

Maryland Lottery and Gaming Control Agency

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DATE: February 24, 2026
BILL NO: Senate Bill 557
BILL TITLE: Gaming - Definition of "Own" - Alterations
COMMITTEE: Senate Budget and Taxation
POSITION: Information

The Maryland Lottery and Gaming Control Agency (Agency) provides the following information regarding Senate Bill 557, Gaming - Definition of "Own" - Alterations.

Bill Summary:

Senate Bill 557 would allow a person to have a beneficial or proprietary interest of 25% or less in the property or business of a video lottery or sports wagering applicant or licensee provided the "ownership" does not confer any voting rights and is held directly by a person or is held in trust for the benefit of a person providing the trustee does not exercise any voting rights or control over the applicant or licensee.

Background:

Gaming regulations tend to be controlled by each individual state. The Securities Exchange Commission Act (SEC) of 1934 requires an investor who acquires more than 5% of a public company to file with the SEC. The purpose of this requirement is to prevent manipulative and deceptive practices. Specifically, investors with ownership over 5% must file a Schedule 13D (investors who intend to influence or change control of the company) or Schedule 13G (investors who lack "control intent") within five business days of crossing the 5% threshold.

Standard regulatory practices in states with gaming tend to limit non-voting ownership to 5%. This mirroring of the SEC requirement allows the Maryland Lottery and Gaming Control Agency (Agency) to automatically receive notice of new "significant" owners without creating a separate, redundant monitoring system. It also prevents "secret accumulations" of shares by individuals who might attempt to influence a gaming entities' management or operations. This is important as owners with an interest of 5% or more can often nominate directors or influence major business decisions.

The State is responsible for protecting the integrity of the industry and maintaining the public trust. Therefore, ownership of more than 5% typically results in the need for mandatory reporting, background investigations, or finding of suitability requirements. Increasing the

ownership to 25% would not trigger a suitability check until the 25% threshold has been crossed and could allow a bad actor to own a significant part of a gaming entity without being vetted or known.

We ask you to consider this information as you discuss Senate Bill 557.