

Testimony of The Cordish Companies and Live! Casino Hotel Maryland

Presented by Mark Stewart, General Counsel

In SUPPORT of HB 1140

Ways and Means Committee Hearing

March 11, 2025

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony in support of HB 1140, which would bolster enforcement efforts against illegal online sweepstakes and illegal online gambling in Maryland. While online gambling is currently illegal in Maryland,¹ HB 1140 provides further clarity that will aid enforcement efforts and specifically addresses the growing concern over so-called online sweepstakes, which are nothing more than unregulated and unlawful online gambling. While we support the bill as drafted, we suggest amendments for the sponsor and the Committee's consideration.

We applaud the HB 1140's focus on enforcement against illegal online gambling, as multiple studies have shown that legalization does not stop the illegal online gambling market – in fact, it often grows.² As a September 2024 article in *The Washington Post* explained:

When the gambling industry urged the Supreme Court to strike down the federal ban on most bookmaking outside Nevada, it cited states' desire "to combat sprawling black markets for illegal sports gambling." Indeed, many of the 37 states to legalize sports betting since 2018 said doing so would help drive out operators . . . that have thrived since the 1990s without paying U.S. taxes. But a staggering amount of action continues to go offshore — and bypass state and federal tax collectors — despite the growing availability of licensed sportsbooks, which, unlike their black-market competitors, must comply with rigorous consumer protections and anti-money-laundering protocols.³

¹ Maryland Code, Crim Law §§ 12-102, 12-301, 12-301.1 and 12-302.

² *The Washington Post*, "Legal sports betting was supposed to end the black market. It didn't" (Sept. 12, 2024); 22News wwlp.com, "Legalization didn't undercut illegal sports betting" (Sept. 3, 2024); *The Guardian*, "Two-thirds of Super Bowl Bets were Illegal as Black Market Thrives" (Feb. 23, 2024); NERA, *A Response to iDEA's Review of NERA's New Jersey iGambling Study* (Feb. 4, 2025); <https://cdn.sanity.io/files/42ezp3kj/production/3c51bcc5f56e9f4e49be0d36910c0db943805877.pdf>; https://massgaming.com/wp-content/uploads/OPS23-Report_2024-07-05_clean.pdf

³ *The Washington Post*, "Legal sports betting was supposed to end the black market. It didn't" (Sept. 12, 2024).

The State should not limit its focus to criminal enforcement, though. We encourage the Committee to consider amendments (or additional measures) that would empower civil enforcement authorities to crack down on illegal online gambling and those businesses that facilitate their websites. For example, the Consumer Protection Division of the Office of Attorney General could be empowered to enjoin platform providers from hosting illegal gambling sites and financial institutions and payment processors from processing transactions involving such sites. In the event these businesses violate those injunctions, substantial civil penalties could be imposed on a daily basis, as well as private causes of action by citizens authorized against them with the ability to recover attorneys' fees.

Additional, more technical amendments for the sponsor and Committee's consideration include the following:

1. At page 2, line 29, Section 12-115(A)(3)(II) should be revised to narrow the exception as follows: “‘Online Sweepstakes Game’ does not include a game that does not award cash prizes or cash equivalents or credits or other representations of value that can be exchanged for cash, cash equivalents, or merchandise.”
2. Section 12-115(B)(2) (p. 3, ll. 3-7) makes it illegal for various entities related to a license holder under Title 9, Subtitles 1A through 1E, including financial institutions, payment processors, geolocation providers, gaming content suppliers, platform providers and media affiliates, to support the operation, conduct or promotion of an online sweepstakes game in Maryland. While this provision is good, the same prohibition should apply to any of those service providers supporting an illegal online sweepstakes whether or not the service providers engage in business with a license holder. A subsection (B)(3) should be added to capture such entities.
3. Section 9-1A-08.1(A)(3) (p. 4, ll. 20-22) addresses “jurisdiction[s] in which online casino gaming is prohibited” This language in substance is similar or identical to the terminology used in the new Section 9-1A-07(G) involving “illegal interactive gaming market.” Usage of the already defined terms across the new sections may enhance clarity and enforcement.

HB 1140 will bolster the State's criminal enforcement tools to combat illegal online sweepstakes and illegal online gambling and is an excellent first step. We respectfully urge a favorable report on HB 1140.