

March 27, 2026

Chair and Members
Senate Budget & Taxation Committee
Maryland General Assembly
Annapolis, Maryland

Re: Opposition to HB295 – Gaming – Prohibition on Interactive Games and Revenue From Illegal Markets, and HB 1226 - Maryland Illegal Online Gambling Enforcement Act

Chair and Members of the Committee:

On behalf of Paysafe, I write to express our opposition to House Bill 295 and HB1226, which would prohibit certain ‘interactive games’ and impose new reporting, licensing, and sanction authorities related to revenue from so-called illegal interactive gaming markets. While Paysafe shares the State’s goal of combating unlawful gaming activity, these bills as drafted would impose significant and unworkable compliance burdens on payment processors and other regulated financial intermediaries without providing clear standards or regard for how modern payment systems operate.

HB295 and HB1226 Impose Ambiguous “Knowledge” Standards on Payment Processors

HB295 requires license applicants and licensees to disclose any business relationship with payment processors that are ‘known to support’ prohibited interactive games. The bill does not define what it means to ‘support’ such activity, how knowledge is established, or what evidentiary standard applies. While HB 295 provides that evidence of a cease-and-desist letter issued by the Commission provides constructive knowledge, it does not preclude a prosecutor or state agency from prosecuting a broad array of applicants and licensees on other grounds.

Likewise, HB 1226 is vague and ambiguous as to what constitutes “illegal online gambling”, as well as what it means to “accept or process any financial transaction **in connection with the participation of a person in illegal online gambling.**” This ambiguous language would require financial institutions and payment companies to apply impracticable levels of scrutiny to the financial transactions of not only companies, but individuals both within and outside the state of Maryland, while also requiring them to make a legal determination of what constitutes illegal online gambling.

This ambiguity creates substantial compliance risk for payment companies and Maryland licensees alike, exposing them to potential license denial or revocation based on subjective or inconsistent interpretations rather than clear, predictable rules.

Existing Federal Payments Compliance Frameworks Already Address Illicit Activity

Payment processors already operate under extensive federal oversight, including Bank Secrecy Act and anti-money laundering requirements, sanctions screening, real-time transaction monitoring, and

enhanced due diligence programs. Introducing an undefined, state-specific knowledge standard on top of these national frameworks creates conflict, uncertainty, and duplicative compliance obligations without meaningfully improving enforcement outcomes.

The Bill's Reporting and Revenue-Attribution Requirements Are Operationally Unworkable

HB295 and HB1226 contemplate disclosures and prohibitions tied to whether a person or an affiliate knowingly accepts revenue derived from, or even "in connection with" jurisdictions deemed illegal interactive gaming markets. In practice, payment networks process millions of transactions across thousands of merchants and do not categorize transactions by downstream end-user geography or affiliate-level gaming activity in the manner the bill presumes. Payment processors generally lack both the data and the legal authority to compel such information from global merchants and their affiliates, making compliance with these requirements operationally infeasible.

HB295 and HB1226 Would Discourage Payment Providers From Serving Maryland-Licensed Businesses

The practical result of these provisions will be to discourage payment processors from serving Maryland-licensed businesses. Faced with unclear standards and the risk that indirect or attenuated associations could jeopardize a customer's license, payment providers may choose to limit or withdraw services from Maryland's regulated markets. This would reduce access to secure, compliant payment channels for legitimate operators and consumers and could unintentionally push activity toward less regulated alternatives.

State-Specific Payments Mandates Risk Fragmenting National Payment Security

The payments ecosystem relies on uniform national standards to manage fraud, cybersecurity, sanctions compliance, and anti-money laundering controls. State-by-state payment compliance mandates tied to gaming classifications risk fragmenting these systems, increasing costs, and reducing the effectiveness of existing safeguards. Maryland has historically benefited from deference to federal oversight of payment systems, and HB295 and HB1226 move away from that proven approach.

For these reasons, Paysafe respectfully urges the Senate Budget & Taxation Committee to oppose HB295 and HB1226 or, at a minimum, substantially revise these bills to remove ambiguous knowledge-based standards and unworkable reporting and investigatory obligations imposed on payment intermediaries. We stand ready to work with the Committee and state regulators on solutions that target unlawful activity while preserving secure, compliant, and efficient payment systems for Maryland consumers and businesses.

Respectfully submitted,

Chris Stromberg

Vice President & Head of U.S. Government Affairs
Paysafe