online gambling is becoming increasingly popular, especially among young people.”¹³ We cannot risk the long-term negative effects that online gambling has on young people.

Maryland should not take a risky bet on internet gaming. The potential job losses, unstable revenue, and damage to public health are not worth the risk.

We urge an unfavorable report on SB 340.

¹⁰ Nathaniel Meyersohn. “The dark side of the sports betting boom.” CNN. February 10, 2023.

¹¹ Anders Bergman, “Gambling Addiction Study – 3300 Participants.” QuitGamble. January 2024.

¹² 2023 Online Gambling Report. The Pennsylvania State University. 2023.

¹³ Montiel, Irene et al. “Problematic online gambling among adolescents: A systematic review about prevalence and related measurement issues.” Journal of behavioral addictions vol. 10,3 566-586. 16 Sep. 2021, doi:10.1556/2006.2021.00055

NAAiG MD SB340 testimony 1-29-25 JG Signed.pdf

Uploaded by: Jason Gumer

Position: UNF



January 27, 2025

Honorable Guy Guzzone, Chairman
Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen St., Annapolis, MD 21401

Re: **Testimony in Opposition to SB340 (iGaming)**

Dear Chairman Guzzone:

We write to provide testimony against SB340, which could put a full casino on the smartphone of every adult Marylander (and inadvertently even some minors) and respectfully ask the Budget and Taxation Committee to **oppose** the bill. As has been well-documented over the past few decades, licensed, in-person gaming conducted at highly regulated, brick and mortar casinos and establishments is vital to communities throughout Maryland and across the country. In-person casino gaming supports over 27,000 jobs in Maryland, is an important source of business for Maryland small businesses, including MBE/WBE suppliers and contractors, provides essential funding for local governments and community organizations, and generates nearly \$1 Billion in direct gaming tax revenue for the State each year.

There is nothing communal about “iGaming,” which puts slot machines and tables games on cell phones. iGaming creates little to no jobs. It requires no investment in Maryland and its economy. It offers no presence or community partnerships. No relationships are built, neither between patrons and casino team members nor between operators and their communities. iGaming promotes a solitary experience, with individuals gambling in isolation—whether in their bedrooms, bathrooms, or even cars—having constant and unrestricted access to gambling and nonstop action on their phones. Moreover, most of the proceeds from this destructive scenario would be exported out of Maryland for the benefit of gambling platform providers.

The National Association Against iGaming (NAAiG) was born out of a growing concern over the harmful societal and public health impacts of online gambling and the threats iGaming poses to the in-person gaming industry and the many team members and communities it supports. NAAiG welcomes casinos and in-person gaming operators, employee organizations, host communities, community and non-profit organizations, advocacy groups, and more. Our members include Maryland casinos.



We educate and advocate about the community benefits of in-person gaming, the destructive harms of online gambling, and the financial reality that, contrary to the overblown promises of those seeking to profit from iGaming, it will provide little to no material net tax revenue for states. The harms of online gambling are both financial and personal, including:

- **Significant job losses** for workers at brick-and-mortar casinos. More than 2,000 casino jobs in Pennsylvania disappeared after iGaming launched. Casinos offer good paying, accessible jobs;
- **Dramatic increases in problem gambling.** The National Council on Problem Gambling has found that online gamblers are 8x more likely to report problem gambling behavior. Calls to problem gambling helplines have exploded in the major iGaming states of New Jersey (277% increase) and Michigan (267% increase);¹
- **Substantial cannibalization** of brick-and-mortar casino revenues as State policy encourages thousands of patrons each day to stay home and not visit their properties.² This undermines one of the State's largest employers, destroys the incentive to reinvest in and expand brick and mortar facilities, and sends damaging ripple effects throughout local economies and communities; and
- **Increased financial constraints on low and middle-income households.** Studies have shown that online gambling is leading to increased bankruptcy rates, debt collection, credit card debt, car loan delinquencies, loss of credit, loss of savings, and more;³
- **Increased underage gambling and addiction among young people.** iGaming affords tech savvy minors greater access to gambling with 11% of adolescents worldwide having gambled online.⁴ To that end, a recent report revealed that 34% of minors in Buenos

¹ *NJ Spotlight News*, "Surge in problem gambling in NJ – and in calls for help" (Sept. 26, 2024); www.abc12.com, "Revenue and addiction skyrocket in 5 years since law legalizing online gambling" (Nov. 19, 2024)

² See Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024); Sage Policy Group, *iGaming in Maryland* (January 2024); The Innovation Group, *iGaming in Maryland* (November 2023); and NERA Economic Consulting, *Economic Assessment of iGambling in New Jersey* (Nov. 2023)

³ See *Gambling Away Stability: Sports Betting's Impact on Vulnerable Households*, Scott R. Baker, Justin Balthrop, Mark Johnson, Jason Krotter, Kevin Pisciotto (June 30, 2024); *Online Gambling Policy Effects on Tax Revenue and Irresponsible Gaming*, Wayne J. Taylor, Daniel M. McCarthy, Kenneth C. Wilbur (June 6, 2024); *How gambling affects the brain and who is most vulnerable to addiction*, Emily Sohn (July 2023); *The Financial Consequences of Legalized Sports Gambling*, Brett Hollenbeck, Poet Larsen, Daivde Proserpio (July 23, 2024).

⁴ Lancet Public Health Commission on gambling (October 24, 2024), [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(24\)00167-1/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(24)00167-1/fulltext).



Aires, Argentina, had gambled online despite adult verification checks. College students and young people, especially boys and men, are particularly vulnerable to online gambling addiction.⁵

International evidence highlights the significant harms associated with online gambling, underscoring the likelihood of worsening challenges in the United States. Governments in countries such as the United Kingdom, Canada, the Netherlands, Brazil, and Japan are grappling with substantial public health crises and the far-reaching social consequences of online gambling.

Proponents of iGaming suggest that states like Maryland should accept these risks and harms in pursuit of substantial new tax revenues. However, the reality is that states may find themselves, much like iGaming customers, chasing losses rather than realizing meaningful financial gains.

A thorough analysis will reveal that iGaming is unlikely to generate significant net new tax revenue for Maryland. After accounting for cannibalized casino gaming tax revenue, reduced non-gaming tax revenue due to job losses and decreased economic activity, and the added costs of addressing iGaming's social harms—such as increased addiction, problem gambling, health care expenses, and crime—any remaining tax revenue is far outweighed by the associated harm.

Based on all of the foregoing, NAAiG respectfully urges the Budget and Taxation Committee to **reject** SB340. The financial returns from iGaming are highly questionable, and the growing evidence of its significant financial, social, and public health harms makes it clear that this legislation is not in Maryland's best interest. Sound public policy demands prioritizing the well-being of our communities over the false promise of revenue.

Thank you and the Committee for your consideration of our testimony.

Respectfully submitted,

Jason Gumer

Executive Vice President and General Counsel
Monarch Casino & Resort, Inc.
Member, NAAiG

⁵ *NJ Spotlight News*, “Surge in problem gambling in NJ – and in calls for help” (Sept. 26, 2024); *How gambling affects the brain and who is most vulnerable to addiction*, Emily Sohn (July 2023).

UFCW Local 27 Testimony SB340 Baker.pdf

Uploaded by: Josh Baker

Position: UNF

UFCW Local 27 Testimony SB340 Internet Gaming - Authorization and Implementation

Position: Opposition

Committee: Budget & Taxation Hearing: 1/29/25

Chairman Guzzone, Vice Chair Rosapepe, and Honorable Members of the Budget & Taxation Committee:

My name is Josh Baker, Union Representative, and I am proud to represent UFCW Local 27, which serves over 18,000 members across Maryland. On behalf of our union, I submit this testimony in strong opposition to Senate Bill 340.

SB340, which seeks to authorize the implementation of Internet gaming (iGaming) in Maryland, raises significant concerns about the long-term economic and social impacts on workers, communities, and the stability of existing gaming establishments in the state. While the bill may promise technological innovation and potential revenue growth, these supposed benefits come at a significant cost to workers and the communities they support.

Impact on Jobs and Workers

The introduction of iGaming threatens to displace thousands of workers employed at Maryland's brick-and-mortar gaming facilities, including casinos and video lottery terminals. These facilities provide stable, good-paying jobs with benefits to our members and many others across the state. SB340 risks undermining these jobs by diverting revenue away from physical establishments to online platforms.

While the bill includes a provision for the \$10 million Video Lottery Facility Employee Displacement Fund, this fund is woefully inadequate to address the full scope of worker displacement. A one-time allocation cannot replace the lifetime of stability, job security, benefits, and dignity of long-term employment. Job training programs and supplemental unemployment insurance cannot guarantee re-employment in an industry that may no longer exist in its current form.

Economic Impact on Communities

Maryland's gaming facilities are critical economic engines, supporting local businesses, infrastructure projects, and community programs through tax revenues and charitable contributions. The shift to online platforms will inevitably reduce foot traffic to these

establishments, leading to declines in revenue and, consequently, reduced contributions to the local economy.

This will have a ripple effect, impacting not only gaming employees but also small businesses, contractors, and community stakeholders who rely on the economic activity generated by physical gaming facilities.

Inadequate Safeguards for Responsible Gaming

The accessibility of iGaming raises significant concerns about problem gambling and its associated social costs. While SB340 includes provisions for responsible gaming programs, these measures are insufficient to address the increased risks posed by 24/7 access to gaming platforms. Brick-and-mortar establishments have robust safeguards in place, including staff trained to identify and assist individuals exhibiting signs of problem gambling. These safeguards cannot be replicated effectively in an online environment, leaving vulnerable individuals and families at greater risk.

Conclusion

UFCW Local 27 urges the Budget & Taxation Committee to prioritize the well-being of Maryland's workers, communities, and families by rejecting SB340. The potential revenue gains from iGaming do not outweigh the significant economic and social costs this bill would impose. Instead, we recommend that the General Assembly explore alternative approaches to modernizing the gaming industry that preserves jobs, protect communities, and promote responsible gaming practices.

Thank you for the opportunity to submit testimony on this critical issue. We are committed to working with the General Assembly to develop policies that ensure a fair and equitable future for Maryland's gaming industry and its workers. I am happy to answer any questions or provide additional information as needed.

We urge an unfavorable vote on SB 340.



Josh Baker
Union Representative

UFCW Local 27
21 West Road, Suite 200
Towson MD, 21204
410-337-2700 Ext. 836

SB340_Letter_1.27.25.pdf

Uploaded by: Juli McCoy

Position: UNF

January 27, 2025

The Honorable Guy Guzzone
Budget & Taxation Committee
3 West Senate Office Building
Annapolis, Maryland 21401

Re: SB340 – Internet Gaming – Authorization and Implementation

Dear Chairman Guzzone and Members of the Committee:

The Allegany County Chamber of Commerce opposes **SB340 – Internet Gaming – Authorization and Implementation** as written.

While we understand the importance of maintaining competitive tax policies to support state revenue, we believe the current structure and rates would put Maryland businesses—especially those in the gaming and hospitality sectors—at a significant disadvantage both regionally and nationally.

The proposed 55% tax rate poses a substantial challenge for reinvestment in brick-and-mortar locations, which is vital for sustaining operations and remaining competitive in a hyper-competitive marketplace. Neighboring states, such as Pennsylvania (State College, opening January 2026) and Virginia (with a potential Tysons Corner development), offer more favorable tax environments that attract businesses and investments. Maryland must address this disparity to retain and grow its business community.

Furthermore, the economic impact of casinos in Maryland cannot be overlooked. The industry has invested over \$3 billion in initial construction and an additional \$1 billion in reinvestment since opening, directly contributing to local economies and tourism. These investments highlight the commitment of gaming operators to Maryland's economic growth and stability.

Rocky Gap Casino, as the smallest casino in Maryland, is a critical economic driver for Allegany County and Western Maryland. Its contributions to local tourism and economic success are significant, yet this proposed tax structure could effectively force it out of the marketplace, particularly as it seeks to establish technical partnerships critical for future operations.

We respectfully urge the committee to reconsider the current tax proposal. Instead of moving forward with SB340 as written, we recommend establishing a more balanced and accretive tax framework that fosters economic growth and sustainability.

Sincerely,



Juli McCoy
President & CEO

juli@alleganycountychamber.com

cc: Allegany County Delegation

SB340 - iGaming Oppose.pdf

Uploaded by: Kristen Pironis

Position: UNF



Testimony in *Opposition* of Senate Bill 340
Internet Gaming – Authorization and Implementation

To: Senator Guy Guzzone
Chair, Budget and Taxation Committee

Written testimony from: Kristen Pironis
Executive Director, Visit Annapolis & Anne Arundel County
26 West Street
Annapolis, MD 21401
410-280-0445 / kp@visitannapolis.org

Date: January 27, 2025

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

On behalf of Visit Annapolis and Anne Arundel County, I am writing to express our **opposition** to Senate Bill 340 regarding the authorization and implementation of internet gaming. Arundel Mills and Live! Casino is Maryland's most visited attraction, bringing insubstantial economic impact for local businesses and the region.

We are at an inflection point for travel, tourism, and hospitality. We came through a very tough time during a near shutdown of the industry due to COVID-19 and have started to see signs of recovery. Our goal is not to revert back to 2019 but advance our organization and our industry forward. Tourism is recognized as an engine for economic development, but it is now understood that the experience of travel and hospitality brings joy and well-being to visitors as well as our residents. With partnerships with entities like Live! Casino, we provide those experiences. Whether it's a dinner out, a night at the hotel, or even some time at the blackjack table, the casino lives up to its promise of an experience for its guests.

However, the legalization of iGaming in Maryland, scheduled for a vote on January 29, poses a significant threat to our partners, businesses, and communities. The legalization of online gambling in Maryland could result in negative economic consequences including a statewide annual personal income decline of \$65 million, a loss of \$1.9 million in state income taxes, and a loss of \$1.2 million in local income tax revenue. A vote in support of SB340 is a vote against the health of our economy.

In 2024, a report was conducted by the Sage Policy Group and Anne Arundel County Chamber of Commerce, which expanded upon findings of The Innovative Group's November 2023 Report (the IG Report) that analyzed the potential economic impacts that legalizing iGaming could have on the state of Maryland. The report noted that there is potential cannibalization of economic activity as casinos and other local economic actors suffer losses of revenue that instead flow to large, out-of-state firms that are adept at operating iGaming platforms. According to the report, it found that same-store brick-and-mortar casino revenues from in-person gaming declined 8 percent between 2019 and 2022 in states that legalized iGaming while increasing 2 percent in states that did not. From October 2022, the month before online sports gaming became available, to November 2023, the most recent month for which data is available, in person gaming revenues declined approximately 26 percent. This is largely due to the fact that those placing sports wagers are no longer traveling into a casino and playing other games while there (source: the IG Report).

Further concerns include:

- **Job losses:** There are six brick and mortar casinos in the state that support more than 27,000 jobs as of 2023, according to the American Gaming Association. iGaming jobs are often held out of state which will cause a decline in locally held jobs and available wages and benefits. In-person sports wagering revenue declined nearly 63 percent between October 2022, the month before online sports gambling became available, and October 2023. A similar decline in overall in-person gaming



revenues resulting from iGaming legalization in Maryland would lead to the destruction of more than 7,000 jobs and \$400 million in annual employee compensation (source: the IG Report).

- **Harm to surrounding businesses:** Potential expansion of brick-and-mortar casinos may be stalled, which limits possible revenue increases and traffic generation for other nearby businesses which benefit from increased casino traffic. Surrounding entertainment and shopping clusters, many of which opened because of casino traffic, will lose business as fewer guests travel to brick-and-mortar locations. In particular, the hotel industry could see significant impacts as lodging accounted for \$4.1 billion in economic impact from visitor spending within the state of Maryland in 2023, including \$452 million within Anne Arundel County (source: Tourism Economics).
- **Lost opportunities:** Leisure and hospitality continue to recover from the pandemic. The loss of casino jobs and vendor opportunities will further harm the success of local businesses. In particular, the food and beverage and retail industries could see significant impacts due to lack of casino traffic. This could deal a big blow to the \$4.95 billion in economic impact from visitor spend on food and beverage within the state of Maryland in 2023, including \$570 million within Anne Arundel County; and the \$2.49 billion in economic impact from visitor spend on retail within the state of Maryland in 2023, including \$325 million within Anne Arundel County (source: Tourism Economics).
- **Limited wages:** iGaming could limit job opportunities for Marylanders with only a high school diploma who currently have access to positions like table games dealer which provide living wages and benefits but may disappear if iGaming is legalized (source: The Sage Policy Group and Anne Arundel County Chamber of Commerce published a new report further addressing the potential impacts of iGaming). In particular, it could have a substantial impact on the 26,000 visitor-supported jobs in Anne Arundel County (2023), in which the tourism industry led the county in job growth and accounted for 10 percent of all jobs within the county (Source: Tourism Economics). Lack of jobs and wages directly impacts the residents of Anne Arundel County and beyond.

Legalizing iGaming without considering the potentially vast, long-term impacts that this would have on our state does a disservice to the people and businesses that support and contribute to Maryland's economy. Visit Annapolis & Anne Arundel County strongly urges that you oppose this bill and requests an unfavorable report. Thank you for your service and your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kristen", with a long, sweeping horizontal line extending to the right.

Kristen Pironis
Executive Director
Visit Annapolis & Anne Arundel County

2025 Opposition Letter to Maryland SB340.pdf

Uploaded by: Les Bernal

Position: UNF



**Testimony of Les Bernal, National Director of Stop Predatory Gambling,
Opposing SB340: A Bill Authorizing Online Casino Gambling in Maryland
Maryland Senate Budget and Taxation Committee
January 29, 2025**

Dear Mr. Chairman and Committee Members:

I am testifying on behalf of our Maryland members of Stop Predatory Gambling, a national nonprofit organization with members in all 50 states whose mission is to reveal the truth behind commercialized gambling to advocate for those who have suffered harm, to prevent more victims, and to champion policy reforms that stop *predatory* gambling.

We are writing in strong opposition to SB340 that would allow online casino gambling in the state and urge you to vote NO.

There are several important and urgent facts why SB340 should be voted down. Our testimony focuses on four of those facts:

- 1) Maryland citizens are *already* losing more than \$5600 every minute to commercialized gambling being pushed by the state, causing *life-changing financial losses* for tens of thousands of your constituents.**
- 2) The amount of illegal gambling *has increased* since states introduced online gambling, *the opposite* of what gambling operators claimed would happen.**
- 3) “Responsible Gambling” campaigns funded by the gambling industry and Maryland state officials are a sham. Their primary purpose is merely to *give the appearance* that something is being done to protect the public from predatory and dangerous business practices.**
- 4) Science has shown us that online casino gambling is a known dangerous and addictive product *on the same level as heroin, cocaine, and opioids*.**

What is “Predatory Gambling?”

To be clear, we are *not* talking about *social gambling* like the Super Bowl office pool, March Madness brackets, Friday night poker games, or casual wagers on the golf course with friends.

Predatory gambling is when state governments partner with powerful corporate gambling interests to use *commercialized gambling - gambling being run as a business* - to exploit citizens and their communities. Unlike any other business, in commercialized gambling there is a *predatory and adversarial relationship* between the gambling operator and its customer, the gambler. *They are trying to take you down.*

Online gambling operators, their partners in government, and gambling industry lobbyists like to call it “regulated gaming.” But for the rest of us, the only term that accurately describes it is predatory gambling.

No form of commercialized gambling is more predatory and dangerous *than online casino gambling* which SB340 would permit, if passed.

The Facts:

- 1) Maryland citizens are *already* losing more than \$5600 every minute to commercialized gambling being pushed by the state, causing *life-changing financial losses* for tens of thousands of your constituents.**

There is no citizens grassroots movement for online casino gambling in Maryland. The people of Maryland are not demanding online casinos because they are *already losing massive sums of personal wealth* to commercialized gambling being pushed by the state.

To help you understand the amount of personal wealth being lost by citizens, Stop Predatory Gambling conducted a review of Annual Reports of the Maryland Lottery Commission from FY2011-FY2022.¹ Here is what we learned:

¹ Maryland Lottery Commission, 2024. <https://www.mdlottery.com/>

- **Maryland citizens lost \$3 billion to commercialized gambling pushed by state government in FY22** (personal wealth lost to the Maryland Lottery, the state's brick-and-mortar casinos, and daily fantasy sports gambling in FY22 *combined*)
- **Marylanders are losing \$5600 of personal wealth every minute.**
- **Maryland citizens have lost more than \$23 billion of their personal wealth to commercialized gambling since the state's casinos first opened in 2011.**
- If Maryland state officials don't address the staggering amount of financial hardship already being experienced by the people of the state because of gambling, **citizens are on course to lose more than \$15 billion of their personal wealth to commercialized gambling over the next five years.**
- Allowing online casino gambling in Maryland *will dramatically increase* the staggering amount of these financial losses that citizens are suffering at the hands of state gambling operators.
- With the zeal of a teetotaler, most of the people who operate and invest in commercialized gambling such as online casino gambling, sports betting, regional casinos, and lotteries, along with the public officials who lobby to bring them in, **rarely, if ever, gamble themselves.** Yet these hypocrites cause life-changing financial losses for tens of thousands of Maryland citizens.²

² "The Hypocrite Hall of Fame," January 2025. <https://www.stoppredatorygambling.org/meet-the-men-and-women-enshrined-as-members-of-the-hypocrite-hall-of-fame/>

2) The amount of illegal gambling *has increased* since states introduced online gambling, *the opposite* of what gambling operators claimed would happen.

Even though many states had already passed laws allowing online gambling after a lobbying blitz by the gambling industry, the American Gambling Association, the national trade lobby for the gambling industry, wrote a letter to U.S. Attorney General Merrick Garland in 2022 about *the exploding problem of illegal online gambling*. In the AGA's *own words*:

- “A vast illegal sports betting market continues to exist through offshore websites, which have established well-known brands—such as Bovada, MyBookie and BetOnline—that operate with a high degree of visibility and are readily accessible to every American with a smart phone or Internet connection. These illegal sites also enjoy many competitive advantages that allow them to offer better odds and promotions...”³
- “52 percent of gamblers continue to utilize illegal bookmakers.”⁴
- “Internet searches for illegal betting sites increased by 38% last year, faster than the rate of searches for legal betting sites.”⁵
- “Searches for offshore online gambling brands represented a majority of all sportsbook searches.”⁶

Despite these damning facts, gambling industry lobbyists and the state legislators who carry the online gambling bills continue to willfully mislead their colleagues and the public by claiming that allowing online gambling would reduce illegal gambling. Why do they continue to make these false claims? *According to The Sunday New York Times's* series on the national lobbying campaign to push online gambling, the American Gambling

³ American Gambling Association Letter to US Attorney General Merrick Garland, April 13, 2022: https://www.americangaming.org/wp-content/uploads/2022/04/AGA_DoJIllegalGambling-4.13.22.pdf

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

Association orchestrated the phony “they’re already doing it”/“we’ll reduce illegal gambling” narrative as a multimillion dollar public relations campaign to create a fake sense of momentum for online gambling.⁷

3) “Responsible Gambling” campaigns funded by the gambling industry and Maryland state officials are a sham. Their primary purpose is merely to *give the appearance* that something is being done to protect the public from predatory and dangerous business practices.

There are at least two fundamental questions that *every state legislator* who is serious about their job has a duty to ask. The first is *what percent of commercialized gambling profits is based upon citizens who have become addicted gamblers?* What you will learn is the gambling industry business model depends upon the addicted citizen:

- One of the most influential studies of online gambling in the world found that 86% of gross online gambling profits were extracted from 5% of gamblers.⁸
- In the brick-and-mortar casino business, it’s been reported there are “at least nine independent studies demonstrating that addicted gamblers generate up to 60% of total gambling revenues.”⁹

The second question every serious legislator needs to ask is *what percent of gambling profits comes from people who follow “responsible gambling codes of conduct?”* The reality is the percentage of gambling profits that comes from people who follow “responsible gambling codes of conduct” (i.e., the casual gambler) is *virtually irrelevant to their profits*. NYU Professor Natasha Schull reported in her nationally acclaimed book *Addiction By Design* that people who follow responsible gambling guidelines *made up 75% of the players but contribute a mere 4% of gambling profits*. “They only bring in 4% of our

⁷ “A Risky Wager: Key Findings From The Times’ Investigation of Sports Betting,” The Sunday New York Times, Nov, 20, 2022. Pg. 1. <https://www.nytimes.com/2022/11/20/business/sports-betting-investigation.html>

⁸ “Exploring Online Patterns of Play,” National Center for Social Research (UK), March 9, 2021. https://www.begambleaware.org/sites/default/files/2021-03/PoP_Interim%20Report_Short_Final.pdf

⁹ “How Casinos Enable Gambling Addicts,” The Atlantic, By John Rosengren, December 2016 <https://www.theatlantic.com/magazine/archive/2016/12/losing-it-all/505814/>

revenues, the responsible gamblers,” the author of the study said. "If responsible gambling were successful then the industry would probably shut down for lack of income."¹⁰

4) Science has shown us that online casino gambling is a known dangerous and addictive product *on the same level as heroin, cocaine, and opioids*.

Many state legislators are under the false impression that the extreme forms of commercialized gambling being pushed by state governments like Maryland’s are considered safe for citizens to frequently take part. But the science makes clear that these forms of gambling *are not safe* for frequent use by citizens.

Commercialized gambling is now recognized as an addiction ***on the same level as heroin, cocaine, and opioids*** in the American Psychiatric Association’s DSM-5, used by hospitals, health care professionals, and health insurance companies as the principal source for mental health diagnoses:

“In the DSM-5, gambling disorder has been placed in a new category on behavioral addictions. This reflects research findings showing that gambling disorder is similar to substance-related disorders in clinical expression, brain origin, comorbidity, physiology and treatment.”¹¹

Online casino gambling represents the most dangerous and predatory form of gambling being pushed by states *because it offers unlimited access and gambling action*. It’s the equivalent of opening a Las Vegas-style casino in every bedroom, dorm room, office, smart phone, and computer across the state, 24 hours a day. At the same time, the online casino operator uses the latest data tracking and marketing technologies *to induce* citizens to gamble relentlessly with tactics such as “free gambling wagers” and a barrage of text messages offering “bonus bets.”

¹⁰ Natasha Dow Schull, PhD, *Addiction By Design, Machine Gambling in Las Vegas*, Pg. 267 (2012), available at <http://press.princeton.edu/titles/9156.html>

¹¹ American Psychiatric Association, Diagnostic and Statistical Manual of Mental Disorders (DSM-5), 2024 <https://www.psychiatry.org/patients-families/gambling-disorder/what-is-gambling-disorder>

“No Taxation Without Representation” is one of the core democratic principles of our nation’s founding. The time has come to add the principle of “No Taxation By Exploitation” right alongside it.

Thank you for your serious consideration of the facts presented in our testimony. If you need further information about this issue, I invite you and your staff to please contact me by email mail@stoppredatorygambling.org or phone (202) 567-6996.

Thank you for your work.

Sincerely,



Les Bernal, National Director
Stop Predatory Gambling

About Stop Predatory Gambling

Stop Predatory Gambling believes people are worth more than money. We are a national nonprofit organization with members of all political stripes in all 50 states whose mission is to reveal the truth behind commercialized gambling to advocate for those who have suffered harm, to prevent more victims, and to champion policy reforms that stop *predatory* gambling. We do not accept financial contributions from commercialized gambling interests.

2025_01_25 Igaming letter.pdf

Uploaded by: Lisa Gebbia

Position: UNF



**UFCW LOCAL
1994 MCGEO**

Gino Renne, President
Lisa Blackwell-Brown, Secretary-Treasurer
Lisa Titus, Recorder

A VOICE FOR WORKING AMERICA

**Testimony of UFCW Local 1994 MCGEO on
SENATE BILL 340 - Internet Gaming - Authorization and Implementation**

Oppose

**Gino Renne
President
UFCW Local 1994 MCGEO**

On behalf of the members of the United Food and Commercial Workers (UFCW) Local 1994 MCGEO, I am writing to express our strong opposition to SB 340, Internet Gaming – Authorization and Implementation. This legislation would permit the expansion of internet-based gaming (“lgaming”) in Maryland. While we recognize the need for innovative solutions to generate state revenue, we believe the approval of lgaming would come at a significant cost to our communities, particularly the working families we represent.

Our concerns about lgaming are multifaceted and deeply rooted in our mission to protect and uplift workers. First and foremost, lgaming poses a serious threat to the economic stability of Maryland’s brick-and-mortar gaming establishments, which employ thousands of unionized workers. The introduction of internet-based gambling platforms could siphon revenue away from these facilities, leading to job losses, reduced hours, and diminished benefits for hardworking Marylanders who rely on these positions to support their families.

Moreover, lgaming creates a heightened risk of gambling addiction and financial hardship for vulnerable populations. The ease of access associated with online gambling platforms disproportionately impacts individuals with limited resources, exacerbating economic inequities in our state. Maryland has already demonstrated a commitment to responsible gaming practices through its regulation of existing gambling institutions, but safeguards are far more challenging to enforce in the virtual environment of lgaming.

We also urge you to consider the broader social implications of lgaming. Local gaming establishments contribute to Maryland communities not only by creating jobs but also by supporting local businesses and funding public programs through their tax contributions. Allowing lgaming would undermine these benefits and redirect profits away from Maryland’s economy to out-of-state or even foreign entities operating online platforms.

We urge you to stand with Maryland’s workers, families, and communities by rejecting the expansion of lgaming in our state.



301-977-2447



600 S. Frederick Ave. | Gaithersburg, MD



info@mcgeo.org

SB340 Beverley Fiedler, Bartender. Unfavorable.pdf

Uploaded by: Mark Colgan

Position: UNF

**Testimony Against
SB340 Internet Gaming – Authorization and Implementation**

Before the Maryland Senate Budget and Taxation Committee

Wednesday, January 29, 2025

Submitted by

Beverly Fiedler, Bartender at the Ocean Downs Casino

Good afternoon. My name is Beverly Fiedler. I am a bartender at the Ocean Downs Casino in Berlin, Maryland where I have worked for 14 years.

Thank you Chairman Guzzone, Vice Chair Rosapepe and members of the committee for this opportunity.

I am a proud member of UNITE HERE Local 7. Today I am speaking for all of the employees at our Casino—union and non-union to say that we are opposed to SB 340 and any other legislation that would advance iGaming in the State of Maryland.

As a New Jersey resident I had enjoyed summers at the Maryland shore for many years. I always wanted to move here but the economics did not work.

Most of the hospitality jobs around Ocean City are part time and seasonal. I needed a year-round full-time job that provided health insurance, a retirement plan--decent benefits.

When I learned that the Casino was going to open, I submitted my resume early. I was able to move to Ocean Pines, Md permanently in large part because I could get a full-time, year-round job at the Casino.

I started in the cleaning department, EVS. I worked my way up to food concessions, then to working as a bartender at the main bar. I am not exaggerating to say that this is the best bartender job Ocean City. Our wages go up every year, we have paid sick days, paid personal days, paid vacation days, we have regular days off. When we work on a holiday, we are paid 2 ½ times our normal hourly rate of pay, we have Union job security and rights.

More than 50% of my income comes from tips given to me directly by customers. The larger the number of customers in the Casino on a given day the more I earn in tips.

So when we learned that iGaming is being considered for Maryland, we were of course upset. Every report shows traffic to the Casinos declining with iGaming. If our customer base goes down, our income will absolutely go down. But our rents, mortgage, utility, food, prescriptions, and transportation costs will not be going down.

The introduction of iGaming will hurt thousands of Maryland Casino workers and our families. iGaming will take good jobs out of our communities.

Please give an unfavorable report on bills SB340.

SB340 Colin Zimmerman Cage Cashier Unfavorable.pdf

Uploaded by: Mark Colgan

Position: UNF

Testimony Against
SB340 Internet Gaming – Authorization and Implementation
Before the Maryland Senate Committee on Taxation and Budget
Wednesday, January 29, 2025
Submitted by
Colin Zimmerman Cage Cashier at Ocean Downs Casino

Thank you Chairman Guzzone, Vice Chair Rosapepe and members of the committee for this opportunity to submit testimony in opposition of SB340 Internet Gaming—Authorization and Implementation.

My name is Colin Zimmerman. I am originally from Arizona where I did political work. One of my campaigns was working with the Tribes to make Casino gambling legal on the reservations. Much like Maryland there was a referendum which passed because money from the Casinos was earmarked for the education budget and the Casinos would create thousands of jobs. That is exactly what happened in Arizona and that is exactly what has happened in Maryland.

I moved with my family to Wicomico County Maryland in 2012. In 2019 I started working at the Ocean Downs Casino as a Cage Cashier. After the COVID 19 shut down I was furloughed and worked elsewhere. I returned to the Casino as a Slot Attendant in September of 2023 then moved back into the Cage Cashier job.

In a casino the “Cage” is where all the money goes in and out. We process customer winnings, the purchase of chips, cash for all registers in the building, income from the various games, and the processing of jackpots and sweepstakes.

We are paid as “tipped employees”. So, our base hourly rate of pay is below \$15.00 a hour. We depend on the generosity and grace of the customers for 70% of our income. Without tips from the customers, I would earn only \$24,000.00 a year.

The same is true for Slot Attendants. These are the men and women who assist players at the slot machines when they hit a jack pot. When I worked in this classification, 50% to 60% of my income was from customer tips.

I am a member of UNITE HERE Local 7. Thanks to my job I can provide for my family which includes my college age daughter, my wife and 4 cats. Also because of my job I am currently selling my Condo and buying a bigger home. Both are in Maryland.

Because of my job I spend money at local Wicomico County restaurants. We shop at local food and retail stores. I am a steady taxpayer in the county and the state.

Every state that has passed iGaming has experienced a reduction in customers going to the Brick and Mortar Casinos. Customer traffic is what makes our jobs in Maryland Casinos possible. Bartenders depend on customers, food servers depend on customers, cocktail servers depend on customers, table games dealers depend on customers, and as I testified, Cage Cashiers and Slot Attendants depend on customer tips.

Legalizing Casinos in the State is doing what the voters wanted it to do---put money into education and create good jobs. Let's not undo the good work that has been done by destroying Casino businesses with iGaming.

We live a State where Democrats are in control of the Senate, the House of Delegates and the Governor's Mansion. This is the party that is supposed to stand up for workers like me and my coworkers. Please say no to iGaming. Give SB340 an unfavorable reading.

Thank you.

i gaming letter.pdf

Uploaded by: Mark Kleinschmidt

Position: UNF



January 27, 2025

Senate Budget and Taxation Committee
Senate Office Building Annapolis, MD 21401

Chairman Guzzone and Members of Committee:

The Anne Arundel County Chamber of County has reviewed SB 340 and would like to express its concern and **opposition to SB 340.**

It is common knowledge that the state is facing a \$3 billion financial short fall this year and in the budget proposal submitted by Governor Moore there are a number of tax increase proposals for approximately \$1 billion along with various spending cuts of approximately \$2 billion.

As the General Assembly considers potential tax increases, it appears these proposals include raising the tax rate on table games and sports betting. Such measures would increase operational costs for casinos in Maryland. Additionally, if internet gaming is permitted as proposed in SB 340, it could further worsen the business environment, negatively impacting the state's economy.

There is a great deal of uncertainty about how much revenue i-gaming might produce for the State and there is a lot of certainty that i-gaming would have a negative social impact by providing gamble opportunities to minors and people with gambling problems. Here are four very solid economic reasons the Chamber does not support SB 340:

- 1) **Cannibalization:** the decline in revenues at “bricks and mortar” casinos,
- 2) **Job Loss:** reduced “bricks and mortar” revenue will not only impact casino workers but those businesses supporting casino activity,
- 3) **Reduced capital investment:** reduced patronage will result in a decline of investment in “bricks and mortar” facilities hurting local businesses and reducing work from local contractors,
- 4) **Revenue leaves the State:** There will be a flow of revenue to out of state i-gaming platform operators.

The Anne Arundel Chamber of Commerce strongly urges you and other committee members to give this bill an **unfavorable recommendation.**

Respectfully submitted,

Mark Kleinschmidt

Mark Kleinschmidt

President/CEO

mark@aaaccc.org

SB 340 testimony (iGaming-2025).pdf

Uploaded by: Mark Stewart

Position: UNF

Testimony of The Cordish Companies and Live! Casino Hotel Maryland

Presented by Mark Stewart, General Counsel

In OPPOSITION to SB340

Budget and Taxation Committee Hearing

January 29, 2025

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony in **opposition** to SB340 and the authorization of online casino gambling (“iGaming”) in Maryland. The Cordish Companies and Live! are Maryland-based and Maryland headquartered, family-owned companies, with a long history of economic, civic and community investment in the State. We oppose SB340 because iGaming will do nothing to help get the State out of its budget deficit, but threatens tremendous financial, economic and personal harm to Maryland and Marylanders.

SB340 is a reintroduction of last session’s iGaming bill, which this Committee wisely declined to report out. Many aspects about the bill remain the same:

1. **iGaming is a jobs killer** – Nearly 7,000 Marylanders will lose their good-paying jobs if iGaming is enacted according to a report by Sage Policy Group.¹ All casino unions oppose iGaming.
2. **iGaming causes substantial cannibalization** – iGaming will significantly cannibalize tax revenue generated by Maryland’s six brick and mortar casinos. According to Deutsche Bank, this fact “is and has been overwhelmingly obvious for some time.”² Sage Policy Group, Innovation Group and others all agree. The experience in other states shows that cannibalization could exceed 20%.
3. **iGaming destroys economic development** – The significant reduction in foot traffic at Maryland’s casinos will also result in substantial losses of related economic activity and reduced investment in Maryland. This means less sales tax, wage tax, alcohol tax and property tax revenues, as well as financial losses for Maryland small businesses, construction trades and non-profits. Assuming a conservative 10% cannibalization rate, Sage Policy Group projected the State will lose an additional \$74 Million annually in tax revenue.³

¹ Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024).

² Carlos Santarelli, Deutsche Bank Analyst, *CDC Gaming Reports*, “Gaming execs say they are optimistic about the future” (Nov. 18, 2024).

³ *Supra* n. 1.

4. iGaming sends Marylanders' money out-of-state – iGaming does not promote tourism. Instead, iGaming relies almost exclusively on Marylanders for wagers. At the same time, the vast majority of operator revenue from iGaming will flow to technology platform providers outside of Maryland.
5. We still don't know – The State still has no data on the addiction, problem gambling and other social impacts of online sports betting. A prevalence study including online sports betting data has yet to be conducted by the University of Maryland Center for Excellence on Problem Gambling. Given the mounting evidence in the U.S. and worldwide of massive increases in addiction and social problems from online gambling, it should be fully studied by the Maryland Center with at least 3 years of data before iGaming is even considered.

New Developments

While these facts about iGaming remain constant, many new developments have transpired since last session's consideration of this bill. First, consistent with this Committee's action, the seven other states that considered iGaming bills last year all declined to enact legislation. That is to say, **iGaming went 0-8 in 2024 legislative sessions**. Additional new developments since the Committee's last consideration of iGaming include the following, all of which strongly warn against iGaming:

- The Lancet Public Health Commission, the World Health Organization and the National Institute of Health have all identified online gambling as a public health concern and have reported on its damaging consequences among young people and society at large. **Lancet Public Health Commission found that “with smartphones functioning as pocket casinos . . . 80 million adults globally are already problem gamblers”;**⁴
- Calls to problem gambling helplines continued to skyrocket in Pennsylvania (290%), New Jersey (277%) and Michigan (267%) since the launch of iGaming.⁵ As Felicia Grondin, executive director of the Council on Compulsive Gambling of New Jersey, said about the spike in that state: **“A lot of [the 277% increase] has to do with easy accessibility for people to place wagers via their phone;”**⁶
- Numerous universities and academic institutions, such as Northwestern University, University of Kansas, BYU, UCLA, Southern Methodist University and more, have

⁴ *The Guardian*, “The Guardian view on gambling: a public health approach is a good bet” (Oct. 29, 2024); Lancet Public Health Commission on gambling (October 24, 2024), [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(24\)00167-1/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(24)00167-1/fulltext).

⁵ *NJ Spotlight News*, “Surge in problem gambling in NJ – and in calls for help” (Sept. 26, 2024); www.abc12.com, “Revenue and addiction skyrocket in 5 years since law legalizing online gambling” (Nov. 19, 2024); see National Problem Gambling Council helpline call data (PA) 2019-2023.

⁶ *NJ Spotlight News*, “Surge in problem gambling in NJ – and in calls for help” (Sept. 26, 2024)

issued reports detailing the negative financial impacts of online gambling.⁷ These studies found that **iGaming’s negative impacts are especially harmful to low-income gamblers and vulnerable households and only serve to exacerbate the financial constraints faced by them;**

- Brazil’s Central Bank reported in September 2024 that **20% of welfare funds issued by the government were being spent on online gambling;**⁸
- A report from the United Kingdom found that nearly 1 in 5 online gamblers reported betting more than they could afford;⁹
- A flood of evidence was reported from various countries and sources on the rise of underage online gambling – **proving that so-called underage protections do not work for iGaming** – and the growing epidemic of online gambling among young adults –

- ☒ 11% of adolescents worldwide have gambled online as per the Lancet Health Commission;¹⁰

- ☒ 75% of college students surveyed by the Council on Compulsive Gambling of New Jersey reported their first exposure to gambling between ages 6-16;¹¹

- ☒ **34% of minors** in Buenos Aires, Argentina have engaged in online gambling, **bypassing adult verification checks;**¹²

- ☒ Nearly 25% of all online gambling accounts in the Netherlands are held by 18-23 year olds; and¹³

- ☒ 54% of problem gambling helpline calls in New Jersey are from those under 34 years old (with 100% of calls from those under 25 being from men);¹⁴

⁷ *Gambling Away Stability: Sports Betting’s Impact on Vulnerable Households*, Scott R. Baker, Justin Balthrop, Mark Johnson, Jason Krotter, Kevin Pisciotta (June 30, 2024); *Online Gambling Policy Effects on Tax Revenue and Irresponsible Gaming*, Wayne J. Taylor, Daniel M. McCarthy, Kenneth C. Wilbur (June 6, 2024); *How gambling affects the brain and who is most vulnerable to addiction*, Emily Sohn (July 2023); *The Financial Consequences of Legalized Sports Gambling*, Brett Hollenbeck, Poet Larsen, Daivde Proserpio (July 23, 2024).

⁸ *iGaming Business*, “Brazil supreme court upholds ban on betting with benefits and ads targeting minors” (Nov. 15, 2024).

⁹ UK Department for Culture, Media & Sport, “High Stakes: gambling reform for the digital age,” [High stakes: gambling reform for the digital age - GOV.UK](#)

¹⁰ Lancet Public Health Commission on gambling (October 24, 2024), [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(24\)00167-1/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(24)00167-1/fulltext)

¹¹ www.nj1015.com, “Link between gaming and problem gambling among NJ youth” (Oct. 9, 2024).

¹² *SBCNEWS*, “Argentina orders immediate debate on federal ban of gambling advertising” (Nov. 21, 2024) <https://sbcnews.co.uk/southamerica/2024/11/21/argentina-debate-gamban/>

¹³ *NEXT.io*, “Dutch MPs call for repeal of online gambling legislation” (Oct. 10, 2024) [Dutch MPs call for repeal of online gambling legislation](#)

¹⁴ *Supra* n. 11.

- The United Kingdom has proposed a **£100 Million annual tax on its online gambling industry to help address online gambling addiction treatment and research**,¹⁵
- Legislation – entitled “Gambled and Lost” – has been introduced in the Dutch Parliament to **repeal iGaming and impose a complete ban** due to “severe unpleasant side effects leading to widespread social issues, including a sharp rise in gambling addiction and related mental health problems;”¹⁶ and
- A chorus of news agencies has given voice to the growing recognition that online gambling has been a mistake for America, including The Washington Post, CBS News, The Atlantic, The New Republic, Bloomberg, The Wall Street Journal, The Boston Globe, 60 Minutes, The Baltimore Sun and more.

iGaming is Not Worth It

Why would Maryland flirt with iGaming in the face of these tremendous harms? The answer purportedly is to gain tax revenue. But, you cannot just look at top line revenue. The real point is what the net tax revenue is to the State from iGaming ***after*** deductions for cannibalization of brick and mortar gaming taxes, ***after*** deductions for lost hotel, restaurant and entertainment tax revenues from lost foot traffic, ***after*** lost tax revenues stemming from massive job losses caused by iGaming, ***after*** lost tax revenue from reductions in casino purchases from small businesses and suppliers, and ***after*** deductions for the major increases in social costs related to increased addiction, problem gambling, bankruptcies, welfare, health care costs, homelessness and criminal justice impacts. This comprehensive picture reveals that iGaming will not produce any material net tax revenue for the State.

Proof of concept already exists. The launch of online sports betting **cost** the State money; it did not add incremental net tax revenue. In 2023, even after considering the new tax revenue mobile sports betting generated, Maryland **lost** approximately \$75 Million in total gaming tax revenue because the loss of foot traffic in the State’s casinos drove down table game and VLT play and tax revenue. Based on data from last session, considering cannibalization of gaming taxes, lost taxes from reduced economic output, and anticipated social costs, **iGaming would**

¹⁵ *Londonlovesbusiness*, “Will the Government go through with its £100m levy on gambling companies?” (Jan. 15, 2025) <https://londonlovesbusiness.com/will-the-government-go-through-with-its-100m-levy-on-gambling-companies/>

¹⁶ *Supra* n. 13.

need to generate more than \$500 Million in tax revenue for the State just to break even –
and projections are not even close to those levels.¹⁷

Importantly, it must be recognized that the Budget Reconciliation and Financing Act already targets Maryland's casino industry for \$200 Million in new taxes, with increases in table game and sports betting taxes proposed. These proposals come despite the fact that Maryland's casinos already generate tremendous tax revenue and other economic benefits for the State. According to the American Gaming Association, Maryland's six casinos support 27,300 jobs. The State's casinos have also generated over \$3.5 Billion in gaming taxes for Maryland since the inception of casino gaming and already pay the highest taxes per capita of any state in the nation. Beyond direct gaming taxes, our industry has produced economic benefits from capital investment in casino facilities, hotels, entertainment venues, restaurants and other ancillary development, construction spend, personnel wages and taxes, property taxes, sales taxes, liquor taxes, purchases of goods and services from Maryland vendors, local share support for important community projects, and philanthropy for non-profits. As per the American Gaming Association, these examples are all part of the \$5.78 Billion in annual economic impact attributable to Maryland's six casinos.

In the face of the proposed \$200 Million in tax increases, the State should not inflict further harm on Maryland's brick and mortar casinos through iGaming. Indeed, legalizing iGaming and increasing the table games tax as proposed would decimate Maryland's casino workers, especially union workers. iGaming is a jobs killer – neighboring ***Pennsylvania saw 24% of its casino jobs disappear after the launch iGaming*** for casinos that were open in 2019 and 2023. Sage Policy Group projected that 2,700 direct casino workers in Maryland would lose their jobs from iGaming.¹⁸ Approximately, 45% of Maryland's casino workforce is tied to table games. Dealers and other table games positions are good paying, union jobs that are accessible to people with a high school diploma or less. An increase in the table games tax will lead to significant job losses on top of the devastating losses caused by iGaming to Maryland's casino workers.

¹⁷ See Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024); Sage Policy Group, *iGaming in Maryland* (January 2024); The Innovation Group, *iGaming in Maryland* (November 2023); and NERA Economic Consulting, *Economic Assessment of iGambling in New Jersey* (Nov. 2023).

¹⁸ *Supra* n. 1.

Conclusion

Despite some media buzz, only seven states have iGaming. 43 states have not authorized it. Online gambling is very different than in-person casino gaming. At Maryland's casinos, the Lottery's regulations and the casinos' procedures are geared to create breaks in the action and make patrons think twice before placing that next bet. Casino employees are trained to identify problem gambling and intervene. Patrons are not allowed to gamble while drunk or high. Security personnel stop underage individuals from gaining access to gaming.

iGaming lacks these protections and worse – it enables operators to use AI to target players instantaneously and in real time with bonus offers that keep them betting and chasing losses. iGaming provides 24/7, constant and immediate access to gambling on your phone, with non-stop gambling action. Players gamble in isolation. Underage and excluded persons can easily set up and access new accounts using other individuals' personal information. As just one example, in January 2025, the Pennsylvania Gaming Control Board *placed eight people on the state's Involuntary iGaming Exclusion List for creating and accessing 98 separate iGaming accounts using other people's personal identifying information.*¹⁹

With its devastating impacts on casino employees, their casino employers and reinvestment in brick and mortar casino properties, one gaming industry writer has concluded that **"iGaming is part of a vicious cycle of decline in [New Jersey]."**²⁰ Is that what we want for Maryland? We urge you not to gamble with Maryland's casino industry and its employees and to oppose SB340.

¹⁹ www.gamingcontrolboard.pa.gov/news-and-transparency

²⁰ CDC Gaming, "iGaming is part of a vicious cycle of decline in Atlantic City" (Oct. 20, 2024).

SB 340 Maryland Center of Excellence on Problem Ga

Uploaded by: Mary Drexler

Position: UNF



January 29, 2025

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 340 – Internet Gaming - Authorization and Implementation

Dear Chair Guzzone:

This letter is in opposition to *Senate Bill 340 – Internet Gaming - Authorization and Implementation*. This bill calls for the legalization of iGaming in Maryland.

iGaming is one of the most addictive activities available.ⁱ The ease of access to iGaming is expected to lead to more health and emotional difficulties that come with gambling disorders including substance abuse, depression, and increased suicide rates.

Currently, only seven states have legalized iGaming (Connecticut, Delaware, Michigan, Nevada, New Jersey, Pennsylvania, and West Virginia). All of the states with data have noted increases in helpline calls since iGaming began; Pennsylvania reported the lowest increase of calls with a 140% increase, Michigan was the highest with a fivefold increase in just the first month after iGaming went live. The damage that iGaming causes is clear.

We urge an unfavorable report on SB 340. If you would like more information, please contact Mary Drexler at mdrexler@som.umaryland.edu.

Sincerely,

Mary Drexler, MSW

ⁱ Morgan State University, Center for Data Analytics and Sports Gaming Research, “The Socio-economic Impact of Legalizing Interactive Gaming (iGaming) and Online Betting in Maryland.” February 14, 2024.

SB0340 - MTC Testimony.pdf

Uploaded by: Matt Libber

Position: UNF



January 27, 2025

Maryland Senate
Senator Guy Guzzone, Chair
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Opposition of SB 340 - Internet Gaming - Authorization and Implementation

Chairperson Guzzone and Members of the Committee,

My name is Matt Libber, and I am the Legislative Committee Chair for the Maryland Tourism Coalition (MTC). I am writing to you today to express MTC's opposition to Senate Bill 340. The Maryland Tourism Coalition is a trade organization with members representing all areas of tourism in the State of Maryland. Our mission is to support businesses and organizations that cater to the tourism industry through education, networking, and advocacy. As such, MTC asks the committee to vote against this bill.

MTC strongly opposes all bills related to the expansion into internet gaming in the State of Maryland. Expansion to internet gaming is a direct threat to the tourism industry in Maryland. Not only are the casinos in Maryland part of the tourism industry but the surrounding businesses to the casinos are mutually dependent on each other. Legalizing internet gaming will lead to a reduction in visitors to the brick-and-mortar casinos that exist in the State. The loss of visitors will have negative effects for the workforce of these casinos as well as the overall business of the surrounding entities that rely on casinos visitors to shop and dine at their businesses and restaurants. States with iGaming have seen deterioration of their casinos resulting in decreased visitation, tax collection, jobs, and capital investment with less spend for local businesses and non-profits. Maryland casinos can expect a negative twenty three percent (-23%) economic impact from iGaming based on other states' experiences.

With bettors no longer having to go to physical casinos to place bets, casinos will have to reduce staff or cut shifts to account for the lower number of visitors. While casinos will still be making money the employees will be losing income and/or their jobs. During a hearing on Monday, Live Casino was asked how many employees it has to oversee its internet gaming in the Commonwealth of Pennsylvania. Live Casino started with one employee and currently has three employees to operate its entire internet gaming platform. Internet gaming will only benefit the casino owners and not the employees. In fact, the casinos will end up laying off employees as the revenues and on-site customers at the brick-and-mortar casinos continue to fall. Pennsylvania saw over 2,000 casino jobs disappear since the launch of iGaming. In NJ, nearly 16,000 jobs have been lost as a result of iGaming. All Maryland casino unions strongly oppose iGaming (UFCW, Unite Here and the Seafarers Entertainment and Allied Trade Union).

Not only will the loss of jobs occur in the casinos themselves but also the surrounding business to the casinos. While Malls around the country have been closing up due to the effects of internet shopping like amazon, Arundel Mills is still going strong due to the foot traffic generated by Live Casino. A new development in Baltimore at the Warner Street Entertainment District is dependent on the Horseshoe Casino. Ocean Downs has stated that a new hotel on the property will not happen if internet gaming is legalized. These are all businesses that exist as a result of the number of visitors each year to the brick-



and-mortar casinos. All of these businesses would be in jeopardy if those visitor numbers decreased as a result of internet gaming. Due to these lost opportunities, internet gaming would lead to over 10,000 lost direct/indirect/induced jobs annually and more than \$1.6B in lost economic output/year.

Lastly, the loss of spending at brick-and-mortar casinos would decrease the local area impact grants that are generated by those revenues. These grants are used for public safety and transportation projects in many areas. These are all critical elements to the overarching tourism industry. Reduction in these grants would put additional strain on the local jurisdiction's budget and a likely reduction in services that will affect tourism-based businesses.

The Maryland Tourism Coalition also disagrees with the proposed allocation of tax revenue from internet gaming. MTC understands that there is a need to find funding for the Blueprint for Education. MTC has long celebrated that tourism helps pay for many of the services of the State and local jurisdictions. However, if the State continues to pull revenues generated by tourism to pay for these services without increasing the investment in the tourism industry, the tourism revenues will not continue to grow. In order to increase tourism revenues MTC would ask that some portion of the tax revenue collected be provided to the tourism sector to increase available marketing dollars to allow us to bring in more visitors to Maryland, not just at the casinos but across the tourism sector.

The Maryland Tourism Coalition is firmly opposed to the expansion of internet gaming in Maryland. While the projected revenues seem like the solution to fund the Blueprint for Education, it would be a long-term detriment to the Maryland Economy and would have many negative unintended consequences. For these reasons, the Maryland Tourism Coalition asks this committee for an unfavorable report for this legislation.

Respectfully submitted,

A handwritten signature in blue ink that reads "Matt Libber". The signature is stylized, with the first name "Matt" and last name "Libber" clearly legible.

Matt Libber
Legislative Chair
Maryland Tourism Coalition
mllibber@mdsoccerplex.org
301-528-1480

NCADD-MD - 2025 SB 340 UNF - iGaming - Senate.pdf

Uploaded by: Nancy Rosen-Cohen

Position: UNF



**Senate Budget & Tax Committee
January 29, 2024**

Senate Bill 340 – Internet Gaming - Authorization and Implementation

Oppose

The National Council on Alcoholism and Drug Dependence-MD strongly opposes Senate bill 340. We believe that making gambling as easy as picking up your phone at any hour of any day is a dangerous step, especially for young people.

Evidence is growing that shows more and more young people are accessing gambling activities online. While no one in this General Assembly is advocating for young people to gamble, we know they are gambling and access will increase. The 2021-22 Youth Risk Behavior Survey showed that among high school students in Maryland, 14% at or under the age of 14 reported gambling, and that number rose to 21% of those at least 18 years old.

Overall, research shows that more people in Maryland are gambling, and the number of people who are considered to have a gambling disorder has risen as well. ([Statewide Gambling Prevalence in Maryland: 2022](#))

We need more research related to mobile gaming. We need to learn lessons from other states and countries around the world. We should not be rushing into iGaming without understanding the impact and until we believe we have the resources to mitigate the harms it will lead to.

We respectfully oppose Senate Bill 340.

SB340 Nancy Stack, Dealer. Unfavorable.pdf

Uploaded by: Nancy Stack

Position: UNF

Testimony Against
SB340 Internet Gaming – Authorization and Implementation
Before the Maryland Senate Committee on Taxation and Budget
Wednesday, January 29, 2025
Submitted by
Nancy Stack, Dealer at Ocean Downs Casino

Good afternoon Chairman Guzzone, Vice Chair Rosapepe, members of the Senate Committee on Taxation and Budget.

My name is Nancy Stack. In January of 2013, I was a 15-year resident of Cecil County. I voted to approve legalizing Video Lottery Terminals and also Table Games in Maryland. When I heard about an open house at the Perryville Casino to recruit Table Game Dealers I decided to attend. At that time, I was working full time at a moving company in Philadelphia. I wanted to work closer to home, but there were no jobs available for the same or better wages than the wages I had at the moving company.

At the Perryville open house, I was selected for a part time dealer position.

I took classes to become a dealer. Honestly, I did not like dealing at first. I realized that I could work as a Slot Attendant at the Perryville Casino and make what I made at my Philadelphia job. I was able to work my way up to being a full time Slot Attendant and quit the other job. This allowed me to support myself without the long commute. I paid attention and I got more familiar with how table games worked. A year later I became a full-time dealer which is more lucrative than the Slot Attendant job.

When table games opened at the Ocean Downs Casino, I visited the Ocean City area. It only took a few day trips to see what a nice area it is and that it would be a nice place to retire when I was ready. I applied to work as a Dealer at the Ocean Downs Casino and was hired as part of the first wave of Dealers at the Casino.

Fast forward to today. I have been able to maintain a positive quality of life for over ten years working in Maryland Casinos. I've worked lots of jobs in my lifetime. I thought that this would be the job from which I would eventually retire.

I am extremely concerned that my current standard of living is now in jeopardy because of iGaming. I saw in person the effect that internet Sports Betting had on foot traffic in the Casinos. Lines of customers waiting to place sport bets disappeared overnight. As a Dealer, 80-85% of my income is generated from tips given to me and my fellow dealers by customers.

There has been a lot of discussion about on-line poker and dealing with iGaming. These are not additions that are welcomed by Dealers at all, nor is this “job creation”. We make our money through our interaction with the players. A big part of the job is how we talk with our customers, how we share our game knowledge, how we joke and laugh with the players. Like other tipped workers, it’s the connections that we make our customers that lead to more generous tips.

Since COVID19 we have all become familiar with zoom and on-line platforms. It is in no way provide the same as personal interaction as in person interactions.

I’m here on behalf of my coworkers and particularly the dealers at the Ocean Downs Casino to let you know that we are very much opposed to iGaming being legalized in Maryland.

For those of us who work in Hospitality, year-round employment in Worcester and Wicomico Counties is limited due to the seasonal nature of the industry. The Casino, however, provides year-round hospitality jobs for cleaners, cooks, cage cashiers, slot attendants, security guards, IT workers, dishwashers, clerical and administrative workers and dealers.

We have been anticipating more growth with the opening of a hotel adjacent to Ocean Downs Casino. The introduction of iGaming will put an end to the hotel and any other development and job creation. In fact, it will cause customer traffic at all of the Maryland Casinos to decline which means less business, less tips and fewer jobs. It is not good public policy to drive customers away from the Casinos.

Please enter an unfavorable reading for SB340.

Thank you for the opportunity to address the committee.

SB340 Kristina Czaeu, Server. Unfavorable.pdf

Uploaded by: Roxie Herbekian

Position: UNF

**Testimony Against
SB340 Internet Gaming -Authorization and Implementation**

Before The Taxation and Budget Committee
of The Maryland Senate

Wednesday, January 29, 2029

Submitted by

Kristina Cazeau, Food and Beverage Server at the Ocean Downs Casino

Hello. My name is Kristina Cazeau. I am a pre-med student at the University of Maryland Salisbury majoring in Bio-Med. I also work as a food and beverage server at the Ocean Downs Casino in Berlin, Maryland.

Thank you, Chairman Guzzone, Vice Chair Rosapepe and members of the Committee for this opportunity to address you today.

Lots of students at UM Salisbury look to Ocean City to make money while they are in school. I, for one, must completely support myself and pay for tuition and books to pursue my studies.

In spring of 2023, my friend and College roommate, Alex, started to look for summer jobs. We found jobs as servers in the Club House at the Ocean Downs Casino, which is busy during the summer months because of live horse racing. This was a much better summer job than the other hospitality jobs in the area. We made \$15.00 an hour plus tips. Which for a Salisbury student equaled “making bank”.

Then at the end of the summer season we were able to get work as servers in the Casino Restaurant, Poseidons. This is a huge advantage to me as a self-supporting student. Most of the hospitality jobs in the area are only for the summer. Right now, I work part time so that I have time for my studies. When classes are over, I will pick up more hours.

I work with great people. The vast majority of my co-workers are not students. I work with single Moms, retirees, hard working parents, and career hospitality workers.

As a tipped worker most of my income comes from tips. And I share my tips with the other staff members who help me deliver excellent service. These are

the server assistants or bussers, and the bartenders who make the drinks that I serve.

We are in the business of customer service. This is why my co-workers, and I are completely against any and all legislation and that would legalize iGaming in Maryland. I don't understand why the legislature would do something that will reduce the number of customers at the Casinos, which will in turn cut our earnings and reduce job opportunities. We need these jobs.

Please give SB340 an unfavorable reading.

SB340 Maryland Council on Problem Gambling LOO.pdf

Uploaded by: Shandra Parks

Position: UNF

January 29, 2025

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 340 – Internet Gaming - Authorization and Implementation

Dear Chair Guzzone:

The Maryland Council on Problem Gambling strongly opposes SB 340, which would allow Marylanders to participate in a full casino experience from anywhere and at any time on an internet-accessible device.

Many studies have consistently shown that gambling addiction can have severe consequences, leading to financial ruin, family breakdowns, and mental health issues. The convenience and accessibility of iGaming platforms would only exacerbate these risks to Marylanders, as people can easily access these services from the comfort of their homes and on their mobile devices. The potential for increased addiction rates and its associated social costs should give us pause before considering the legalization of iGaming.

iGaming is already an international problem. In an Australian study, the rate of problem gambling among non-internet gamblers was 0.9%, while the rate among internet casino gamblers was 2.7%.¹ A study of international gamblers as a whole found a similar relationship between internet gaming and problem gambling, with the prevalence rate of problem gambling being 17.1% amongst internet gamers and much lower 4.1% amongst non-internet gamers.²

Additionally, the potential for underage gambling cannot be overlooked. By allowing casinos to be accessed online, age verification is near impossible to enforce effectively.³ Many researchers have found that gambling has been detrimental to the mental health of adolescents⁴, including increased rates of suicidal ideation, anxiety, alcohol and substance abuse, and poor academic performance.⁵

While researchers are still learning about the extent of the ramifications of iGaming, we know that there are risks already associated with gambling. This body continues to subsidize resources like the Problem Gambling Fund because it recognizes that Marylanders need help. For these reasons, we strongly urge an unfavorable report.

Sincerely,
Dr. Shandra Parks
President
Maryland Council on Problem Gambling
MarylandCouncilPG@yahoo.com

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

² <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

³ <https://crsreports.congress.gov/product/pdf/IN/IN12055#:~:text=Potential%20Challenges%20with%20Identifying%20Minors&text=This%20suggests%20that%20most%2016,ID%20than%20a%20driver's%20license>

⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2533814/>

⁵ <https://pubmed.ncbi.nlm.nih.gov/12766444/> ; <http://youthgambling.mcgill.ca/en/PDF/OPGRC.pdf> ; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2533814/#b13-0130003>

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Position: UNF

SEATU
iGaming Talking Points

- Between both UFCW and SEATU we represent approximately 25,000 hard working Maryland employees
- Approximately 5,000 employees at Rocky Gap Casino & Hotel, Hollywood Casino, and Live! Casino & Hotel
- 6 Bricks & Mortar (B&M) casinos support jobs for more than 27,300 Marylanders
- Overwhelming majority of B&M casino related jobs are unionized, have full benefits, and are filled by minority individuals
- iGaming/iLottery will produce no MD in-state jobs

- Neighboring PA saw a 24% decline in jobs since iGaming, more than 2,000 people lost their livelihood
- In NJ, nearly 16,000 jobs have been lost as a result of iGaming
- One study determined that MD would lose over 4,000 jobs due to iGaming¹
 - Would also mean nearly \$225M in lost MD labor income
 - And nearly \$700M in lost MD economic output
- MD would lose nearly \$2B in gaming tax revenue over 10 years from iGaming

- iGaming has been called the gambling fentanyl by Stop Predatory Gambling & Campaign for Gambling-Free Kids
- The American Psychological Association has described iGaming as “one of the most addictive activities available.”
- Online gamblers are 8x more likely to report compulsive gambling according to National Problem Gambling Council
- iGaming states have seen dramatic increases in problem gambling and addiction
 - 277% increase in New Jersey helpline calls as per news reports from Sept. 2024 & studies show that 40% of iGaming players reported problem gambling
 - 290% increase in PA helpline calls as per National Council on Problem Gambling data and a 2022 study showed that more than 36% of iGaming players suffered from problem gambling
 - 267% increase in Michigan helpline calls as per news reports from Nov. 2024
- The 2023 iGaming in NJ report projected that iGaming results in social costs (addiction, welfare payments, homelessness and criminal justice) totaling \$350M per year – costing more than even the rosiest projections for MD tax revenue from iGaming
- The UK government has called for a 100 Million Pound levy on the online gambling industry to combat addiction and social problems caused by online gambling
- iGaming can lead to an epidemic of gaming addiction among teens and young people with 38% of online gamblers being between the age of 18-24 as per the NPGC

- \$10M labor fund in iGaming bill will **NOT** make up for lost jobs
- 43 states, including Nevada, have not pursued iGaming
- Of 8 states that looked at iGaming in 2024, **NONE** enacted iGaming
- Both iGaming and iLottery will mean lost jobs, lost wages, and lost investment in MD

iGaming/iLottery Would Be Bad Bets for Maryland!

Senate T&B Committee Tracy Lingo Against SB340 Hea

Uploaded by: Tracy Lingo

Position: UNF

**Testimony Against
SB 340—Internet Gaming – Authorization and Implementation
The Maryland State Budget and Taxation Committee**

For Hearing held on Wednesday January 29, 2025

Submitted by

Tracy Lingo, President of UNITE HERE Local 7

My name is Tracy Lingo, I am the president of UNITE HERE Local 7. UNITE HERE is the largest Union of Casino workers in the United States. Our Union also represents hotel, food service, stadium and airport hospitality workers nationally and in Maryland.

The Gaming industry has expanded significantly over the last few decades. This expansion in States like Maryland, when done right, can fund important State and local initiatives, spur economic development beyond the Casinos and provide family sustaining jobs which further advances our economy.

However, while we share concerns regarding the need for new revenue streams to address the projected tax revenue shortfall, we cannot support an initiative in the gaming industry which threatens our members jobs and standard of living. iGaming legalization as presented in SB340 would undermine the great progress that has and is being made in the areas of local development and job creation.

We have submitted written testimony from seven Maryland Casino workers who detail how brick and mortar Casino Gaming in our state has resulted in people getting jobs and thriving. Workers being paid decent wages that have allowed them to purchase homes, work just one job and spend more time with their families.

All of us want Maryland to be a great place to live and work—a state with a strong economy that allows workers to stand on their own feet and to support themselves and their families, and to make sure our schools and government services are well funded, but the plan to legalize iGaming put forward in SB340 will hurt, not help us in reaching this goal.

First and foremost, the impact on the brick-and-mortar Casinos will be dramatic. The Innovation Report that was commissioned by the Maryland Gaming and Lottery Control Agency states clearly that we can expect a 10.2% loss of brick-and-mortar gaming revenue.

Maryland's six brick-and-mortar casinos directly employ 6,678 people as of January. According to the American Gaming Association, Maryland's gaming industry creates \$5.78 billion in economic impact and supports 27,380 jobs. The Sage Policy Group projected that legalizing iGaming could eliminate 685 direct jobs with \$33.6 million in lost annual income and a total loss of approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects. iGaming will not only inhibit future Maryland casino job growth, but will also lead to a loss of jobs, Union jobs. This year's bill is even more damaging than last year's bill in that it proposes untethering i gaming licenses from Maryland's brick and mortar casinos, a move which would exacerbate the loss of well paying Union jobs.

Maryland's brick-and-mortar casino have fostered economic development connected to or adjacent to the Casinos. Ocean Downs Casino has plans on hold to construct a hotel by its casino. The Warner Street corridor next to the Horseshoe Baltimore Casino has begun developing an entertainment district which includes plans to build a hotel. The MGM Casino is a major engine for the development taking place at National Harbor in Prince George's County. iGaming will reduce the foot traffic in the Casinos and have a negative impact on all of these development plans. Why would a casino invest additional capital to improve or expand its casino/entertainment/hotel footprint if it can make money with much less investment in iGaming?

Further the short term relief measures for job loss built into SB340 will not create enough jobs in the gaming and hospitality sector to replace lost casino jobs. Short term relief measures like a fund for displaced workers and enhanced unemployment benefits will not solve the problem of a permanent reduction of jobs in Maryland's casino industry. In addition, new jobs created through live dealer studios are not projected to make up for lost casino jobs. The Innovation Group report commissioned by the Maryland Lottery and Gaming Control Agency stated:

“With online gaming, there is some land-based job creation (e.g., head of interactive gaming, studios for live dealer online games), but job creation may be substantially lower than the reduction of variable labor (e.g., table games dealers or slot machine attendants) coming from cannibalization of land-based gaming.”ⁱ

There is a reason why over 40 states, including Nevada, have not enacted iGaming – and why 6 states have recently rejected iGaming legislation. It is clear that iGaming is a job killer and an accelerant to problem gambling that will suppress local development and rob community programs of funds that they currently receive from the local impact money.

Please put Maryland's working families and communities first. We ask for an unfavorable reading on SB340.

ⁱ Innovation Group, November 2023, "iGaming in Maryland," https://dlslibrary.state.md.us/publications/JCR/2023/2023_49-50.pdf, See: p. 31.

Guzzone_SB 340.pdf

Uploaded by: Wayne Frazier

Position: UNF



Md. Washington
Minority Companies Association
Connecting Large & Small Businesses to Work Together

2001 W. Coldspring Lane
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Baltimore, MD 21209
Phone: (443) 759-8580
Email: info@mwmca.org

Visit our website at www.mwmca.org

January 24, 2025

Senator Guy Guzzone, Chairperson
Budget and Taxation
3 West Miller Senate Office Building
Annapolis, Md. 21401

Reference SB 340-Internet Gaming

Dear Chairperson Guzzone:

It has come to my attention that the Senate and Budget Taxation Committee will hear public comments on SB 340-Internet Gaming, and its features to expand Maryland's gaming to include i-Gaming. Please understand that it is my distinct pleasure to provide testimony representing the members and E-subscribers of Maryland Washington Minority Companies Association (MWMCA), located in Baltimore City, Maryland. Since 2002 MWMCA has operated as a trade, design, and material commodity trade association for hundreds of its members and thousands of its virtual E-subscribers.

Now comes our "Free State's" unfortunate attempt to expand its entrance into i-Gaming at a time when it's less needed. With all the years it took to achieve casino style gaming in Maryland, along with the billions of dollars of investments in land purchase, permits, architectural and engineering design, purchase of expensive power and AC equipment, construct world class facilities, and train basic neophytes in gaming to serve this industry. Plus, vendors sought state licensing and casinos' increased expense for security of the facilities and its patrons, not to mention the state of Maryland building new roads to access these casinos; i-Gaming would add a major burden to crush this new industry.

Why, when there is so much downside for making it easier to allow folks to gamble. With this new legislation one would be able to place wagers while in the restroom relieving themselves or at work on their state job. At MWMCA, we believe that the risk is not worth affecting the entire flourishing industry. With revenues at their all-time high and the state enjoying its increased tax revenues; our residents working within the industry in the thousands and retail sales tax contributing to the overall revenue of the state of Maryland, why risk it. Furthermore, the physical location of the casinos creates the actual employment of thousands of workers earning great compensation and benefits to support their families. The casino's spends millions on procuring food, beverages and other commodities that create a welcoming atmosphere, and all of this is part of the state's GDP.

The new i-Gaming industry will be pale compared to overall spending and tax revenue the state enjoys now. Finally whatever small gains the state will earn in new tax revenue, it will reduce what it is earning now, with less people employed. Therefore, on behalf of MWMCA, I respectfully request no vote because we believe this ill-timed recommended legislation would destroy the thriving casino gaming industry as we know it now.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Frazier', with a long horizontal stroke extending to the left.

Wayne R. Frazier, Sr
President

SB340 Testimony of Light & Wonder.pdf

Uploaded by: Howard Glaser

Position: INFO

Testimony of Light & Wonder
Maryland Senate Budget & Taxation Committee
Senate Bill 340 Internet Gaming Authorization
January 29th, 2025

Light & Wonder provides game content and technology to casinos in 500 jurisdictions on six continents around the globe, including Maryland where every casino in the state is our customer. In fact, almost every legal casino in the world is our customer. We are based in Las Vegas, with over 6000 employees on six continents.

The company also provide services to the online casino sector globally, including every legal market in the United States.

This gives us broad access to data and information on both the US and global brick-and-mortar casino and online casino markets.

Our testimony today is informational, we take no position on your decision to authorize online gaming but hope that we can be a useful resource to this body.

Online Gaming is Already Ubiquitous in Maryland

- Studies indicate that there is approximately \$6.3 billion of illegal online casino gaming taking place in Maryland today. This data is derived from the American Gaming Association report “Sizing the Illegal Gaming and Unregulated Gaming Markets in the U.S.”, November 2022.

Online casinos are here in the state, and they are here in a big way. Most players have no idea these are not legal games – they look and play similarly to those offered in legal markets.

Most, but not all, of the operators are offshore companies which use Maryland residents as an atm to suck money out of the state, untaxed and with no protections for players. In addition, there are well documented connections between illegal online gaming and money laundering for human trafficking, drug trafficking and organized crime. See attached article, *“Making a Fortune from Illegal Gaming”* [“linked to operators involved in human trafficking, money laundering and cyber slavery compounds.”]

Online Gaming Produces Significant Tax Revenue

Today seven states have legal online casino gaming in the United States: New Jersey, Pennsylvania, Michigan, Delaware, Rhode Island, Connecticut, and West Virginia. This year, those states will see about \$8 billion in gross gaming revenue, and over \$2 billion in tax revenue.

Some land-based casinos have raised concerns about the impact of online casino gaming on brick-and-mortar casino revenues. They argue that net tax revenue must take into account and ameliorate any impact of mobile gaming on land-based operations. The legislature should review these concerns and consider all available data from the experience of the existing iGaming states, three of which border Maryland.

iGaming Revenue Review

	Nov. iGaming Revenue (\$m)	TTM iGaming Revenue (\$m)	TTM Rev./Adult (\$)	TTM Tax Revenue (\$m)
NJ	214	2,340	337	409
DE	6.2	56	72	28
PA	200.5	2,123	209	927
WV	24.1	235	165	35
MI	226	2,379	303	604
CT	48.9	528	186	81
Total	\$719.7m	\$7.660bn	\$212 (avg.)	\$2.084bn

Note that the revenue from online casino gaming outstrips that of sports betting revenue. Sports betting will produce 13 billion dollars of gross revenue this year – from 36 states, while iGaming will produce 8 billion from 7 states.

A study by VIXIO Regulatory Intelligence projects \$1 billion in gross online casino revenue for Maryland, equating to at least \$177 million in tax revenue. That assumes a 17.5% tax rate, the same as New Jersey. The report notes that these are conservative numbers. A copy of this report is appended to this testimony.

Enforcement is Necessary to Combat a Pervasive Illegal Market

We commend the leadership of the Maryland Lottery & Gaming Commission and the Attorney General who have taken a firm approach in combatting illegal online casinos, issuing cease and desist orders to offshore companies to protect Maryland residents.

A particular threat is the explosive growth of so called “sweepstakes casinos” and sportsbooks which purport to be legal contests but are in fact offering online gambling without a license. These are not mom and pop shops. One company alone spent \$400 million marketing in the us last year and offers the ability to pay for gambling with a Mastercard. The legislature did not authorize this activity, but it is happening today throughout the state. Attached, for example, is a website pulled up this week listing “legal” online casinos in Maryland.

We urge the legislature to support the Gaming Commission and Attorney General in their efforts to fight illegal online gambling. Specifically, we urge you to consider a provision which would ban anyone found operating in illegal markets or offering sweepstakes games in violation of the states gaming laws, from receiving a gaming license now or in the future. This would be a strong deterrent to those who peddle sweepstakes casinos or operate in illegal markets.

For more information on this issue, see the attached Washington Post story on sweepstakes casinos.

Whatever position the legislature might take regarding the authorization of online casino gaming, we can all agree on strong enforcement against the tidal wave of illegal online casinos inundating the state.

END

U.S. iGaming State Tax Revenue Potential

August 2024



VIXIO

LIGHT &
WONDER™

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About This Report

This report, produced on behalf of Light & Wonder, provides independent forecasts for the potential tax revenue that state governments could conservatively expect to earn if internet gaming, or iGaming, were legal in each state that currently has either legal land-based casino gaming or online sports betting, or both. It is an update to an initial report produced by Vixio and published by Light & Wonder in 2022, reflecting more recent revenue figures reported by state governments as well as alternative assumptions regarding the tax rates that future iGaming states might seek to apply.

iGaming is defined as the offering of virtual casino-style games, including slots and table games such as blackjack and roulette, made available via digital platforms through players' own devices. It does not include online or mobile sports betting, which involves wagers on real-life sporting events. State tax revenue forecasts included in this report therefore reflect iGaming only, and do not include additional tax revenue that could be derived from mobile sports betting.

Notable Numbers

\$66.66bn

Total size of the U.S. commercial gaming industry, including land-based casinos, iGaming and sports betting, by gross revenue in 2023, according to the American Gaming Association.

\$47.86bn

Potential size of the U.S. iGaming market by annual revenue if iGaming were legalized in all 44 states that currently have legal land-based commercial or tribal casinos or mobile sports betting.

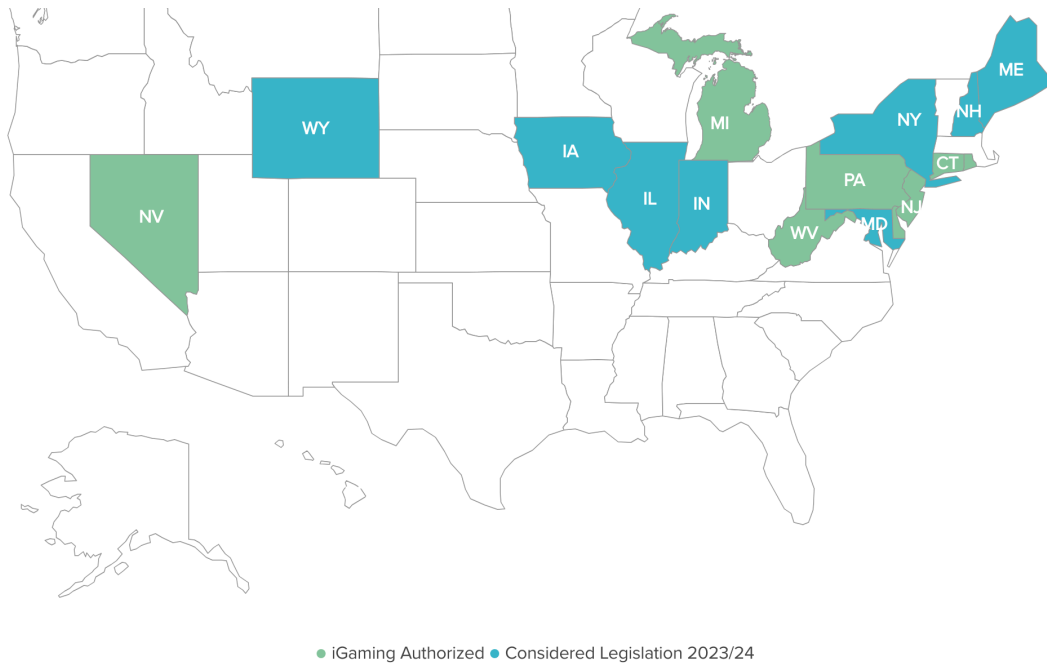
\$1.61bn

Direct gaming tax revenue generated by legal iGaming for state and tribal governments in 2023 in the six states where online casino games were legal.

\$14.98bn

Estimated annual tax revenue that could be generated by legal iGaming if legalized in all 44 states with legal land-based casinos or mobile sports betting, assuming a comparable effective tax rate to the state of Pennsylvania.

U.S. iGaming Market Map



U.S. iGaming Tax Revenue Potential

State and local governments could conservatively generate approximately **\$9bn to \$15bn** in annual tax revenue from legal internet gaming, or iGaming, if iGaming were permitted in each of the states that presently allows land-based casino gaming or mobile sports betting.

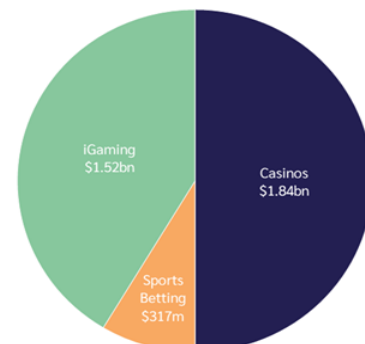
iGaming involves the operation of casino-style games, including slots, blackjack and roulette, offered via digital platforms through players' own devices. It is distinct from sports betting, which involves betting on real-world sporting events.

At present, legal iGaming is restricted to just seven states: Connecticut, Delaware, Michigan, New Jersey, Rhode Island, Pennsylvania and West Virginia. Nevada permits online poker as a limited form of iGaming, but not the casino-style games that are also available in the other states. Online casinos in the six states with fully legal iGaming markets at the end of 2023 generated total annual tax revenue of

approximately \$1.61bn, according to the American Gaming Association. The vast majority was derived from the three largest regulated iGaming markets: Michigan, New Jersey and Pennsylvania.

By comparison, legal sports betting generated approximately \$2.06bn in tax revenue in 2023, but that was from a much higher total of 29 states where commercial sports wagering was taxed and regulated.

NJ, PA, MI: Commercial Gaming Tax Revenue Split - 2023

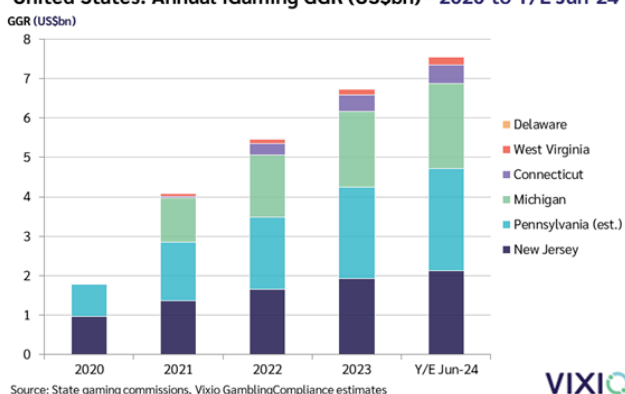


Source: AGA, Vixio Gambling Compliance estimates

VIXIO

Internet gaming was first launched in New Jersey and Delaware in late 2013. Pennsylvania's iGaming market launched six years later, followed by West Virginia in 2020, Michigan and Connecticut in 2021, and Rhode Island in early 2024. Legislation to authorize iGaming has recently been introduced for consideration in several states, including Illinois, Maryland and New York. However, state legislatures have generally proven to be more reluctant to authorize iGaming compared to sports wagering, which has expanded rapidly across the United States since a landmark U.S. Supreme Court ruling in May 2018.

United States: Annual iGaming GGR (US\$bn) - 2020 to Y/E Jun-24



The projected iGaming tax revenues for state governments ranging from \$8.96bn to \$14.98bn assumes that each state with legal land-based commercial casinos, so-called Class III tribal gaming or mobile sports betting would generate average revenue per adult in line with the five established iGaming markets of Connecticut, Michigan, New Jersey, Pennsylvania and West Virginia.

As outlined in the Methodology section of this report, this revenue forecast is likely to be conservative since it reflects the average revenue per adult as reported across the five states for the twelve-month period through June 2024, and it does not account for continued future growth in iGaming revenue in those states. Further, average revenue per adult varies materially across the five established states, with the larger markets of Michigan, New Jersey and Pennsylvania generally producing greater revenue per capita, particularly as compared to less populous West Virginia. It is likely that larger, wealthier states that may authorize iGaming in the future would

similarly over-perform compared to the blended average revenue per adult figure used for the purposes of this report.

For the 37 states, with the exception of Nevada, that have yet to legalize iGaming, it is assumed that state governments would choose to tax iGaming at an equivalent rate to one of the three largest established iGaming markets.

New Jersey taxes iGaming revenue at a headline effective rate of 17.5 percent. In Michigan, a graduated rate of 20-28 percent applies depending on revenue thresholds, with operators paying an overall effective tax of 25 percent on their revenue in 2023. iGaming revenue in Pennsylvania is taxed at headline rates of 54 percent for slot-style games and 16 percent for interactive table games. Accounting for certain deductions permissible under Pennsylvania regulations, the state's iGaming operators were estimated to pay an effective tax of around 33 percent of total gross revenue for 2023.

Ultimately, the policymakers of each state would determine their state's specific tax rate for iGaming based on local public policy factors that include the current gaming tax rates paid by incumbent land-based casinos or sports betting operators, state budgetary needs and other matters. The tax rates for Michigan, New Jersey and Pennsylvania were used for this report, however, because each of the three states' iGaming markets have proven to be successful from a revenue generation perspective to the extent that all three are among the largest regulated markets for iGaming globally.

It should be noted that the forecasted tax revenue for each state reflects an iGaming market that has reached a point of maturity, potentially in the second or third year of full operations, or later. Still, past precedent from Michigan demonstrates that a state's regulated iGaming market could also quickly ramp up to a point of relative maturity and come to generate significant tax dollars within just a few months if accompanied by suitable marketing and product investment on the part of operators, including through the promotion of iGaming offerings to sports bettors.

U.S. iGaming Tax Forecasts - 2024

	Adult Population (m)	iGaming GGR Potential (US\$m)	iGaming Tax Revenue Potential - NJ Tax Rate* (US\$m)	iGaming Tax Revenue Potential - MI Tax Rate* (US\$m)	iGaming Tax Revenue Potential - PA Tax Rate* (US\$m)
Arizona	5.78	1,237	216.5	309.3	408.2
Arkansas	2.33	499.3	87.4	124.8	164.8
California	30.58	6,550	1,146	1,637	2,161
Colorado	4.56	976.3	171	244.1	322.2
Connecticut**	2.84	680	122	122	122
Delaware**	0.78	51	26	26	26
DC	0.58	124.9	21.9	31.2	41.2
Florida	17.48	3,745	655.3	936.2	1,236
Idaho	1.38	294.7	51.6	73.7	97.3
Illinois	9.81	2,101	367.7	525.3	693.4
Indiana	5.19	1,111	194.5	277.8	366.8
Iowa	2.44	522.2	91.4	130.6	172.3
Kansas	2.22	474.9	83.1	118.7	156.7
Kentucky	3.48	746.1	130.6	186.5	246.2
Louisiana	3.56	763.4	133.6	190.9	251.9
Maine	1.10	236	41.3	59	77.9
Maryland	4.72	1,011	177	252.9	333.8
Massachusetts	5.55	1,189	208.1	297.3	392.5
Michigan**	7.84	2,390	595	595	595
Minnesota	4.36	933.1	163.3	233.3	307.9
Mississippi	2.27	487	85.3	121.8	160.7
Missouri	4.78	1,024	179.2	256	337.9
Montana	0.86	182.3	31.9	45.6	60.1
Nebraska	1.46	313.3	54.8	78.3	103.4
Nevada***	2.44	522.8	35	35	35
New Hampshire	1.11	238.4	41.7	59.6	78.7
New Jersey**	6.95	2,301	400	400	400
New Mexico	1.64	350	61.2	87.5	115.5

New York	15.35	3,288	575.3	821.9	1,085
North Carolina	8.29	1,777	310.9	444.2	586.3
North Dakota	0.58	125	21.9	31.3	41.3
Ohio	9.12	1,954	342	488.6	645
Oklahoma	3.03	648.4	113.5	162.1	214
Oregon	3.38	724.2	126.7	181	239
Pennsylvania**	10.16	2,801	930	930	930
Rhode Island	0.86	52	25	25	25
South Dakota	0.67	144.4	25.3	36.1	47.7
Tennessee	5.37	1,151	201.4	287.8	379.8
Vermont	0.52	112	19.7	28.1	37.1
Virginia	6.72	1,440	252.1	360.1	475.3
Washington	6.03	1,291	226	322.8	426.1
West Virginia**	1.43	218	33	33	33
Wisconsin	4.57	979.8	171.5	244.9	323.3
Wyoming	0.45	96.2	16.8	24.1	31.8
TOTAL	210.6m	\$47.86bn	\$8.96bn	\$11.88bn	\$14.98bn

*NJ tax rate of 17.5% of reported GGR from iGaming. MI tax rate of 25% of GGR based on 2023 tax revenue derived from reported GGR. PA tax rate of 33% based on reported tax revenue derived from Vixio's estimated gross iGaming revenue of \$2.26bn for 2023.

**Existing iGaming states reflect Vixio forecasts for 2024 instead of projected revenues based on average revenue per adult. Tax revenue forecasts for established iGaming markets also apply the actual or estimated effective tax rates in each state. For RI, Vixio's forecasted revenue for 2027 is used due to the immaturity of the market.

***Nevada tax revenue total assumes application of 6.75% tax rate as applied to all forms of gaming in the state, including interactive gaming (currently limited under state regulations to poker games).

Methodology

Internet gaming tax revenue forecasts for all 37 states, beyond the seven established iGaming states of Connecticut, Delaware, Michigan, New Jersey, Rhode Island, Pennsylvania and West Virginia, that have either existing land-based commercial or tribal (Class III) casino industries, or legal mobile sports betting operations, were arrived at first by estimating the iGaming revenue potential for each state.

This was achieved by applying the average trailing 12-month (TTM) iGaming gross revenue per adult from Connecticut, Michigan, New Jersey, Pennsylvania and West Virginia to the equivalent adult population of each potential iGaming state. Official revenue statistics reported by state regulatory agencies in the five iGaming states were used to calculate TTM gross revenue for the 12-month period ending June 30, 2024, while U.S. Census Bureau data for 2020 was used to total the number of adults in each state. The TTM average revenue per adult from the five establishing iGaming states was \$214.2 reflecting significant variances between New Jersey (\$306 per adult) and West Virginia (\$134), with Connecticut (\$167) Michigan (\$272) and Pennsylvania (\$192) in the middle. Notably, it is likely that Pennsylvania's gross revenue per adult figure was materially higher than the \$192 derived from official revenue figures reported by the Pennsylvania Gaming Control Board, which reflect net internet gaming revenues following the deduction of bonuses and other promotions. For the purposes of arriving at an average revenue per adult figure across existing iGaming states, Delaware was discounted as it materially underperforms other iGaming states from a revenue perspective (at just \$41 per adult), whereas Rhode Island was not included as its iGaming market is less than 12 months old, having launched in March 2024..

To calculate iGaming revenue forecasts for each of the 37 potential states, the \$214.2 average revenue

per adult was applied to the total number of adults aged over 18 in each state, as reported by the U.S. Census Bureau based on the 2020 United States Census.

For established iGaming states, Vixio's forecasted revenue totals for 2024, based on current market performance, were used. In the case of Rhode Island, revenue and projected tax revenue was calculated based on Vixio's forecasts for the third full-year of the state's iGaming market.

In order to forecast potential iGaming tax revenue for each state based on its projected revenue, three separate tax rates were applied based on the estimated effective rates applied to iGaming gross revenue in New Jersey, Michigan and Pennsylvania in 2023. As noted elsewhere in this report, states would ultimately have to make their own policy determinations as to the specific tax rate or rates they would seek to apply to iGaming revenue, including whether to apply taxation on gross basis or a net basis that allows for deduction of certain promotional expenses. For existing iGaming states, the applicable current iGaming tax rates were used to forecast for tax revenue for the calendar year of 2024. In Nevada, the state's 6.75 percent headline gaming tax rate was used, since that rate has historically been applied to all forms of gaming, including interactive gaming as defined under Nevada's gaming statutes.

Applying the tax rates of 17.5 percent (equivalent to New Jersey), 25 percent (Michigan) and 33 percent (Pennsylvania) to the forecasted potential iGaming revenue for each of the 37 potential iGaming states results in potential total tax revenue of \$8.96bn, \$11.88bn and \$14.98bn under each of those three tax policy scenarios.

About Vixio GamblingCompliance

Vixio is a Regulatory Technology (RegTech) platform created to remove the risk of non-compliance in the gambling and payments industries and is the leading provider of independent legal, regulatory and business intelligence to the global gaming industry. The Vixio GamblingCompliance product offers a suite of dynamic interactive tools to allow industry stakeholders to instantly analyse and compare regulatory compliance requirements and market data across more than 180 global jurisdictions.

Find out more at vixio.com/gamblingcompliance.

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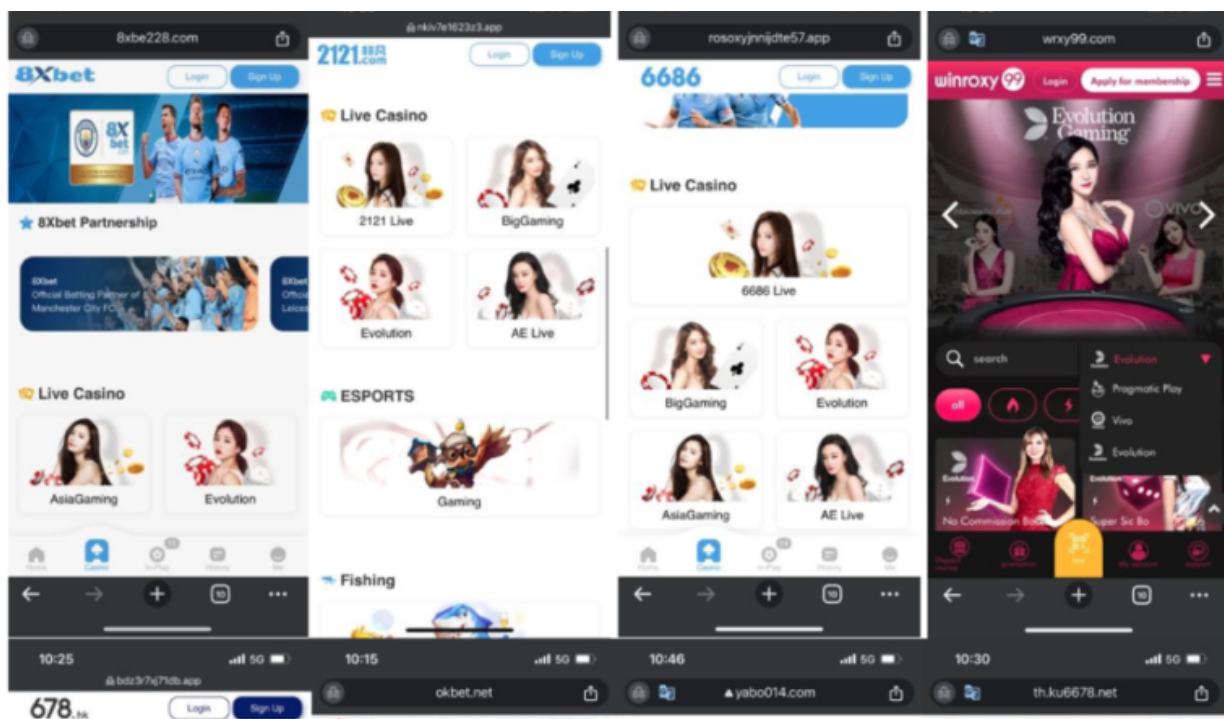
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Features

2 December, 2024

Making a fortune from illegal gambling

The Norwegian sovereign wealth fund has made several hundred million dollars on shares in the Swedish gambling technology provider Evolution. The company provides casino games to Asian markets where betting is illegal and linked to operators involved in human trafficking, money laundering and cyber slavery compounds.

By Philippe Auclair and Lars Johnsen

Early in 2018 Norwegian political circles debated the sovereign wealth fund's investment in companies involved in gambling. The sovereign wealth fund – Norges Bank Investment Management (NBIM) – is a division of the country's central bank, Norges Bank, acting on behalf of the Department of Finance to invest and manage the country's huge income from the petroleum industry. In local parlance, the NBIM is simply known as "the oil fund".

As 2017 turned into 2018, the NBIM's investment portfolio was valued at 8 488 billion Norwegian kroner – 768 billion US dollars using the exchange rate of the time. The total value of NBIM today is [19 700 billion kroner](#) – 1 790 billion dollars – and rising every split second.

The backdrop of the debate set in motion by Labour and Christian People's Party (CPP) members of the Committee for Culture and Families was foreign betting companies' targeting potential Norwegian customers. The state-owned Norsk

Tipping has a monopoly on betting in the country. Other brands are banned from operating and banned from advertising. To lure Norwegian punters the ad ban is easily circumvented by advertising on television channels broadcasting from abroad or on websites hosted beyond Norway's borders.

Among other betting-related requests for policy changes, Labour and the CPP wanted the Conservative-led coalition government to explore the possibilities of NBIM ending all its investment in the gaming and gambling industry.

At the time, the NBIM's investment into gaming and gambling companies totaled 26 billion kroner – about 3,25 billion dollars. One of these companies was the Swedish gambling technology provider Evolution Gaming. [In 2017 NBIM owned](#) 0.19 percent of the company, valued at 43 million Norwegian kroner, roughly 3,9 million dollars.

In the spring of 2018 the Norwegian Parliament passed several bills aimed at restricting Norwegians' access to foreign betting operators and safeguarding Norsk Tipping's betting monopoly into law. Despite the requests from the opposition in parliament, a ban on NBIM's investment in gambling was not on the table. NBIM thus increased its stake in Evolution to 1.48 percent of the company. This share was valued at 265 million kroner as of 31 December 2018.

Today, NBIM owns 49 billion kroner worth of shares in betting-related ventures. [It owns 2.3 percent of Evolution](#), valued at 5.4 billion kroner or 507 million dollars.

Despite no ban on investing in gambling companies, NBIM is bound by strict guidelines.

- “Companies may be excluded or placed under observation if there is an unacceptable risk that the company contributes to or is responsible for
 - “serious or systematic human rights violations”
 - gross corruption or other serious financial crime
 - “other particularly serious violations of fundamental ethical norms”

Yet its investment in Evolution continues, a company whose links with illegal Asian-facing websites makes it complicit in all of the above according to documents in Josimar's possession.



Nicolai Tangen, CEO of Norges Bank Investment Management (NBIM)

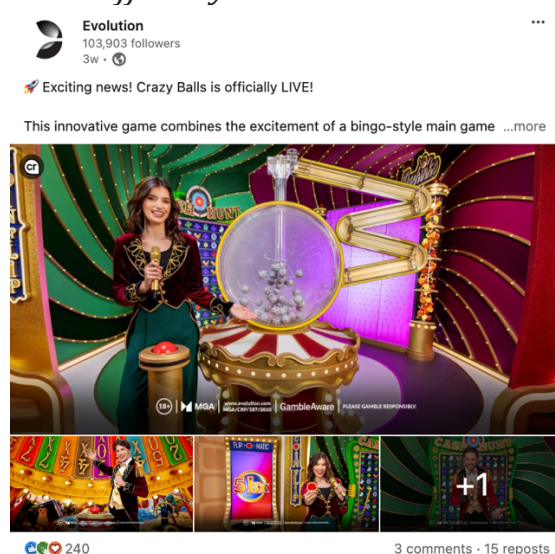
Meet EVO

"Our EVolutioneers in Portugal recently enjoyed an after-work gathering with an incredible view of Lisbon's beautiful autumn scenery. 🍁 It was a wonderful opportunity to strengthen our team spirit and appreciate the season together."

"Recently, Evolution hosted inspiring Female Empowerment Events across some of our studios, highlighting our commitment to a workforce with at least 50% female representation." ✨

Evolution's [LinkedIn page](#) is full of posts showing happy employees – the EVolutioneers – enjoying social and professional events at the company's studios scattered around the world. And, not least, posts celebrating their latest gambling products.

"Excitng news! Crazy Balls is officially LIVE!"



Evolution offers digital versions of the slot machine, classic casino games such as roulette and black jack, and game shows through a live broadcast, as if the players were part of a TV show.

According to the company's website, Evolution's vision is to be "the world leading provider of online casino", and boasts of a culture where they "thrive on pushing limits and doing what hasn't been done. We believe in a culture of openness, respect, creativity, integrity, credibility and care for others, regardless if it is in relation to our customers, external stakeholders, surrounding communities or fellow EVolutioneers."

The company was founded in 2006, headquartered in Malta, with the parent company based in Stockholm. Evolution went public in 2015, is listed on the Stockholm Stock Exchange, and is today the market leader in business-to-business online casino games. It leases its games to betting companies in return for a commission generated by the gambling operator.

Punters do not log on to Evolution's website to play games, but on other gambling sites offering Evolution games. Evolution's commission is usually 10 to 12 percent. Gamblers log on to a gambling site they have an account with; if they lose 100 dollars at the Evolution blackjack table, the Swedish company will rake in between 10 and 12 dollars.

Evolution lists some of the international gambling market's biggest brands as partners.

Their website does not list, however, the partners and clients in countries where gambling is illegal, partners and clients involved in human rights violations, corruption and crime. Our investigation reveals, with statements from employees and executives, that Evolution is fully aware of the kind of actors they team up with in Asia – ventures contributing to [Evolution's 2023 total operating revenue of 1,8 billion euro and 1 billion euro in profit](#).

The Asian Mystery

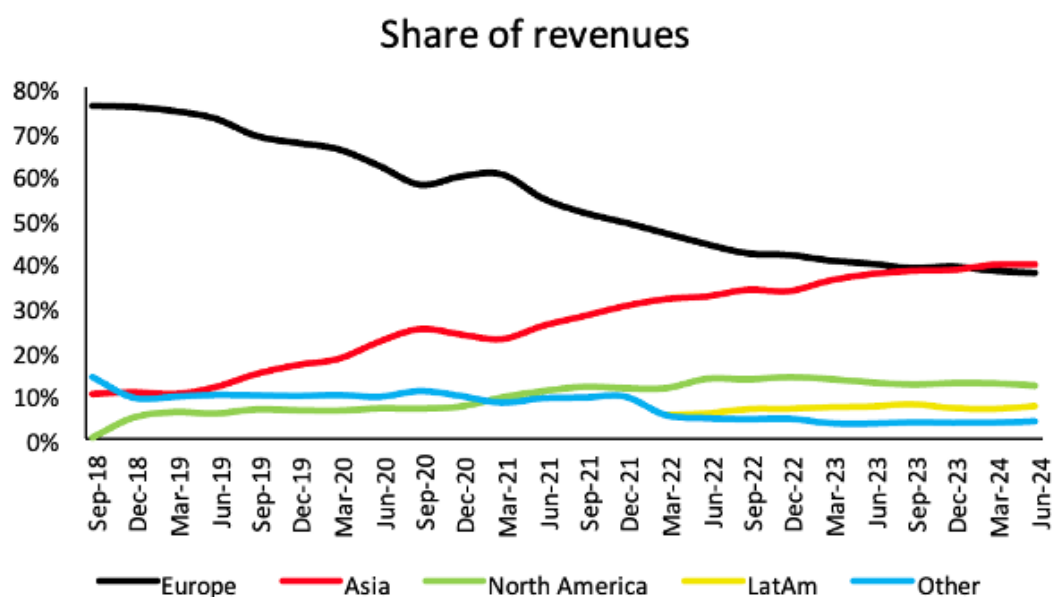
The first, obvious question when looking at Evolution's [latest financial report](#) is: "how is it possible that a gaming services provider would derive most of its revenue from a region where online gambling is illegal?"

Yet it is Asia which contributes the largest amount of money to Evolution's balance sheet: a total of 782.2 million euro over the last year or 39 percent of their global revenue.

Net revenues per geographical region

Group, EUR million	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024
Europe	175.1	185.8	191.0	191.3	194.9
Asia	172.1	181.7	197.6	200.7	202.2
North America	54.7	59.1	62.1	60.2	64.8
LatAm	34.4	32.1	33.0	36.6	37.4
Other	16.3	16.6	17.8	19.6	20.2
Net revenues	452.6	475.3	501.5	508.4	519.4
Share of regulated markets	40%	40%	39%	39%	39%
Revenue, regulated markets	179.9	189.6	195.4	199.4	204.4

Moreover, whilst Europe was by far Evolution's biggest market six years ago, and Asia only contributed a tenth of their income, the roles have been reversed in spectacular fashion since. Asia now is the main driver of Evolution's business.



But who are those Asian clients? What is true is that Evolution Gaming products are featured on virtually every single of the dozens and dozens of illegal Asian-facing operator Josimar has been looking into for three years now, including the brands linked to the [‘Vigorish Viper’](#) baowang (*) which was identified and exposed by US cyber security firm Infoblox.

The names will be familiar to our readers, such as 8Xbet (partner of Manchester City), BK8 (Burnley), BJ88 (Bournemouth), DEBET (Wolves) FUN88 (Newcastle United), Yabo (the mothership of the Vigorish Viper galaxy) and dozens of others.

When Yabo was presented as Manchester United's betting partner, the "signing ceremony" featured United legends Bryan Robson, Wes Brown and Andy Cole, as well as Yabo 'CEO' Dean Hawkes. The person posing as CEO Dean Hawkes was in fact not Dean Hawkes or CEO of Yabo, but a male model hired to play the part of CEO. It's close to being standard business practice for Asian gambling partners of European football clubs to hire models to pose as the gambling companies' representatives in such "signing ceremonies" – in order to hide the true identities of CEO and owners.



Every single of these operators is illegal, according to [the definition of the Macolin Convention](#), as all of them target players in jurisdictions where they are not just unlicensed (*), and considered to be involved in a criminal activity.

GAMING PROVIDERS PARTNERSHIP

All Slots Sportbooks Casino

JILI

SAI

AMBER

Microgaming

PRIMA CASINO

PRAGMATIC PLAY

Spadegaming

1x2

3P

Evolution

RED

W

SABA SPORTS

bj88

BJ88: Your Gateway to Global Sports Betting - Easy, Accessible, and Fair.
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狂喜中心

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TP

托尼·帕克
法国篮球第一人



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游戏平台

NETENT

PRIMA CASINO

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PRIMA CASINO

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Microgaming

1x2

Evolution

WIN WIN

PG

PRAGMATIC PLAY

ZUI

PRIMA CASINO

PRIMA CASINO

BETSOFT

Spadegaming

GO

PRIMA CASINO

PRIMA CASINO

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SPRIBE

PRIMA CASINO

8Xbet

Login

Sign Up



★ 8Xbet Partnership

8Xbet

Official Betting Partner of
Manchester City FC



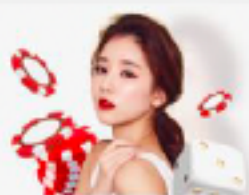
8Xbet

Official
Leices

🎰 Live Casino



AsiaGaming



Evolution



You are not
logged in yet

Login/Register to
view



deposit



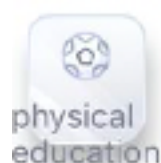
Withdraw
money



discount



Sign in



physical
education



OG真人



Big Girl



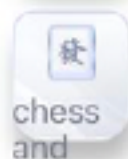
real
person



OG真人



Big Girl



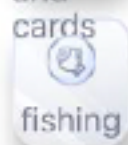
chess
and
cards



EVO真人



PP真人



fishing



front



discount



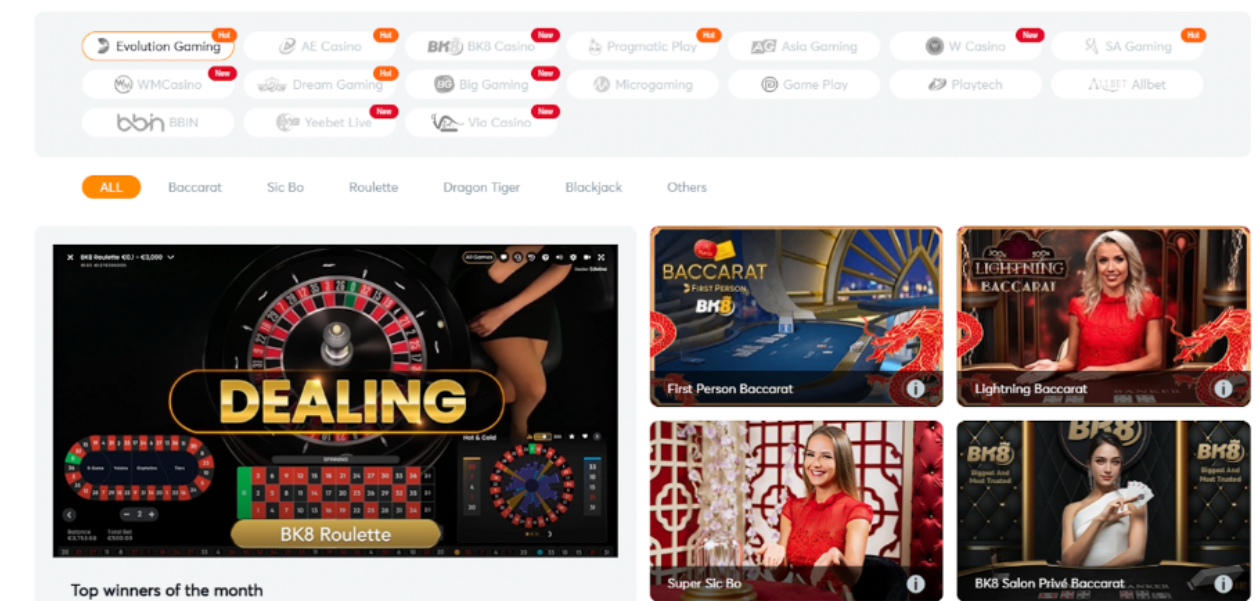
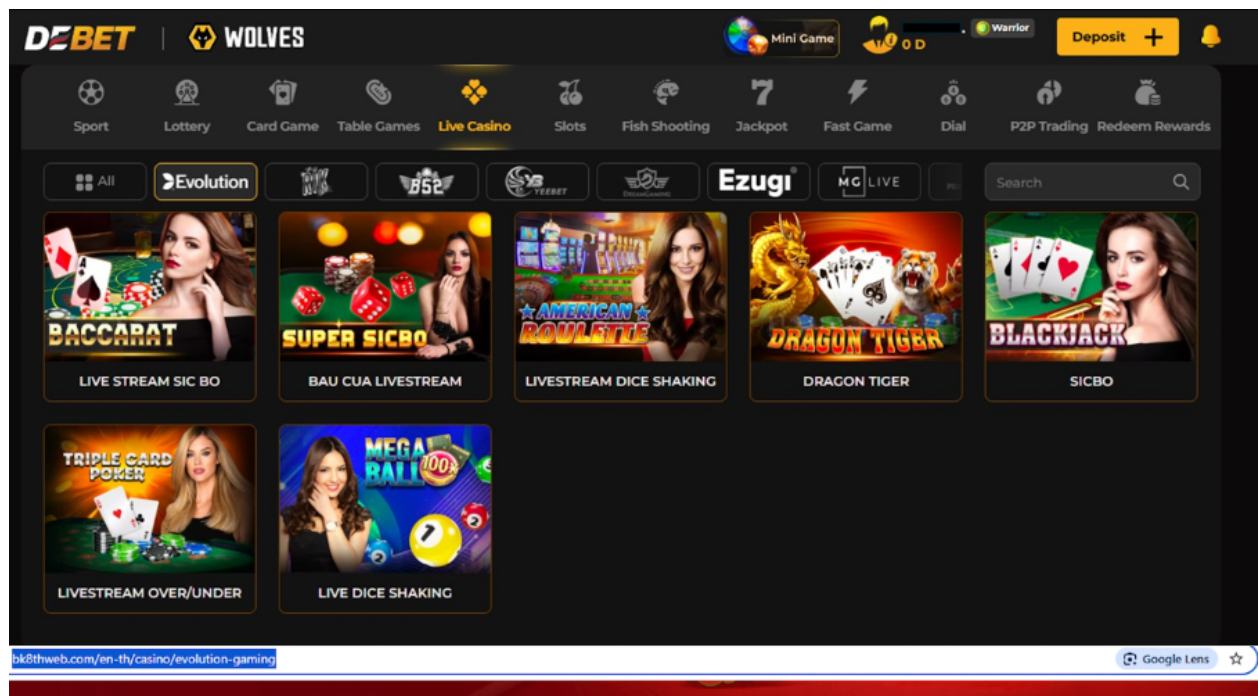
customer



APP



mine



The question then becomes: how do Evolution's products end up on those illegal Asian-facing websites? Are they aware of the links between organised crime and these operators who make billions with their games and therefore contribute hundreds of millions of euro to Evolution's revenue?

Human trafficking and cyber slavery

There are multiple links between Evolution and brands operating from the cyber slavery compounds which have proliferated in Cambodia and Myanmar. These

compounds, where an estimated 200 000 to 300 000 people are forced to work in appalling conditions, are rife with sexual violence, torture and even murder, [as evidenced by this report](#) published by the United Nations Office on Drugs and Crime. ‘Employees’ who have been lured by recruitment ads posted on social media and messaging services, promising well-paid, secure jobs abroad, are coerced into criminal activities which include scamming, fraud, [pig-butcher](#)ing, money-laundering and illegal gambling.

Josimar has revealed how at least three of the Asian-facing, illegal online gambling operators who sponsor famous football teams, in the Premier League in particular, have direct links with some of the most notorious cyber slavery compounds in the region.

All of them are clients of Evolution.

[We first looked at 8Xbet](#), betting partner of Manchester City, Leicester City, Ipswich Town, Bournemouth and Chelsea, and established that the recruitment agency they had been using to find staff, Great Wall Corporation (of which 8Xbet appears to have been the sole client), was operating from Bavet, a Cambodian town situated near the Vietnamese border, known to be a major hub of cyber slavery in the region. We located Great Wall Corporation’s compound, entirely surrounded with high fences topped by razor wire, and [obtained footage](#) showing security guards capturing and forcibly returning a worker who’d tried to escape.



When we turned our attention to BK8, partner of Valencia and [Aston Villa](#) among others in the recent past, and [Burnley FC](#) in the present, we found out that [the brand was run from the Victory Paradise Resort & Casino in Sihanoukville, Cambodia](#) – the very same Victory Paradise Resort & Casino cyber slavery compound which had been exposed by an [Al Jazeera documentary](#) as one of the most brutal of its kind.



CREAM

Thai woman

“I was a lively and confident person before, but now I am paranoid. I even get scared when I see Chinese people.”

Accepted admin job in casino, but trafficked to compound on outskirts of Sihanoukville, then says she was sold to **Victory Paradise Resort and Casino.**

AFC Bournemouth’s shirt sponsor BJ88 is [linked to the Moc Bai compound](#), again in Bavet, where one of the ‘employees’ of the Dynasty hotel & casino “call center” [was found beheaded](#) at the complex in April 2023.

“Plausible deniability”

Evolution defends its business practices by stating that their due diligence stops at the first level of aggregation. According to them, whatever action a licensed aggregator does is out of their control. But is it really? Months of detailed cyber

analysis by independent researchers, to which Josimar has had access, supported by DNS assistance from Infoblox Threat Intel, suggest that Evolution Gaming must be aware of illegal activities using their platform.

Evolution's live dealer product is in essence a live broadcast feed. However, there is one big difference to its feed compared to a streaming service such as Netflix. Evolution's broadcast feed requires super-low latency (so that players will not be aware of any delay in the game's response to their commands) and an accurate synchronisation at all times, since it involves a colossal number of simultaneous wagers. Each gaming table is connected to a local PC/server. That local PC/server feeds into the Studio Origin server, which is also known as the "game server." This feed travels across Evolution's Content Delivery Networks (CDNs) to the end user.

The feed can also travel via Clouds, which is a common setup in regulated markets. However, local server capacity is required in markets that are not regulated or where gambling is forbidden. Each wager at an Evolution gaming table is booked against a ledger within the Evolution lobby which is balanced against the player's wallet. This implies that there is a three-way connection between the player, the operator the player uses and Evolution.

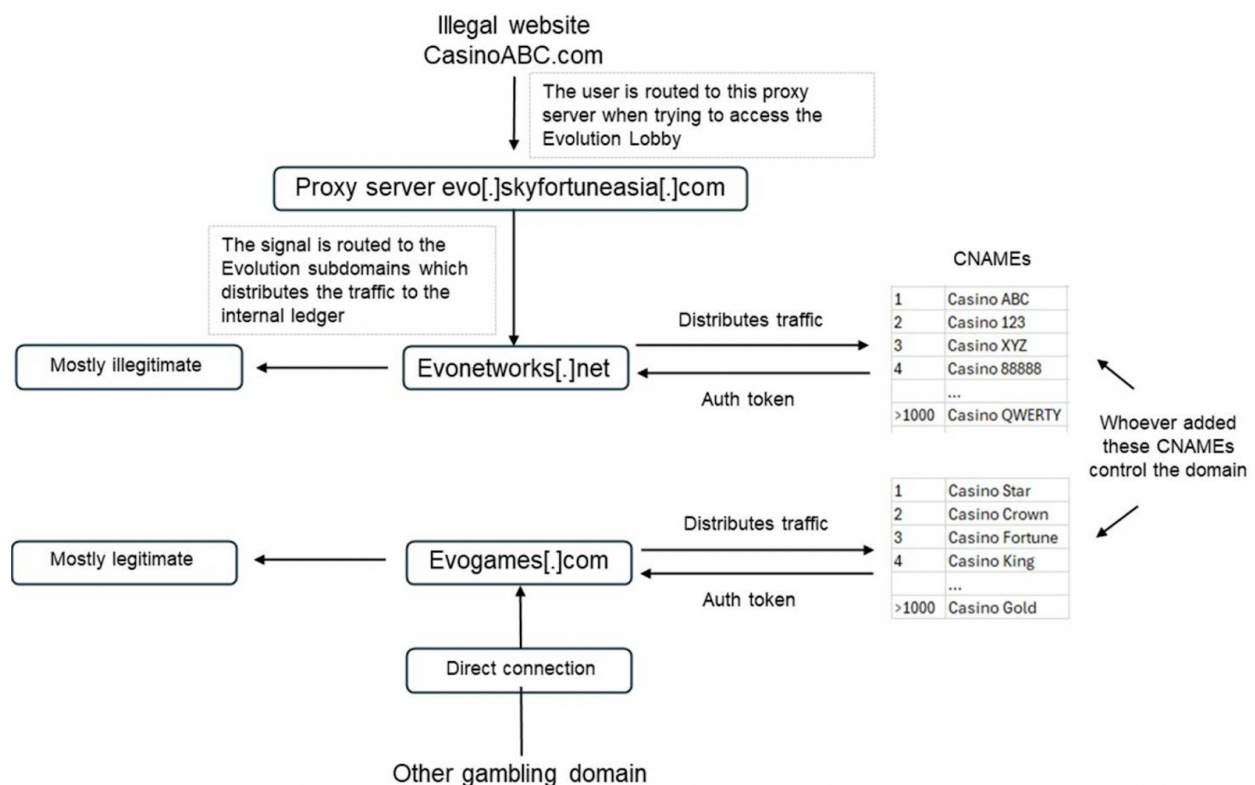
Proxy servers

Evolution's strategy consists of direct and indirect sales. The direct sales model is as straightforward from a technical standpoint as it is in theory. A legitimate website is directly connected to an Evolution domain/server, for example `evonetworks[.]com` or `evogames[.]com`. These servers act as gateways which grant or reject access to Evolution games.

The indirect sales model implies a slightly different, more complex setup. According to the data analysis Josimar has had access to, most illegitimate gambling websites appeared to be routed via the `Evonetworks[.]net` domain until September 2024. Moreover, several proxy servers are linked to this domain, set up on behalf of both first level and second level aggregators. Evolution has stated in the past that only the first level aggregators had full access to Evolution APIs. But it looks as if the second level aggregators also share the same level of control. Broadly speaking; legitimate operators typically integrate directly with Evolution via eg `Evogames[.]com`, whereas illegitimate operators get access to Evolution products via a proxy server (on the behalf of an aggregator) which in turn is connected with the Evolution game server.

Let's assume that a player attempts to get access to the Evolution lobby through the illegitimate website `CasinoXYZ`. The first thing that happens is that the player gets routed to a proxy server, say `CasinoXYZ.Evo[.]skyfortuneasia[.]com`.

This proxy server then attempts to collect the fingerprint of the user. This is done by collecting his IP address, geolocation, current language, browser/app, currency and so on. Once this information has been processed, it will be matched against a set of criteria set by Evolution, for example, that the player's location matches the player's deposited currency. The signal is then transferred on to the Evolution domain Evonetworks[.]net and tested against the internal ledger serving as an address book. What essentially happens is that the signal from CasinoXYZ.Evo[.]skyfortuneasia[.]com will be matched against a similar entry in the ledger. The entries in the ledger are referred to as CNAMEs. If there is a match, an authentication key will be transmitted back to the player and provide entry to the lobby – at which point things start to get interesting.



A visualisation of the traffic flow between online casino, player and Evolution Gaming

The CNAMEs are the individual identification names for every gambling operator with access to Evolution's games, via aggregators or direct integration and are held at Evolution's internal servers. Two scenarios are possible at this point.

Either CNAME entries have been manually added by Evolution, implying that Evolution is well aware of the operator using their products, irrespective of the fact that the operator has gained access to Evolution via first or second level

aggregators; or the CNAMEs have been added by aggregators via Evolution APIs, which would suggest gross negligence from Evolution's standpoint.

The screenshot shows a web browser window with the address bar displaying `bk8thweb.com/opgam/?token=1732271446331&provider=EVO&fu...`. The main content area displays a message: "Currency restriction" in green, followed by "We cannot offer games in detected currency. Please contact customer support." in white. The right sidebar shows the "Elements" and "Console" tabs. The "Console" tab is active, displaying a search for "evo" and a list of network requests. The request for `en.json` is highlighted, showing the URL `https://evo.blacksilv.com/player/games/languages/en.json` and the response `200 OK (from disk cache)`. A red circle highlights the `en.json` request in the console. Below the console, the "strict-origin-when-cross-origin" header is visible.

bk8thweb.com/opgam/?token=1732271446331&provider=EVO&fu...

Currency restriction

We cannot offer games in detected currency. Please contact customer support.

Search

Q evo X (*) As

▼01_layout.css — www.bk8thweb.co...
referer: ...thweb.com/opgam/?toke...

▼bootstrap.min.css — www.bk8thweb...
Referer: ...thweb.com/opgam/?toke...

▼bootstrap.min.js — www.bk8thweb.c...
Referer: ...thweb.com/opgam/?toke...

▼common.js — www.bk8thweb.com/...
Referer: ...thweb.com/opgam/?toke...

▼core.js — www.bk8thweb.com/opga...
Referer: ...thweb.com/opgam/?toke...
351 case "EVO":
352 return "Evolution Gaming";
502 if (gameUrl.indexOf("evo-landi...

▼en.json — evo.blacksilv.com/player/...
URL https://evo.blacksilv.com/playe...
2000 ms 2200 ms 2400 ms

1200 ms 1400 ms 1600 ms 1800 ms

Response Initiator Timing

https://evo.blacksilv.com/player/games/languages/en.json
GET
200 OK (from disk cache)

strict-origin-when-cross-origin

BK8's CNAME (Evo[.]blacksilv[.]com)

We have been able to track and identify these CNAME entries. This implies that Evolution has the same level (or, most likely, better) insights into all of its direct and indirect customers, which contradicts their communication about not having that visibility.

Evolution's first line of defence has historically been that they only service licensed aggregators; but the overwhelming majority of Asian-facing second level aggregators lack proper documentation in terms of licensing. The fact that Evolution has full visibility via CNAMEs suggests that the statements regarding proper licensing requirements do not fully have merit.

Evolution's own integration guidebook suggests that it is the former explanation that holds true. CNAME entries and the casino authentication key are provided by Evolution. Moreover, Evolution outlines that they prefer to set up the proxy servers on behalf of a licensee. This is especially interesting since Evolution claims that they are not involved in the integration process of operators that have gained access to Evolution's game suite via second level aggregators.

Name	Description	Mandatory/Optional
casino.key	Casino key for User Authentication service, provided by Evolution.	M
api.token	API Token for User Authentication service, provided by Evolution (UA2 token).	M
hostname	Evolution hostname: hostname(s) of production game launch host(s). Evolution also maintains the whole SSL related process. Licensee can request to use their hostname and maintain SSL accordingly, however above is preferable.	M

Source: Evolution Integration APIs

US legal woes

Since November 2021 Evolution has been involved in a legal battle in the US state of New Jersey, one of the states where the Swedish company has a license to operate. A report by an unnamed investigative firm provides evidence that Evolution “engaged in unlawful conduct, including knowingly receiving revenue from prohibited jurisdictions”. In the report, eight people – former employees or executives of Evolution, partners of the company and experts with insight into Evolution's practices – supported the investigators' findings that it was indeed possible to play Evolution games in countries where gambling is illegal, and that “Evolution are undeniably aware of the IP addresses by end-users of their games” including “IP addresses from illegal markets”.

The report found that Evolution games could be played in Syria and Iran – countries currently on the US “State Sponsor of Terrorism” list. Evolution even supplied games in Sudan during the 2018-2019 Sudanese revolution when the US Department of Treasury had imposed sanctions on the country. Sudan was removed from the “State Sponsor of Terrorism” list in 2020.

It’s prohibited for US-based companies to do business in these countries. In recorded statements, the former Evolution executives, employees and partners said Evolution was not only fully aware of the fact that you could play Evolution games from Iran, Syria and Sudan, but also that the company guided gambling operators on how to do business there.

One interviewee outlined the strategy and business plan for online gambling in Iran. “Evolution supplies products. This is, you know, unofficial, but they have games for Iran”. “Iran is a big market” and a “good market”. “Evolution knows the Iranian live casino market inside out”.

The investigating firm had no problems depositing money and playing Evolution online casino games from different gambling operators using Iranian IP addresses. Neither did they encounter any trouble withdrawing money after a win.

Syria is a smaller market, but “Evolution has players there”, and the interviewee was “100 percent sure [Syrian president Bashir Al-]Assad’s family is playing Evolution games”.

The people interviewed in the report gave evidence of how Evolution via agents in these countries collected cash making it possible for money to flow directly to Evolution and that this practice “was in fact part of Evolution’s business model” and “go-to-strategy” for “delivering content in these countries”.

The interviewees explained you needed skills, expertise and to “know the agents” when establishing a gambling venture in such countries, and admitted “there really isn’t a country Evolution don’t take bets from”.

Regarding other Asian markets where gambling is strictly forbidden, the interviewees explained plainly how Evolution operates. “They go through aggregators, indirectly providing their content to these markets and are able to offload their responsibilities” and that Evolution “pretends not to know about the content being provided there”.

According to legal briefs in Josimar's possession, the New York- and New Jersey-based law firm Calcagni & Kanefsky conducted a 10-month investigation into the report's findings and concluded they were credible. The law firm supported the "report's bedrock conclusion: that Evolution knowingly allows its games to be played in prohibited countries". The law firm also came to the conclusion that the statements by the interviewees regarding Evolution's business practices in illegal markets were "clear evidence of money laundering".

Calcagni & Kanefsky submitted it to the New Jersey Division of Gaming Enforcement (NJDE), the state's law enforcement agency on online gaming. When the complaint was submitted, [billions of dollars were wiped off the value of Evolution shares](#).



Graph of Evolution AB share price, showing 40 percent loss since February 2024

In February 2024, NJDE confirmed it closed the case against Evolution, as Evolution apparently had made important changes to its business practices since – meaning the NJDG had actually agreed to the report's findings.

In a legal counter-attack, Evolution took civil action in a New Jersey court to compel Calcagni & Kanefsky to disclose the client's identity. In May the lawyers replied with a request for a "protection order" for their client to remain anonymous. The court initially denied this, but the decision was reversed upon appeal. The appeals court noted that "after careful and independent examination" it found "the report to be credible", and that the anonymous client

could be “viewed as a whistleblower seeking protection from the actions of a vindictive adversary”.

Prior to this, in February 2024, Deputy Attorney General for the State of New Jersey Michael J. Golub had issued the following ruling.

The Division believes that Evolution has made the necessary improvements to its compliance department. The Division will continue to review Evolution’s efforts to ensure that its compliance program is working as intended. Evolution shall continuously evaluate and update the list of jurisdictions where their content is offered. As online gaming continues to expand globally, Evolution should evaluate how they want to operate and where they want their content utilized if no local regulatory scheme exists.

But have the ‘necessary improvements’ been made? The evidence unearthed by this investigation suggests this has not been the case, and Golub’s conclusion had made it clear that the matter was “closed” – until it could be open again.

At this time, the Division’s investigation into this matter is closed. The Division reserves the right to investigate the allegations further if additional evidence is discovered.

It’s not just in New Jersey that 2024 has been a year of mounting legal headaches for the Swedish company. Class action lawsuits have been filed on behalf of investors based in several US states – [Oklahoma](#), [New York](#), [California](#) and [Florida](#) – claiming Evolution has defrauded investors regarding the company’s expected growth and its compliance. The investors behind the class actions had bought shares in Evolution from February 2019 to October 2023. They allege Evolution in this period made untrue or misleading statements, failing to address that, as per a February 2022 report by Analyst Alpha Generation Limited, Evolution’s revenue “could be at risk due to future regulatory clampdowns”, and that Evolution had been “exposed to revenues from what we believe to be illegal gambling activities”.

A risky business

A company providing games to unlawful gambling websites exposes itself against a substantial risk of being incriminated in money laundering. Asian organised crime has gained the technical ability to obscure recreational gambling as well as money laundering flows through online gambling platforms. By providing games to such entities, a company that relies on revenue share, indirectly generates revenues for itself on the basis of these illegitimate flows, and becomes a *de facto* accomplice of human traffickers, money-launderers – and worse. For itself – and for its investors, of which Norway’s sovereign fund is one.

Evolution was contacted by Josimar. They didn't respond to our questions. Neither did the NBIM.

() Some of the brands in question claimed to be licensed in the Philippines through the state regulator PAGCOR. However, these offshore licences, when they were genuine or active (which was very much the exception), have no legal value whatsoever in other jurisdictions. Moreover, President Marcos ordered a ban on all Philippine offshore gaming operators (POGOs) due to their involvement in criminal activities in July of this year.*

() "Baowang" means "full package". The Yabo baowang offers a full, integrated technological "press and play" suite/infrastructure which can be used by illegal sports betting platforms. Only the brand name changes; the product is exactly the same.*

() Josimar uses the definition of "illegal sports betting" agreed on by the 41 signatories of the Macolin Convention, which include Norway and the United Kingdom: "Any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located".*

SB340 Testimony of Light & Wonder.pdf (2).pdf

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Position: INFO



Intro **Top casinos** **Blacklist** **Top picks** **Casino matcher** **What's on offer** **Mobile apps** **Leg**

information on our top 10 free online casinos below. These sites offer a variety of slots, progressive jackpots, and table games and don't require a real-money deposit.



McLuck Casino

Opening its virtual doors in 2023 to eager Maryland players, McLuck Casino has already grown to become one of the Old Line State's most popular sweepstakes casino sites. If you're looking for luck, MD's answer to social gaming may be your ticket to good fortune since McLuck offers hundreds of slots to play, all for free. Better yet, sign up, and you're warmly welcomed to the McLuck party with an awesome sign-up package. More specifically, you can boost your bankroll with plenty of Gold Coins and Sweeps Coins to help you embark on your social casino journey!

Read our [McLuck Casino review](#)



WOW Vegas Casino

Maryland players can't get enough of WOW Vegas Casino. Not only can you legally play top slots like *Big Bass Splash* and *Sugar Rush*, but you can spin the reels completely for free. With its generous welcome offer, new MD players can claim the site's virtual currency for free. The casino also offers plenty of other free ways to claim more virtual currency, so you can easily top up your virtual bankroll if you run low.

Read our [WOW Vegas Social Casino Review](#)



Pulsz Social Casino

At Pulsz, you can access over 300 games completely for free. Gamble on a range of slots, jackpots, and Megaways from industry-leading providers like NetEnt and Pragmatic Play. Alternatively, try your hand at table games like blackjack and Texas Hold'em. Established in 2006, Pulsz has over a decade of experience



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High 5 Casino

High 5 Casino launched in Maryland back in 2012. Since then, the sweepstakes and social casino has amassed a pretty hefty following and tons of experience in providing an accessible and entertaining casino experience. With 800+ top-quality games, a native mobile app, a colossal welcome bonus, and a straightforward sweeps currency concept, High 5 knows what it's talking about.

Read our [High 5 Casino review](#)



Stake Casino

Any Maryland players looking for a social casino with a classy desktop site and a great collection of games should check out Stake. You can buy on-site currency using cryptocurrencies, or you can play using free credits. Either way, there is a range of exclusive slot games available. The site also runs frequent promotions, so you get the most value out of your time.

Read our [Stake Casino review](#)



Fortune Coins

Each of the 50+ slots can trigger the seven-figure progressive jackpot with a single spin, and there are several retro poker, keno, and fortune games to wager on. You can also buy additional coins using secure payment options like Visa, Trustly, and Skrill.

Read our [Fortune Coins review](#)

The Washington Post

The ‘sweepstakes’ games that look a lot like online gambling

Millions of Americans are betting real money on online casino games marketed as “sweepstakes.” Users, regulators and the casino industry are fighting back.

November 27, 2024

By [Rick Maese](#)

It was only about a year ago, Erik says, that he started gambling online. He wagered just \$10 or \$20 at first but soon found himself putting up hundreds of dollars at a time — money, he says, he couldn’t afford to lose.

“It’s almost like I blacked out,” he says. “I remember how fast it went. It’s such an embarrassing thing. These are such childlike little games. I don’t even know how it happened.”

It’s a familiar tale. But Erik’s habit doesn’t involve casino visits, basement poker games or mobile sports betting. Though online casino games are illegal in most every state, Erik is among millions of Americans who have played slots and blackjack online, winning and losing real money faster than they could in Las Vegas.

Erik was playing what the gaming industry calls a “sweepstakes” game.

With names such as Chumba Casino and McLuck, sweepstakes social casinos are at the forefront of a booming, multibillion-dollar industry operating in a legal gray area. Players have the option of playing for free — or they can feed money into the games, unlocking a secondary “currency” that effectively turns their smartphone into a slot machine, blackjack table or roulette wheel. Sweepstakes operators aren’t regulated, licensed in the United States or subject to gaming taxes, and though they target American consumers, the biggest ones operate from offshore locales including Cyprus, Malta and Gibraltar.

Erik, a 41-year-old transportation professional from St. Louis, is part of the growing army of players who have spent hours playing the games — and watched their bank accounts grow or shrink in the process. He spoke on the condition that his last name be withheld because his family and employer are unaware of the addiction he says has upended his life. He has maxed out three credit cards, he says, taken out a personal loan and, all told, has lost nearly \$100,000 in the past year. He provided screenshots of past-due credit card bills and bank statements showing thousands of dollars in payments for sweeps coins, often multiple deposits over the course of a single day.

“This turned me into a person I never thought I’d be,” he said.

Unlike regulated sportsbooks and casinos, sweepstakes casinos don't have to offer responsible gambling services, age verification or other consumer protections. Yet more than a million Americans play each month, and the games drew nearly \$6 billion in player purchases last year, including \$1.9 billion in net revenue, according to Eilers & Krejcik Gaming, a research analyst firm. The firm predicts those numbers will more than double next year.

Australia-based Virtual Gaming Worlds (VGW), which operates Chumba Casino, LuckyLand Slots and Global Poker, alone brought in \$4 billion in revenue in 2023, including \$322 million in net earnings, according to its most recent financial report. Even amid legal challenges, it's now a primary sponsor of Ferrari's Formula One team and enlists celebrities Ryan Seacrest, Michael Phelps, DJ Khaled and others as pitchmen.

The boom has caught the attention of the regulated gaming industry, which has long seen online casino games as its most lucrative potential market. Only seven states have legalized and licensed online casinos, even as online sports betting thrives. Yet legal iGaming generated \$6.1 billion in gross revenue last year, according to the American Gaming Association (AGA), the trade group representing many of the largest companies in the traditional, regulated gaming industry. Legal sports betting, available in five times as many states, generated \$11 billion, the AGA says.

The AGA recently asked states to investigate the sweepstakes games, and states have begun responding, with some accusing the companies of flouting gambling laws and ordering them to cease operating.

"They look like a casino, talk like a casino, walk like a casino," said Shawn Fluharty, a West Virginia delegate and president of the National Council of Legislators from Gaming States. "And they're trying to tell us they're not a casino."

The sweepstakes industry insists that its offerings are misunderstood and that its core product is not gambling but social gaming.

"We've got full confidence in our compliance with all laws and regulations where we operate," Tim Moore-Barton, VGW's chief operating officer, said in an interview. "... We don't view this as gray at all."

That view is being tested by the casino industry, states and users themselves, who are increasingly turning to the courts to recover their losses and challenge the legality of the sweepstakes games.

Daniel Wallach, a Florida-based gaming attorney, said the model is a ruse and operators are peddling in gambling under the guise of legitimate sweepstakes. "It's a stretch to even call it subterfuge because it's so easy to pierce," he said.

“It not only skirts the edges of the legality but is so far over the cliff that I’m surprised that state attorneys general and federal prosecutors haven’t seized upon this yet,” he added.



“They look like a casino, talk like a casino, walk like a casino,” said Shawn Fluharty, a West Virginia delegate and president of the National Council of Legislators from Gaming States. (Craig Hudson/AP)

Free vs. ‘sweeps’

To understand sweepstakes casinos, it helps to first understand “social casinos,” which offer free-to-play games such as slots and blackjack. There, users can purchase virtual currency to unlock certain features, not unlike in countless other mobile games. But they can’t win or lose real money.

“Sweepstakes games” are social casinos with a twist. Users can play with one of two types of currency: virtual “coins” that have no value, as well as a second tier of currency, called “sweeps” coins, that can be cashed out.

Signing up is typically easy. Chumba verifies users’ email addresses and asks them to attest that they are 18 or older — no ID or Social Security number required, as on sports betting apps. Then users get a pop-up offer: For \$10, they can purchase 10,000 gold coins. The coins technically have no value. But in exchange for making the purchase, the user receives 30 sweeps coins, which can be used to play for real money.

The sweeps coins are labeled “free,” and users can toggle between gold coins and sweeps coins. Those playing the casino games for actual money, though, compete separately from those playing for fun.

The registration process takes a couple of minutes. Only users who try to withdraw money have to submit a form of ID.

Having two forms of currency is confusing — and key to the enterprise, according to stakeholders. To meet the legal definition of gambling, a game needs three elements: prize, chance and “consideration,” the industry term for the cost of playing a game.

Sweepstakes operators claim their game has no “consideration” — that the product is the social casino and the sweepstakes are simply a vehicle to help promote that product. They cite the popular McDonald’s Monopoly game or Starbucks’ frequent sweepstakes contests. “Instead of selling coffee and running sweepstakes to sell more coffee, Chumba sells social casino currency and runs the sweepstakes to promote the sale of the social currency,” said Chris Grove, managing partner with Acies Investments, whose portfolio includes JefeBet, a sweepstakes casino aimed at the Hispanic market, and Fliff, a sweepstakes sportsbook.

Grove points out that people spend more than \$7 billion annually on social casinos, according to the Eilers & Krejcik analysis, knowing they have no chance of winning real money. Only half of VGW’s million monthly users ever make a purchase, Moore-Barton said, unlocking the ability to win and lose money.

“People might wonder: ‘Oh, why would anyone ever do that? I would never pay money to play slots that you can never win,’” Grove said. “But the ‘why’ of it is kind of irrelevant. Because people do.”

Jon Kaplowitz, CEO of Clubs Poker, a social poker site that includes a sweepstakes offering, recently suggested that only 1 to 5 percent of social casino users ever pay to play. “The rest play for free,” [he said](#), “versus the regulated gambling market where money exchanges hands 100 percent of the time.”

So if not gambling, then what are the sweepstakes games?

“I think they’re entertainment,” said Kaplowitz, a former executive for Penn National Gaming. “They’re a way to play with friends online for free.”



F1 driver Carlos Sainz is sponsored by VGW, the leader in social sweepstakes casinos. (Chris Graythen/Getty Images)

A playboy's play

VGW is the brainchild of Laurence Escalante, the company's 42-year-old founder and chief executive. He's among the richest people in Australia, with a net worth reportedly nearing \$4 billion and a toy box that includes private planes, helicopters, boats, flashy watches and a fleet of sports cars — Ferrari, McLaren, Lamborghini and Pagani among them.

When VGW launched as a social games company in Perth in 2010, sweepstakes were not part of the equation. According to Ben Reichel, the company's former chief executive, Escalante saw an opportunity in U.S. law to use sweepstakes to promote and grow the business. (Sweepstakes casinos are illegal in Australia.) The company sought advice from U.S.-based lawyers.

"The Board at the time was very cautious ... because sweepstakes had never been used to promote social casino games," Reichel said in an email. "Eventually the Board was confident of the legality of the model — otherwise it would never have been deployed." The company launched its products in the United States in 2017, operating under a gaming license from the Malta government. It flourished during the [coronavirus](#) pandemic, reporting a net profit of \$115.8 million in the back half of 2020 — a 60 percent increase from the previous year. By 2021, Chumba Casino alone had more than a million players, largely from North America, and paid out nearly \$500 million in prize money. Competition followed. VGW's market share has fallen from 90 percent in 2020 to 50 percent now, according to Eilers & Krejcik, though it's still the runaway market leader, with \$4 billion in revenue this year.

Critics say the sweeps industry has been able to grow so rapidly because it isn't subject to the same oversight as the regulated industry. Keith Whyte, president of the [National Council on Problem Gambling](#), a nonprofit advocacy organization funded in part by the gaming industry, said sweepstakes operators are exploiting "an antiquated definition of gambling" and "an antiquated definition of sweepstakes."

A key component of any sweepstakes promotion is the phrase "No purchase necessary." For sweepstakes casino players, making a purchase is the easiest way to collect "sweeps" coins. But it's not the only way. Users also can request free game play by mailing a letter to an address — which some choose to do, though the process takes much longer than simply buying sweeps coins on the site.

Sweepstakes casino Wow Vegas invites players to send a letter with specific instructions — only black ink and a No. 10 envelope — to 1445 Woodmont Lane, a one-story gray house on a residential street tucked in an otherwise industrial area of northwest Atlanta. A sign out front identifies the home as the location for PhysicalAddress.com, a company that provides physical addresses to third-party companies.



The actual house at the address for PhysicalAddress.com. (Will Hobson/The Washington Post)

The person who answered the door one recent afternoon declined to identify themselves and said they could not confirm whether Wow Vegas used the address.

“People can use this address to file their business with the state,” the person said, “so that’s why they say they’re here, but they’re not.”

Asked whether they could provide contact information for a Wow Vegas representative, the person said, “I can’t tell you.” Emails sent to a company media representative were not returned.

Chumba and LuckyLand use a post office box in Portsmouth, New Hampshire. Pulsz has a P.O. box in Manchester, New Hampshire, as do McLuck and Rolling Riches. Sweeptastic has a box at a shipping and mailing business in Amherst, New York, while Stake.us uses a similar business in Dallas.

“It stunned me with how non-fancy these places are,” said Wallach, the attorney. “It’s almost like a secretive thing where they just have a shell presence. It really underscored to me how off-the-grid these companies are.”



Leading games and systems developer showcases new releases aimed at championing winning moments (Business Wire)

Fighting back

In May, the AGA sent letters to the gaming commissions and attorneys general offices in every state, encouraging them to investigate. The memo stopped short of saying the sweepstakes offerings are illegal but urged the offices to consider “legislation to prevent unlicensed operators from exploiting loopholes in sweepstakes regulations to offer online real money gambling.”

“Consumers are being deprived of protections and states are forgoing significant tax and revenue opportunities as this gambling replaces that conducted through regulated channels,” the memo stated.

Brick-and-mortar casinos in Las Vegas and elsewhere have strict rules that dictate payouts and what percentage of money needs to be returned to the player, critics point out. The sweeps casinos might not adhere to any such standards, and if they do, they’re probably governed by some faraway gaming authority. Those casinos also require gamblers to be at least 21; the sweeps games are available to anyone over 18.

“It’s almost like some drug company not going through FDA and just saying, ‘We did all testing ourselves — trust us,’” said Chris Cylke, the AGA’s senior vice president for government relations.

Only four states have barred the sweepstakes games, including two that offer (and collect tax from) legal iGaming. Several other states’ regulators, in interviews, said they’re aware of the sweepstakes issue but declined to say whether or how they may act.

The sweepstakes operators formed a trade association in August, though it doesn’t include VGW. The company says it rejects the AGA’s assertions but welcomes regulation, which Moore-Barton said “adds legitimacy to the business model.”

For now, no court has ruled definitively on the social casinos, and federal regulators haven’t taken up the matter.

“It’s legal until it’s not,” said one longtime state regulator, who spoke on the condition of anonymity because he was not authorized to discuss the matter.

Michigan, where iGaming is legal, was among the first to bar the sweepstakes operators, sending VGW a cease-and-desist letter in December 2023. In addition to the lost tax revenue, the sweepstakes operators made no attempt to follow the guidelines in place for legalized online casinos, which include consumer protections and a minimum age restriction of 21, Kurt Steinkamp, chief of staff for the Michigan Gaming Control Board, said in an interview.

“They’re not playing by the same rules,” he said. “They don’t have the same controls in place when it comes to anti-money laundering, player protections, problem gambling,

know-your-customer requirements, age verification — all of the things that exist in the legal market.”

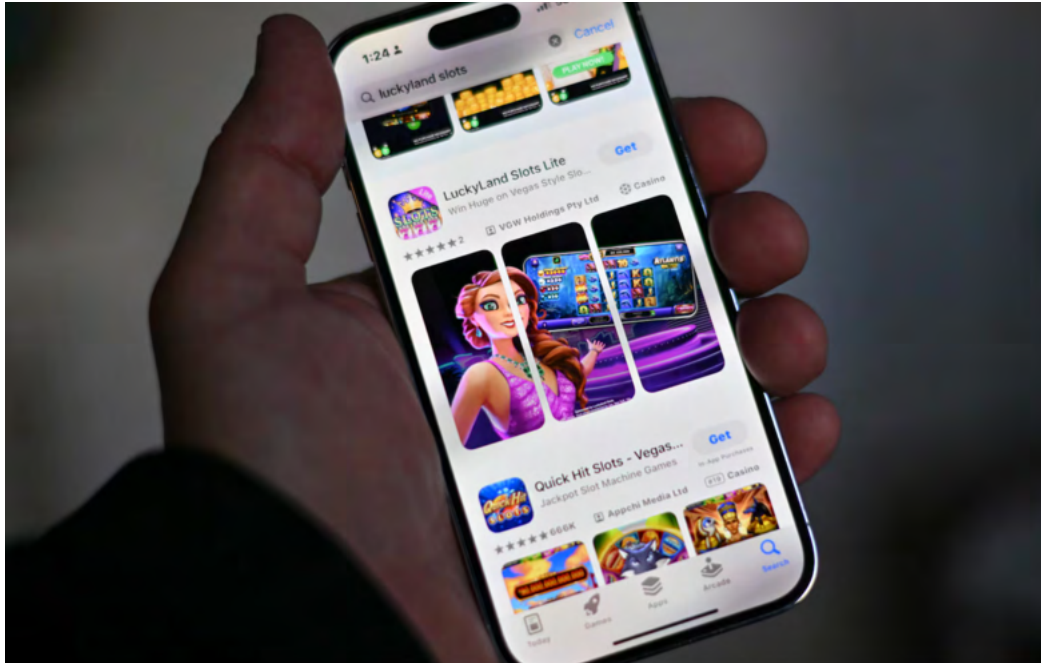
VGW’s games are still available in all but five states. The company says it did not exit any state because of concerns over the legality of its products.

“In the handful of states where we have exited, we’ve done so with respectful disagreement with the regulator or the relevant body that we’ve spoken to, and we’ve done so in the best interest of all our stakeholders,” Moore-Barton said.

Players who have lost money playing sweepstakes casinos have recently filed lawsuits in a dozen or so states, saying the sweepstakes operators violated state gambling regulations and unlawfully collected money from consumers. None has gone to trial, though several have been sent to arbitration, as dictated by the games’ terms of service.

In Kentucky, though, players did claw back some money, including a woman who claimed she lost \$7,000 playing Chumba Casino. In separate cases, four operators admitted to no wrongdoing in Kentucky but agreed to pay users a combined \$14.2 million. VGW agreed to the largest payout — \$11.75 million — in a class-action suit and said it settled to avoid additional legal costs and risks of continued litigation.

Yet sweepstakes companies continue to operate in the state. Spokespeople for the state’s department of charitable gaming and the Kentucky Horse Racing and Gaming Corporation said their offices had no authority over sweepstakes, and the state’s attorney general’s office said in a statement, “Our office has not received any complaints relating to sweepstakes social casinos.”



The LuckyLand Slots Lite app is shown on an iPhone. (Ricky Carioti/The Washington Post)

The only game in town

Zach, a 23-year old accountant in the Pacific Northwest, says the casino-style games move too quickly and are too accessible. As his playing habits evolved into what he calls an addiction, he found himself constantly pulling out his phone — at dinner, during meetings, in the restroom — trying to replicate big wins or recover big losses. Zach also spoke on the condition his full name not be used.

“It’s the classic problem gambling,” he says, “except you don’t have to go to the casino. ... A lot of times, it felt like I was on autopilot, where it would just feel more like a mobile game — Candy Crush or something — than actually gambling money.”

Similarly, Erik found himself idly playing at all hours, pushing a button and watching the animated graphics spin on the screen in front of him.

“I just couldn’t stop,” he says. “I let myself get completely devoured. It’s just ridiculous.” Critics say the sweepstakes operators can be predatory. People susceptible to problem gambling — especially young people — can’t avoid the advertisements and allure of easy-to-play games, they argue. And, as Whyte points out, they’re sometimes the only game in town — as in California and Texas, where even online sports betting is not permitted.

“These are all customers the legal market can’t get to. Some of these companies we’re seeing much more youth-focused websites with youth-focused celebrities,” he said. “When it looks like they’re trying to appeal to youths, that’s not by accident; that’s by design.”

While companies such as VGW say their offerings appeal to users of all ages and don't specifically target youths, the games often feature cartoon characters and colorful gameplay, and the companies advertise on social media sites such as Twitch, TikTok and Kick, where younger consumers congregate. The biggest companies, such as VGW and Stake, cross-promote heavily, making sponsorship deals with UFC and Formula One. According to the company's most recent financial report, VGW spent \$275 million on marketing alone last year.

Seacrest is the ambassador for Chumba, while Phelps, DJ Khaled and NBA players Paul George and Karl-Anthony Towns have partnered with VGW's Global Poker brand. Drake is a celebrity endorser for Stake, which uses cryptocurrency in Canada but operates as a sweepstakes casino in the United States. Paris Hilton recently signed on to be the face of Wow Vegas. Her face is the only non-animated character on the casino's website.



Paris Hilton, who endorses sweeps games, tours the grid before the start of the Las Vegas Formula One Grand Prix last year. (Angela Weiss/AFP/Getty)

"State leaders and regulators have worked exceptionally hard to craft iGaming frameworks that protect minors and ensure product transparency. These unregulated operators throw all of that out the window — adhering to none of those safeguards — while robbing states of billions in potential tax revenue," said Jeremy Kudon, president of the Sports Betting Alliance, a coalition of regulated operators including DraftKings, FanDuel and BetMGM. Any safeguards that are in place are largely voluntary. Moore-Barton defends VGW's protections and protocols, saying the company "would hold up what we do, toe to toe, against the land-based operators."

"Being a fully digital business in almost every sense, we have better transparency, better visibility, better controls around our players," he said. "You can go into Vegas and you can

walk onto a gaming floor and play cash. And it's anonymous. ... We know who people are at an incredibly early stage. We track every click, every transaction. We put the right protections and controls in place."

Kaplowitz, the CEO of Clubs Poker, said his site and other social casinos use many of the same "best-in-class" tools as regulated gambling operators to protect consumers, including giving users the ability to self-exclude or limit their spending.

Still, unlike in forms of legalized gambling, no funds or other resources from the sweepstakes operators are earmarked for problem gaming. Unlike sports betting, there aren't any restrictions on television advertising, either, and Chumba ads have aired in places with strict gambling laws in place, such as Texas.

"My concern is it's coming at the expense of our children," said Brianne Doura-Schawohl, a consultant whose clients include Campaign for Fairer Gambling. "My concern is communities bear the brunt. While the legal nuances get debated, how many kids or how many families need to be caught in the wake of these legal debates? And how many are never going to really understand that this was the catalyst of the issues because it just looks and feels like yet another game on a tablet?"

Gaming observers are watching the court cases closely and anticipate more states shutting the doors on sweepstakes operators in the wake of the AGA memo. If states decide not to take action — a de facto green light for sweepstakes operators — a busy space could only become more crowded as social casinos and regulated gambling operators race to expand their offerings.

Thousands of industry insiders gathered in Las Vegas last month for the Global Gaming Expo, a trade show and conference more commonly called G2E. While the annual event encompasses every facet of the gambling world, the rise and success of the sweepstakes social casinos was the week's hot topic.

A company called GammaSweep was among the vendors on hand at the Venetian Convention & Expo Center. The start-up sells "turnkey sweepstakes software that guarantees authentic casino-like experiences," and it constructed a giant display that stretched across a wide hallway. Thousands of people at the convention passed beneath the words: "Launch your Social Casino in just 5 weeks!"