

SB 112 Maryland Center of Excellence on Problem Ga

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Position: FAV



January 28, 2026

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

RE: SB 112 – Gaming - Prohibition on Interactive Games and Revenue From
Illegal Markets – Letter of Support

Dear Chair Guzzone:

This letter is in support of SB 112, which, in part, makes online sweepstakes games illegal in Maryland.

Online sweepstakes companies claim that sweepstakes are not gambling because players are not making a purchase for the chance to win real money and prizes. However, they effectively function like all other forms of gambling and have the same addictive potential. States are catching onto the damage of online sweepstakes and are increasingly filing lawsuits against these operators; for example, an online sweepstakes operator, VGW, faces multiple lawsuits alleging it is operating an illegal gambling website. Maryland has not filed any lawsuits, but the Lottery has sent cease-and-desist letters to multiple operators informing them their websites were illegal and demanding they block Marylanders from accessing their sites. Operators have been slow to respond, if at all.

This bill will give the state more recourse against these illegal operations. We urge a favorable report on SB 112. If you would like more information, please contact Heather Eshleman at heshleman@som.umaryland.edu or (667) 214-2120.

Sincerely,

Heather Eshleman, MPH
Director of Operations
Maryland Center of Excellence on Problem Gambling
Office Direct: 667-214-2120
Email: heshleman@som.umaryland.edu

SB 112 - Gaming – Prohibition on Interactive Games

Uploaded by: Jennifer Beskid

Position: FAV

Maryland Lottery and Gaming Control Agency



Wes Moore, Governor • John Martin, Director

Montgomery Park Business Center
1800 Washington Blvd., Ste. 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users use Maryland Relay
www.mdlottery.com

TO: Chair Guy Guzzone

FROM: Jennifer Beskid, Director Legislation and Policy

DATE: January 28, 2026

SUBJECT: Support - Senate Bill 112, Gaming – Prohibition on Interactive Games and Revenue From Illegal Markets

Senate Bill 112, *Gaming – Prohibition on Interactive Games and Revenue From Illegal Markets*, would update Maryland Criminal Law to respond to the proliferation of illegal online gaming, and would authorize the Maryland Lottery and Gaming Control Agency (Agency) to consider Maryland-licensed casinos, fantasy competitions, and sports wagering licensees' involvement in illegal online gaming as a potential gaming license disqualification. These tools are critical for the State's effective and collaborative response to the serious problem of illegal online gaming.

Together with the Maryland Lottery and Gaming Control Commission (Commission), the Agency is required to regulate and oversee traditional lottery, casinos, fantasy competitions and sports wagering, to account for their proceeds, to issue all licenses and registrations for these gaming activities. The ONLY Internet-based (online) gaming activity that is legal in Maryland is mobile sports wagering and fantasy sports competitions that is conducted by licensed mobile sports wagering operators and registered online fantasy competition operators. Currently, there are only 12 mobile sports wagering licensees and 14 registered online fantasy competition operators. <https://www.mdgaming.com/legal-vs-illegal-online-gaming/>.

All other online gaming that offers real money prizes is unauthorized by law and therefore illegal, but is readily available on mobile devices in Maryland. For example: Go into the App Store on a phone and type in "sports wagering" as the search term; the results far exceed the 26 legal online offerings currently authorized in Maryland. Illegal online games award real-money prizes, and simulate casino-style games (slots, roulette, poker, etc.), lottery games (draw games, keno, bingo, etc.), fantasy competitions, and sports wagering.

Illegal gaming proliferates in Maryland and throughout the U.S. The online gaming problem is explained in the December 2025 *JCR Report on Illicit Gaming*, which the Agency submitted jointly with the Office of the Maryland Attorney General. The *JCR Report* describes the serious consumer protection and fiscal issues created by unchecked illegal online gaming. According to the August 2025 report by the American Gaming Association, *Sizing the Illegal and Unregulated Gaming Markets in the United States*¹, "Americans now wager over \$673 billion each year with illegal and unregulated gambling operators, costing the legal gaming industry an estimated \$54 billion in annual revenue and depriving state governments of more than \$15 billion in tax receipts."

¹ <https://www.americangaming.org/wp-content/uploads/2025/08/Illegal-Market-Research-Report.pdf>

SUMMARY OF THE U.S. ILLEGAL AND UNREGULATED MARKET (\$BILLIONS)²			
UNREGULATED MARKET	ESTIMATED HANDLE	ESTIMATED REVENUE	ESTIMATED STATE GAMING TAX REVENUE LOSS
Sports Betting (includes Bookies and Offshore)	\$84.0	\$5.0	\$1.0
Online Slots and Table Games	\$466.2	\$18.6	\$4.8
Unregulated Machines in Bars, Taverns, etc.	\$123.4	\$30.3	\$9.5
TOTAL	\$673.6	\$53.9	\$15.3
Estimated Number of Skill/Gray Machines		625,316	

Tax rates for loss estimate are AGA estimates of average tax rates for each vertical across legal states: Sports – 20.3%, Online Slots and Table Games – 25.8%, Machines – 31.4%

SB 860 from the 2025 Session focused on illegal online gaming styled as “sweepstakes,” where players can earn virtual coins or tokens that can be converted to cash. In early 2025, a new form of unauthorized online gaming emerged: predictive market event contracts on the outcomes of sporting events. These contracts constitute unlicensed sports wagering. State gaming regulators’ orders to cease and desist these offerings are the subject of litigation pending in several federal circuit and state courts. Maryland is involved in *KalshiEx, LLC v. Martin, et al.*, which is pending in the 4th Circuit Court of Appeals. In a January 12, 2026 letter to both houses of Congress, the American Gaming Association and the Indian Gaming Association urged “timely congressional action to address the explosion of unregulated sports event contracts being offered by prediction markets. Since these contracts, that are indistinguishable from legal sports betting, were launched last January [2025], they have grown exponentially in trading volume and have expanded beyond the outcome of single games to include complex parlays and even potential wagers on the collegiate transfer portal.”

The Agency’s and Commission’s existing laws set forth requirements for the legal operation of gaming activities, accounting for proceeds, licensee qualifications and background investigations, application and license fees, verifying players’ age and physical location, protection of players’ PII, and mechanisms by which players may voluntarily self-exclude from gaming activities. However, these requirements do not apply to *unlicensed* gaming activity. Under current law, the Agency and Commission have no authority over *unlicensed* gaming operators.

SB 112 adds new § 12-115 to the Criminal Law Article, which updates existing law to expressly cover online gaming activities. The new section defines illegal online games as “interactive games,” and prohibits their operation in Maryland. Violation of § 12-115 is a misdemeanor that carries penalties of up to 3 years

² iBid

imprisonment and/or a fine from \$10,000 to \$100,000, and a conviction renders a person ineligible for a Commission-issued gaming license. The new definition of “interactive games” exempts games that solely award non-cash prizes, but should capture current and unknown future illegal, real-money online games.

SB 112 also amends the casino gaming and sports wagering laws (State Government Article, Title 9, Subtitles 1A and 1E) Under amendments to SG § 9-1A-07, license applicants and licensees would be required to annually disclose any business relationship with entities that are known to support, operate, conduct, or promote an “interactive game” in the State, and a direct or indirect acceptance of revenue from the conduct of an interactive game in an illegal interactive gaming market. Misrepresentations or omissions would be basis for the Commission to deny a license application or impose sanctions on a current licensee and the licensee’s officers and board members.

The bill also adds § 9-1A-08.1 and would prohibit the Commission from issuing a license to a person required to be licensed or revoking a license if the applicant or any of the applicant’s affiliates accept revenue that is directly or indirectly derived from one of three specified jurisdictions.

Passage of SB 112 would provide the Agency and the Commission with a stronger means to address illegal gaming, and potentially deter illegal operators from entering the Maryland market, and would provide the State with a clear basis for pursuing criminal action against illegal online gaming operators.

For the reasons stated above, the Agency requests a FAVORABLE report on Senate Bill 112.

MD SB 112 Testimony_SBA.pdf

Uploaded by: Jeremy Kudon

Position: FAV



Senate Budget and Taxation Committee

Testimony in Support of SB 112

January 28, 2026

Chair Guzzone, Vice Chair Rosapepe, and members of the committee, thank you for the opportunity to testify today. My name is Jeremy Kudon and I am Chairman of the Sports Betting Alliance (the “SBA”), a coalition of five of the nation’s leading licensed and regulated sports wagering and iGaming operators. Our members—Bet365, BetMGM, DraftKings, Fanatics Betting & Gaming, and FanDuel—are all proud to be licensed sportsbook operators in Maryland.

The SBA strongly supports Senate Bill 112’s prohibition on online sweepstakes casinos. The bill’s request by both the Governor and the Lottery and Gaming Control Agency reflects the urgency and importance of this issue. We commend the Chair for advancing thoughtful, effective legislation that directly addresses and curtails this conduct.

Sweepstakes platforms allow Maryland customers to pay real money and win real money by playing online casino games. Customers purchase “gold coins” used to play so-called “social games” that offer no real-world prizes. However, with each purchase of gold coins, users also receive a “free” allotment of “sweeps coins” (typically on a 1:1 basis to the number of dollars spent) which can be used to play the exact same casino games for the opportunity to win cash prizes.

The “sweepstakes” subterfuge is merely a thin attempt to bypass Maryland’s gambling prohibitions. In short, these casino games offer a prize, awarded by chance, obtained through paid consideration—the hallmark of gambling under Maryland law. This business model is casino gambling in everything but name, and it presents serious risks to Maryland consumers.

Maryland has demonstrated that gambling can and should be offered with appropriate safeguards and subject to rigorous state oversight. Maryland’s land-based casinos and online sports wagering operators must comply with detailed rules and regulations



regarding responsible gaming, integrity, accounting and taxation. In contrast, these offshore “sweepstakes” gambling entities operate real money online casinos without any regulatory oversight. They are not required to implement standard safeguards typically mandated in legal gaming operations, such as responsible gaming measures, protections against underage gambling, or compliance with anti-money laundering laws.

Despite these risks, Maryland residents are estimated to wager \$8.62 billion annually on unregulated online sweepstakes and internet games, up nearly 30% from 2022, losing approximately \$74.4 million each year.¹

SB 112 would modernize Maryland law to make clear that unlicensed, unregulated, untaxed online casino gambling is illegal. It would also provide accountability, such that Maryland’s gaming licensees cannot accept revenue directly or indirectly derived from such conduct.

It is a common-sense step to protect consumers and ensure a fair, regulated marketplace. We respectfully urge your support in banning online sweepstakes games.

Sincerely,

Jeremy Kudon, Chairman

Sports Betting Alliance

¹ American Gaming Association. (2025, August; 2023, August). *Sizing the illegal and unregulated gaming markets in the United States.*

AGA Letter to Maryland Senate on Sweepstakes.pdf

Uploaded by: Tres York

Position: FAV

January 28, 2026

Re: SB 112 Budget & Taxation Committee Hearing

Dear Chair Guzzone, Vice-Chair Rosapepe, and Members of the Committee:

The American Gaming Association (AGA) strongly supports the passage of Senate Bill 112, making clear that unlicensed and unregulated so-called online “sweepstakes” casinos and sportsbooks are definitively illegal. These operators offer online casino games (e.g., slots, roulette, blackjack, etc.) and sports betting products to Maryland residents using an alleged “sweepstakes” model through any Internet-connected device without being licensed, tested, regulated, or paying any gaming taxes.

The AGA is the national trade group representing the legal U.S. gaming industry, which supports 1.8 million jobs across the country. Our membership consists of commercial and tribal casino operators, U.S.-licensed gaming suppliers and vendors, licensed sportsbook operators, testing labs, and other key stakeholders. The gaming industry is one of the most highly regulated in the country at every level of government, and our members constantly work to provide consumers with a safe gaming environment and to give back to their communities. This stands in sharp contrast to what is offered by the “sweepstakes” gambling market.

Illegal and unregulated gambling is a long-standing problem across the country, not just in Maryland. The proliferation of unlicensed and unregulated “sweepstakes” gambling is another extension of this, and gaming regulators and state Attorneys General across the country are beginning to take notice, including in Maryland. Last year, the Maryland Lottery & Gaming Control Agency (MLGCA) sent cease-and-desist letters to multiple “sweepstakes” gambling operators, making clear that they were offering illegal gambling. We commend the MLGCA for their leadership and hope that other states will follow Maryland’s example.

We appreciate the Committee focusing on this important topic and strongly support the passage of Senate Bill 112, making it explicitly clear that the laws and regulations in Maryland will not be exploited.

Sincerely,

Tres York
Vice President, Government Relations

Impact of Social Plus in Maryland - Abbreviated (3

Uploaded by: Sean Ostrow

Position: UNF



Eilers & Krejcek
Gaming

Impact of Social Plus in Maryland

Prepared for the Social Gaming Leadership Alliance

December 2025

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Executive Summary

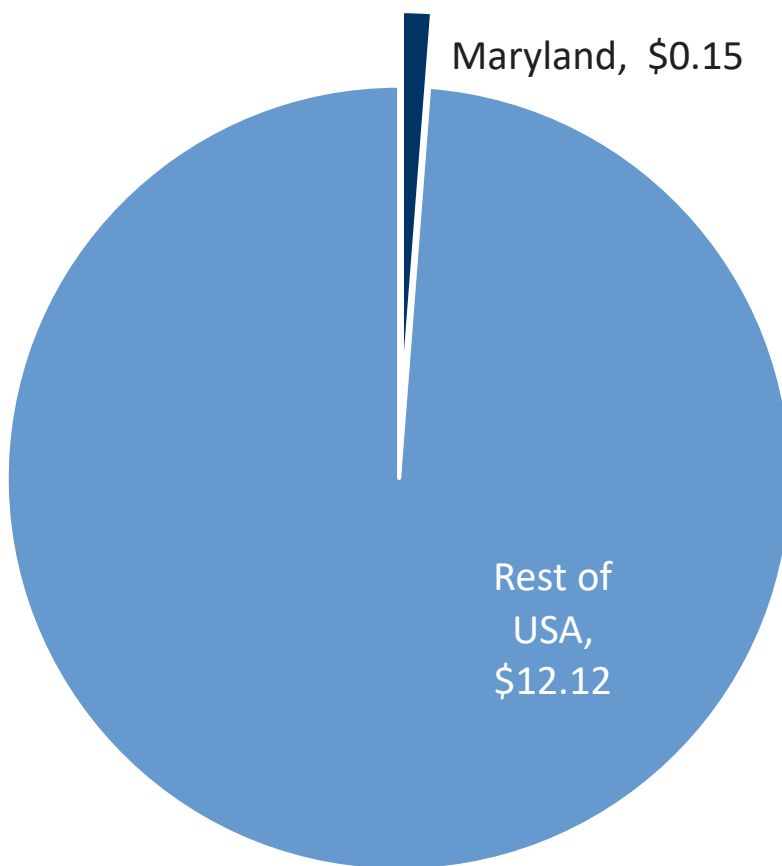
Eilers & Krejcik Gaming was engaged by the Social Gaming Leadership Alliance to research and model the economic impact of Social Plus in the USA, with a focus on Maryland. A summary of our findings is below; these topics are explored in detail throughout this report, and details on methodology are available towards the end of this report. A disclosure related to our firm's involvement with the industry can be found on the Authors page.

- **Social Plus** is a category of casino-styled social games that leverage sweepstakes promotions to award users with real cash and/or prizes. Operators of these types of games must comply with sweepstakes laws, including providing an alternate method of entry (AMOE) through which users can request free contest entries; no purchase is necessary to participate or win prizes. Major payment processors require operators to run KYC checks, geolocate users, and comply with relevant AML laws.
- **Market size and background.** We estimate Social Plus operators will generate **\$12.5bln in sales in 2025**, of which **Maryland accounts for about \$145mm**. Our estimate for total market net revenue (removing the cost associated with player prizes) is **\$4.0bln - about \$46mm from Maryland**. The market has existed since at least 2012 and has grown substantially over the past several years due to a combination of factors that notably include 1) a spike in consumer awareness in 2020 during quarantine market conditions which benefitted online gaming broadly, and 2) increased investment capital into the space. The market is overwhelmingly USA-based (about 98% of total revenue, per our estimates).
- **Current economic benefit.** The Social Plus industry generates **more than \$1.8bln in combined direct and indirect nationwide impact** through suppliers annually – i.e., excluding direct job creation within the industry itself. This includes an estimated **\$1.468bln in direct spending** on: 1) marketing with USA-based ad networks, social media companies, streaming services, and affiliate companies like MD-based AbbyKiko Marketing, which we estimate at \$870mm; 2) payment processing fees to USA-based businesses including card networks, payment processors, and card issuers/acquirers like MD-based SECU Credit Union or Central Credit Union of Maryland which we estimate at \$423mm, and 3) hosting fees with USA-based companies like Columbia-based Data Canopy and Amazon – which is opening a new data center in Frederick County in 2026 – which we estimate at \$175mm. The industry supports an additional \$348mm in estimated indirect household earnings, supporting over 2,762 USA-based jobs at companies throughout the supply chain. Our methodology (described in more detail towards the end of this report) uses Bureau of Economic Analysis RIMS II economic multipliers for each respective part of the supply chain and doesn't attempt to include the entire chain, leading to estimates that we believe are more likely to understate than overstate the aggregate economic impact.
- **Additional potential revenue streams.** Maryland has additional opportunities to capture increased economic value from social casinos with sweepstakes via regulation. We estimate that the introduction of operator registration/licensing, coupled with the state's sales tax on player purchases, **could generate over \$20mm in new annual revenue** to the state while simultaneously enhancing consumer protections. A regulatory framework would make it easier to audit operators, enforce compliance with consumer protection laws, and ensure players have reliable recourse if issues arise.

Maryland's Share of Social Plus Market

Key Takeaway: We estimate **Maryland's Social Plus player purchases at \$145mm in 2025**, roughly 1.2% of the total U.S. market. Our estimate for Maryland is driven by an eligible population of ~4.6 million adults aged 21 and over, its disposable income of \$87,853 per eligible player) and widespread internet access (91.5% of households have broadband internet).

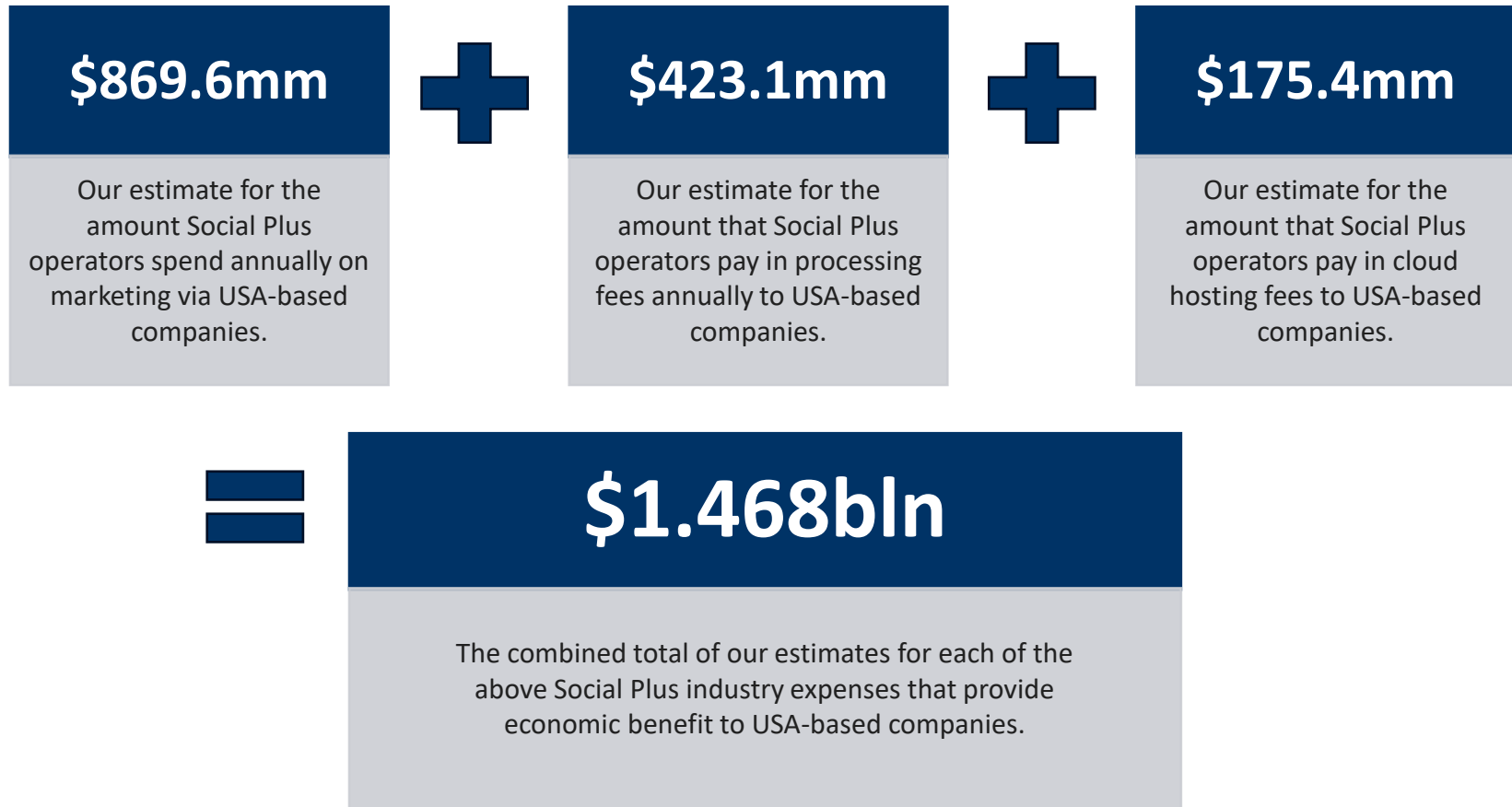
Social Plus Market Size – Maryland as Share of Total USA Revenue (in Billions of USD)



Noteworthy Inputs/Details:

- **Operator Data:** Operators representing a majority of the total market provided data reviewed by Eilers & Krejcik Gaming.
 - Maryland estimates account for all major tracked operators with no significant exclusions.
- **Population:** ~4.6mm eligible adults (21 and over).
- **Income:** \$87,853 average disposable income per eligible adult (2023 Bureau of Economic Analysis data).
- **Broadband:** 91.5% household access (US Census ACS).
- Note that the difference between the market size in the chart to the left and the market size on the prior slide is because this pie chart displays USA revenue, which we estimate to be 98% of total revenue.

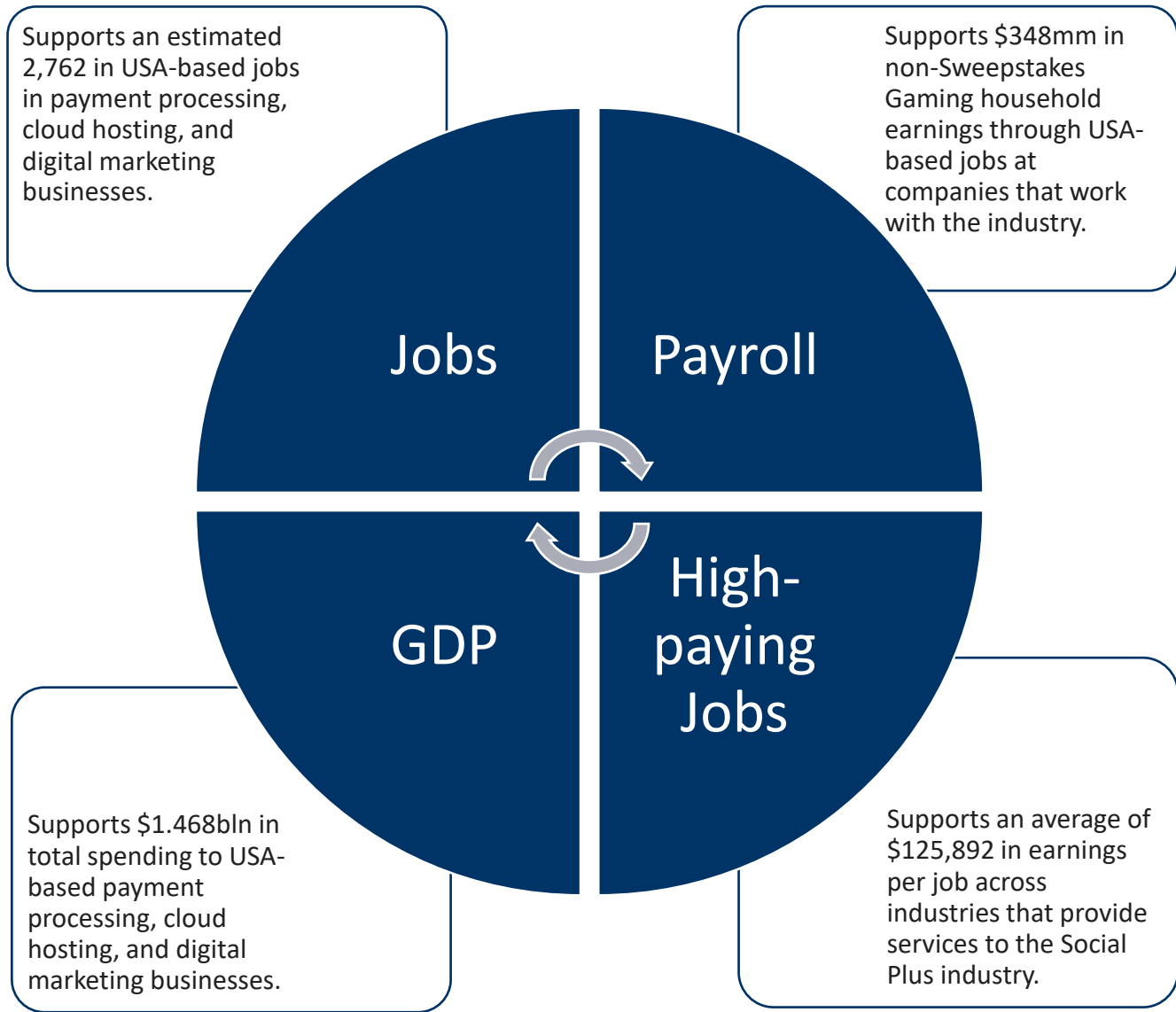
Total Economic Impact of Select Major Supply Chain Components



EKG Insight: Our list of supply chain components above does *not* represent a comprehensive list of areas through which economic benefit is provided via the Social Plus industry. We include these estimates to help demonstrate the scale of the direct and indirect economic benefit being provided by the industry nationwide.

Source: Eilers & Krejcik Gaming, LLC

Economic Impacts Extend Beyond the Consumer Experience



Key Takeaway: Due to the nature of the supply chain of the Social Plus industry, **we expect that there are additional large and meaningful indirect economic impacts as a result of economic activity by USA-based vendors and the employees of those vendors within their local communities.**

Note: We conducted due diligence on actual suppliers for several key operators (e.g., hosting via AWS/Google, marketing via Meta/Google, payment processing via Visa). These align within the bounds of Bureau of Economic Analysis RIMS II economic multipliers for the appropriate industries for each component of this analysis, supporting the validity of these impact estimates, but we note that the Social Plus industry is unique and may not be perfectly represented by aggregate values that appear for businesses in its North American Industry Classification System category.

Details on methodology are available in the Methodology section at the end of this report.

Potential Revenue via License/Registration Fees

If Maryland were to require Social Plus operators to register with the state, associated fees could provide a variety of benefits:

- Direct revenue generation for the state
- Ability to audit operators for compliance with existing laws and any newly introduced regulations
- A cleaner path to enforcing penalties against any non-compliant operators
- Ability to introduce a framework for monitoring and collecting additional revenue from any other new related taxes

How much potential revenue could license/registration fees produce?

Proper introduction of a fee to operate would require a dedicated study that includes communicating with potential license holders to understand how many applicants exist and how much they would reasonably pay for market access. However, we can produce a simpler estimate via looking at examples of online casino license fees and leveraging our knowledge Social Plus operators.

In online casino markets, the median license fee among the six states that charge such a fee (Delaware's online casino market is state-run and controlled by the Delaware Lottery, so there is no fee) is **\$250,000**. Daily Fantasy Sports (DFS) licensing fees are much lower (often in the tens of thousands).

A typical EBITDA margin for a sweepstakes operator is about 15% - but some major operators may have as low as a ~10% margin, and any potential fee would ideally be palatable for those operators to avoid too few license holders. Inversely, if the fee is too inexpensive, the number of potential registrants could escalate to an undesirable level that creates more regulatory overhead than is desirable.

We ran figures with several price points; in the absence of a more robust study, we believe **\$75,000/year per brand** (not per operator) is a reasonable fee that 1) would not be a deterrent for major operators, 2) is in the range that would maximize revenue generation for the state, and 3) would deter smaller operators that may be undesirable to work with from applying.

At that price point, an operator with a 10% EBITDA margin would need to earn \$750,000+ per year in Maryland sales for a given brand to break even. Due to the top-heavy distribution of revenue in this market between brands, we believe most top-10 operators would register 2-3 brands, and that **total revenue generation would likely fall into the \$2-4mm/year range**. This is a low-confidence estimate due to the simplistic methodology used to arrive at it.

Source: Eilers & Krejcik Gaming, LLC

Potential Revenue via Taxing Player Purchases

Taxing player purchases at registered Social Plus operators is a simple way to expand the economic benefit of the industry to Maryland – and it's an approach that scales alongside growth. Maryland's tax code already includes the sale of in-game currency as taxable at the statewide rate of 6.0%, and a registration process can help make sure that Maryland is collecting that tax from all Social Plus operators. Based on today's market size, if 6.0% is being paid by all operators, the math to estimate what that generates is simple: \$145mm in Maryland revenue * 6.0% sales tax = \$8.7mm in annual tax revenue.

However, the above calculation materially understates the potential tax revenue that could be generated if operators were required to register with the state, as a significant number of major operators are not currently serving customers in the state (due to complying with orders from the Maryland Lottery and Gaming Control Commission). Our modeling estimates that if 100% of operators were operating in Maryland – without changing any other market dynamics – revenue via the state would more-than-double to about \$294mm.

\$294mm in Maryland revenue if all operators were live * 6.0% sales tax = \$17.6mm in annual tax revenue

As a point of comparison, a 6.0% sales tax on player purchases equates to a higher effective tax rate if viewed relative to net revenue. If you deduct the cost of prizes redeemed by sweepstakes customers in Maryland (approximately 68% of gross revenue) to arrive at net revenue, the **\$17.6mm in tax revenue is equal to about 18.75% of our estimate of the net revenue** (\$94.0mm) that Social Plus operators would generate in Maryland if all operators were serving the state.

Summary of Potential Maryland Revenue Streams

By charging operators license/registration fees and taxing player purchases at Social Plus operators, Maryland could generate north of \$20mm in annual revenue. It's easy to imagine that escalating in the future via 1) operators developing relationships with local businesses for promotions, 2) operators gaining access to advertise on marketing channels that require proof of a license to advertise casino-styled content, and 3) more social casino operators joining the Social Plus market via leveraging sweepstakes contests.

Key Takeaway: Introduction of an annual license/registration fee and collection of sales tax – both of which would largely be paid by operators who are based out-of-state – could bring **direct economic benefit of more than \$20mm a year to Maryland**, and that excludes Maryland's component of other parts of the supply chain serving the industry.

Source: Eilers & Krejcik Gaming, LLC

About the Authors



Matt Kaufman is Managing Director of Digital & Interactive Gaming at Eilers & Krejcik Gaming. In his role at EKG, Matt leads the firm's production of syndicated research on mobile gaming. He is a frequent strategic advisor for some of the largest social gaming operators and has acted as an advisor on billions of dollars' worth of M&A transactions in the space. Matt previously held roles at social poker operator Z4 Poker and with several of the largest online casino affiliate companies, including PokerStrategy.com and Catena Media. He is a partner at online casino affiliate Media Techs and was named to Global Gaming Business' 40 Under 40 list for 2023.



Kahlil Simeon-Rose, Ph.D. is an economist and senior consultant at Eilers & Krejcik Gaming. He currently serves as a tenured Associate Professor at Washington State University's Carson College of Business. His research spans topics such as regional economic forecasting, taxation policy, and the socioeconomic outcomes of the gaming industry. Dr. Simeon-Rose's academic background includes a Ph.D. in Hospitality Administration from the University of Nevada, Las Vegas, with a dissertation centered on the economic impact of tax policy. Dr. Simeon-Rose's research portfolio includes 40 peer-reviewed publications in top-tier journals such as Cornell Hospitality Quarterly, Journal of Gambling Studies, and Tourism Management, alongside numerous industry reports.



Eilers & Krejcik
Gaming

Eilers & Krejcik Gaming LLC is an independent research and consulting firm headquartered in Orange County, California. The firm's focus is on product, market, and policy analysis related to the global gaming market, inclusive of regulated real money gambling, social gaming, and a variety of adjacent verticals.

The firm's market estimates and research on social gaming have been cited in mainstream media and throughout operator earnings reports. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments. EKG is a trusted partner of several active funds and has advised on commercial due diligence processes for billions of dollars' worth of deals within the mobile gaming space.

Firm executives Adam Krejcik and Matt Kaufman work closely alongside many of the largest mobile gaming firms to help identify targets and execute on M&A, make investments in startups, develop and improve on products, and adjust business strategy in a rapidly changing global marketplace.

Disclosure

Eilers & Krejcik's owners are founders/investors in EKG Ventures, an investment company which has investments in companies including operators of social games, analytics platforms, lottery courier services, fantasy sports products, Social Plus products, and a variety of other gaming industry businesses. EKG Ventures operates separately from Eilers & Krejcik Gaming, aside from its mutual ownership. The authors of this report are not involved with EKG Ventures and have no financial exposure to it. Eilers & Krejcik Gaming produces market research and offers consulting services to operators of a wide variety of gaming products, including Social Plus operators.



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SGLA Consumer Protections 2026 (2).pdf

Uploaded by: Sean Ostrow

Position: UNF

Social Plus: Bringing Consumer Protection to Online Social Casino Games



Casino-style video games have been around for over 50 years – “Casino” was among the first games to launch with the Atari in the 1970s. Today, online social casino games are even more popular – tens of millions of people enjoy playing freemium social casino games on their mobile devices and computers, comprising a market that generates \$18 billion in gross revenue each year in the US.

Social Plus games are a subset of the same social casino games that have been popular since the dawn of social media, but enhance the customer experience through elevated consumer protections and the opportunity to win real prizes with sweepstakes participation. Social Plus games provide higher levels of safety and security, plus more opportunities for excitement and interactive participation, but are only available to customers age 21+. Here’s how the key features of regular social casino and Social Plus games compare:

Gameplay Features:	Social Casino Games	Social Plus
Virtual Tokens Used for Gameplay	✓	✓
Play for Free and Freemium Options	✓	✓
Rewards Programs and Redemptions	✓	✓
Opportunity to Win Sweepstakes Prizes	Few	Enhanced
Alternative Methods of Entry to Play for Free	Few	Enhanced
Consumer Protections:		
Age Verification - 21+ only	✗	✓
Identity Verification Using Government ID	✗	✓
Customer Geolocation	✗	✓
Enhanced Responsible Social Gameplay Tools	✗	✓
Enhanced Financial Security Tools	✗	✓

The Social Gaming Leadership Alliance (SGLA) supports a safe, well-regulated online environment for Social Plus with the mandatory safeguards as described above. By regulating Social Plus games, lawmakers can protect consumers and fence out bad actors, all while generating increased tax revenue and economic impact for the state.

SGLA MD 2026 (1).pdf

Uploaded by: Sean Ostrow

Position: UNF

Regulating and Taxing Online Social Plus Games in Maryland: A Winning Approach



Online social games with sweepstakes promotions, or Social Plus games, are a mainstream digital entertainment category that has provided casual online entertainment to millions of American adults since 2012, including approximately 120,000 adults in Maryland.

Social Gaming Leadership Alliance operator platforms offer fun, safe social gaming platforms for players age 21 and up, who can always participate without payment. With smart regulation and taxation, these games could generate more than **\$20 million in revenue** for **Maryland** annually. Recent polling shows that voters overwhelmingly support regulating – not banning – these games.

Public Opinion: Voters Support Regulation Over Bans

- ◆ **84% of U.S. voters agree** the government should modernize laws to regulate and tax online Social Plus games
- **Only 8% believe the games should be banned**, and only 4% consider this a priority issue

Smart Regulation To Unlock Upwards of \$20 Million in Annual Revenue

With modern regulation, Maryland could gain:

\$17M+	\$2-4M
from player purchases tax	from operator registration fees

Additionally, Social Plus operators spend nearly \$1.8 billion nationwide on key services including marketing, technology and payment processing, directly benefitting Maryland-based companies like AbbyKiko Marketing, SECU Credit Union, Central Credit Union of Maryland and Data Canopy.

A Modern Framework for Safe, Responsible Games

A sensible regulatory framework would make it easier to audit operators and enforce compliance with consumer protection laws to ensure:



Robust age verification processes to prevent access by minors



Best-in-class data, financial, and fraud protections



Built-in tools for responsible social gameplay

The Choice is Clear – Regulate, Don't Ban

Maryland has an opportunity to regulate online Social Plus games to safeguard consumers, protect Maryland's businesses and generate upwards of \$20 million in new revenue each year.

SGLA MD Written Testimony 1.28.26.docx.pdf

Uploaded by: Sean Ostrow

Position: UNF



January 28, 2026

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

Chairman Guzzone and Members of the Committee,

On behalf of the Social Gaming Leadership Alliance (SGLA), an alliance of established market leaders and innovators in the Social Plus online gaming industry, we respectfully oppose SB 112.

The Social Plus industry has been operating in Maryland since 2012, growing a steady and loyal customer base of people seeking casual social games for free or low-cost entertainment and fun. Today, it is a thriving industry with an economic impact of nearly \$1.5 billion dollars across the United States. We estimate there are approximately 120,000 adults currently enjoying Social Plus games in Maryland.

Social Plus is a subset of the online social games industry, which includes casual mobile games such as Words with Friends, Candy Crush, and various card, casino, puzzle and bingo games. Social Plus takes the same concept of free-to-play and freemium social games, but enhances it with opportunities to win real prizes of value through well-established and widely used sweepstakes promotions. Social Plus games are always free to play, and include alternative methods of entry (AMOE) so that no purchase is ever necessary, in compliance with Maryland consumer protection laws and following the same model as popular sweepstakes like Publisher's Clearing House and McDonald's Monopoly.

We rise in opposition to SB 112, which seeks to define and criminalize "interactive games" that have casino-style gameplay components and award prizes. Certainly, this broad language would implicate entertainment products like Social Plus games that have complied with Maryland state and federal law for over a decade, forcing responsible business operators to vacate the state. Such a blanket ban is not only unwarranted, it is directly counterproductive to the policy objectives of strong consumer protection and revenue generation.

Consumer Protections in Social Plus Games

SGLA member companies have voluntarily established a regime of strong consumer protections including mandatory 21+ age requirements, robust KYC (know your customer) protocols, responsible social gameplay tools, geolocation and many other trust and safety provisions that meet, and in some cases exceed, those of regulated real-money gambling entities.

While each Social Plus platform's protocols differ slightly, the following age and identity verifications take place to ensure a person's age and identity are verified:

- 1) Collection of name, address, date of birth, and last four numbers of Social Security;
- 2) Validation of email address and/or phone number using 2-factor authentication;
- 3) Submitting pictures of government identification, with the customer taking a selfie while holding such ID in some instances;
- 4) Validation of additional information by means of a bank statement, utility statement, and/or picture of the form of payment; and
- 5) Using only trusted third-party KYC vendors that validate and protect customer's personal information.

SGLA partners offer an entertainment product, and therefore go to great lengths to ensure that customers utilize these products as such by offering responsible social gameplay (RSG) tools including:

- 1) Self-exclusion with irrevocable exclusion time frames;
- 2) Customer limits on play time and purchase amounts;
- 3) Prominently displayed messages and links to RSG tools and resources;
- 4) Training customer-facing employees to identify signs of unhealthy behavior and respond to such instances with defined RSG protocols.

To ensure players personal information is protected and financial transactions are always secure, SGLA members undertake the following steps:

- 1) Work exclusively with third-party payment providers that demonstrate adherence to essential industry security standards and certification of controls, including geolocation standards, thorough audit and validation processes, and maintaining an effective, risk-based Anti-Financial Crime (AFC) program to prevent and detect financial crime;
- 2) Limit customers to one account per person;
- 3) Use geolocation technology to ensure that a customer is abiding by the laws of the jurisdiction in which they are located, including properly applying sales tax;

The SGLA seeks Regulation, not Banishment, of Social Plus Games

Illegal online gambling is a real problem, but the broad language of this bill unfairly penalizes established, well-intended and law-abiding online businesses that utilize sweepstakes, but also the third-party providers that provide essential services to this industry including software, KYC validation and data security.

SGLA desires to be an active partner in combating unlawful and exploitative online gaming, which is why we propose legislation to require Social Plus Companies to register with the Attorney General in the interests of transparency and compliance. This proposed legislation would codify and standardize the aforementioned consumer

protections, and many more, across the entire industry, and ensure that all operators in the online interactive games space are paying their fair share of taxes.

We believe this is the pragmatic solution in lieu of a counterproductive ban. If a ban were to be imposed, the long-standing and law-abiding Social Plus companies that have operated in Maryland will leave the state, but the illegal offshore companies are very likely to remain and prey upon unsuspecting consumers, putting 120,000 Maryland adults, who enjoy these platforms for casual free and low-cost entertainment, at risk.

Our proposed legislation will bring industry-wide regulation to Social Plus games and generate upwards of \$20 million in annual revenue from sales taxes and registration fees. This legislation would ensure that ALL operators enforce strict age-verification restrictions to keep people under the age of 21 from participating, protect consumer data and privacy, provide clear and truthful advertising to adults, and provide RSG resources to ensure that customers are interacting with Social Plus games responsibly. Bright-line rules would also give the Maryland Attorney General strong enforcement power against bad actors, resulting in a safer online environment for adults to enjoy Social Plus games responsibly.

Enclosed please find additional information, including a report on the economic impact of regulating and taxing Social Plus games in Maryland, and a one-page outline of the consumer protections implemented for Social Plus games.

In summary, the SGLA stands behind strong regulation and consumer protection, responsible social gameplay for adults only, fair taxation, and enabling economic development here in Maryland. We look forward to working with members of the Senate to achieve these mutually beneficial outcomes.

Sincerely,



Sean Ostrow
Managing Director
Social Gaming Leadership Alliance