

2026 HB 1226 Maryland Center of Excellence on Prob

Uploaded by: Blair Inniss

Position: FAV



March 31, 2026

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

RE: HB 1226 – Maryland Illegal Online Gambling Enforcement Act – Letter of Support

Dear Chair Guzzone:

This letter is in support of *HB 1226 – Maryland Illegal Online Gambling Enforcement Act*. This bill brings important and timely updates to the criminal and gaming laws, which did not previously contemplate online gaming. It makes online sweepstakes games illegal in Maryland and creates an enforcement scheme against illegal online gaming by authorizing substantial civil and criminal penalties against violators.

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 HB 1226. 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

Testimony - Maryland Illegal Online Gambling Act 3

Uploaded by: Mark Stewart

Position: FAV

Testimony of The Cordish Companies and Live! Casino Hotel Maryland

Presented by Mark Stewart, General Counsel

In SUPPORT of HB 1226

Budget and Taxation Committee Hearing

March 31, 2026

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony **in support** of HB 1226, which would enact the Maryland Illegal Online Gambling Enforcement Act and bolster the State's enforcement efforts against illegal online gambling. We appreciate the Budget and Taxation Committee's attention to the growing issue of illegal online gambling and the need to ensure that Maryland's laws are effectively enforced.

Background on the Illegal Online Gambling Market

Illegal and unregulated online gambling is a significant and ongoing reality across the United States. The American Gaming Association's August 2025 report estimates that, nationally, gambling on illegal online slots and table games is substantial, and accounts for billions of dollars annually in state gaming tax revenue loss. This activity is occurring through websites and mobile platforms that accept wagers from U.S. residents without holding a U.S. state issued gaming license.

Concerns about the scope and impact of offshore operators have also been raised by a bipartisan coalition of state attorneys general. In an August 5, 2025, letter to the U.S. Department of Justice—signed by Maryland Attorney General Anthony Brown and attorneys general from across the country—the group requested coordinated enforcement efforts to address illegal offshore gaming operations. The letter describes operators that function without proper licensure, evade taxation, fail to verify age, and undercut regulated markets. A copy of the letter is enclosed with this testimony.

Importantly, the attorneys general urged use of enforcement tools such as website seizures, injunctions, asset forfeiture, and cooperation with financial institutions to block unlawful transactions. While their letter focused on federal enforcement authority, the underlying enforcement strategies it endorses—disrupting illegal operators' access to payment systems, digital infrastructure, and U.S. consumers—are directly relevant at the state level.

The Maryland Illegal Online Gambling Enforcement Act seizes on those same core strategies and implements them within Maryland's own enforcement framework. Rather than relying solely on federal action, the bill equips Maryland authorities with state-level civil tools designed to disrupt illegal operators' ability to market, host, and monetize their activities in this State.

Legislative Approaches in Other States

Maryland is not alone in examining legislative tools to address illegal online gambling. In 2025, several states enacted or advanced legislation aimed at banning and more effectively enforcing against illegal online sweepstakes and similar gaming models.

For example:

- New York (Senate Bill 5935) adopted legislation that not only prohibits operating or promoting illegal online sweepstakes games, but also extends potential liability to those who “support” such operations, including financial institutions, payment processors, geolocation providers, gaming content suppliers, platform providers, media affiliates, investors, and board members.
- California (Assembly Bill 831) similarly included geolocation providers, gaming content suppliers, platform providers, and media affiliates within the scope of potential liability for supporting illegal online gaming.
- Other states, including Nevada, Montana, and New Jersey, have adopted enhanced penalty structures, forfeiture provisions, and jurisdictional clarifications to strengthen enforcement tools.

A common theme across these measures is recognition that illegal online operators often rely on a network of third-party service providers—payment processors, hosting companies, content suppliers, and advertisers—to reach consumers and process transactions. By addressing not only the operator but also those who knowingly facilitate the operation, states have sought to create more effective enforcement mechanisms.

These examples demonstrate that states are experimenting with a range of civil and criminal tools to respond to illegal online gambling activity, and that HB 1226 fits within a broader national policy conversation.

Maryland Law and the Purpose of This Bill

Online gambling that is not expressly authorized under Maryland law is already illegal. However, many illegal online gambling operators are located offshore or otherwise beyond the easy reach of traditional criminal enforcement.

As the multistate attorneys general letter underscores, offshore operators are often structured to evade direct enforcement and operate across jurisdictions. That reality presents practical challenges for state-level prosecution.

HB 1226 is designed to strengthen Maryland’s ability to respond using tools that are familiar in the consumer protection context. Rather than relying solely on criminal prosecution of distant operators, the bill focuses on disrupting the ecosystem that allows illegal online gambling to function.

Specifically, the bill empowers the Attorney General to take action to impact illegal operators' ability to:

1. Market to and attract Maryland consumers – by authorizing cease and desist notices and enforcement against those who promote illegal online gambling.
2. Prop up websites and digital platforms – by enabling action directed at platform providers and others who host, transmit, or otherwise facilitate access to illegal gambling websites.
3. Receive payment from consumers – by prohibiting financial transaction providers from knowingly processing payments in connection with illegal online gambling and by authorizing enforcement measures against those who continue to facilitate such transactions.

These approaches mirror the enforcement strategies endorsed by the coalition of attorneys general—targeting websites, financial flows, and supporting infrastructure—but apply them through Maryland's own statutory authority.

Importantly, the bill does not alter or affect gaming activities that are expressly authorized and regulated under Maryland law. Instead, it is designed to ensure that the State has practical, enforceable mechanisms to address activity that is already unlawful.

Key Provisions of the Maryland Illegal Online Gambling Enforcement Act

The Maryland Illegal Online Gambling Enforcement Act applies to (1) operators that offer illegal online gambling to individuals located in Maryland and (2) individuals and entities that promote or provide support to operators of illegal online gambling (for example, financial institutions, platform providers, gaming content providers, promoters, media affiliates, and endorsers).

- The Attorney General or other prosecuting attorney is empowered to:
 - Issue cease-and-desist notices to violators.
 - Seek temporary or permanent injunctions to restrain illegal conduct.
 - Maintain a public list of offending websites.
- Operators offering illegal online gambling can be fined \$50,000 for the first violation and \$100,000 for each subsequent violation.
 - Each illegal wager or promotion is treated as a separate violation.
 - Penalties include possible imprisonment up to three years and forfeiture of profits.
- Supporters of illegal online gambling (e.g., banks, advertisers, platforms) can be fined \$25,000 fine for the first violation and \$50,000 for each subsequent violation. Each act of support constitutes a separate violation.

- Financial institutions are prohibited from processing payments related to illegal online gambling.
- Platform providers are prohibited from hosting or transmitting illegal gambling content and must verify operator licensure before hosting advertisements.
- Financial institutions and platform providers may block or refuse transactions or transmissions without liability.
- Courts may issue injunctions to:
 - Remove or disable access to illegal gambling websites.
 - Freeze associated bank or credit accounts.
 - Stop payment processing or advertising support.
- Violation of an order against a supporter of illegal online gambling results in a fine of \$50,000 for the first offense and \$100,000 for each subsequent violation.
- Out-of-state violators targeting Maryland residents are subject to Maryland jurisdiction.
- The Maryland Attorney General is authorized to adopt rules, regulations, and standards for enforcement.

Conclusion

HB 1226 is a needed and important measure to enhance enforcement against illegal online operators, and those who would enable them, and to protect Marylanders. Contrary to the claims of some, legalizing more online gambling does not shrink or stop the illegal market.¹ Indeed, just the opposite is the case – the illegal market thrives and grows.² Enforcement against illegal activities, not sanctioning them, is sound policy. We respectfully urge a favorable report on HB 1226.

¹ *The Washington Post*, “Legal sports betting was supposed to end the black market. It didn’t,” (Sept. 12, 2024); <https://cdn.sanity.io/files/42ezp3kj/production/3c51bcc5f56e9f4e49be0d36910c0db943805877.pdf>; *Sportsbookreview.com*, “Latest Report Says 74% of Online Gambling Revenue in the US Comes from Illegal Sites” (June 17, 2025); https://www.fairergambling.com/wp-content/uploads/2025/04/GYS_Y_S_CFG-REPORT_USA-NATIONAL-2024_04.08.2025_FINAL_NO-EM.pdf.

² In Pennsylvania, which has both online sports betting and iGaming, participation in the illegal market nearly doubled year over year, according to a new study by Penn State University. <https://www.pa.gov/content/dam/copapwp-pagov/en/ddap/documents/documents/agency-reports/interactive-gaming-reports/psu-2025-online-gambling-report.pdf>

HB1226 - MBA - FWA in B&T - GR26.pdf

Uploaded by: Evan Richards

Position: FWA



HB 1226 – Maryland Illegal Online Gambling Enforcement Act

Committee: Senate Budget & Taxation Committee

Date: March 31, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS HB 1226 WITH AMENDMENTS**. This legislation establishes a new enforcement framework in Maryland to address illegal online gambling by expanding state authority and imposing significant new obligations on platform providers and financial transaction providers. MBA appreciates the amendments adopted in the House that took steps to protect financial transaction providers against punishment for unknowingly processing transactions. However, there are still concerns that HB 1226 as amended will not give Maryland banks enough information to block illegal transactions and could still punish banks for unknowingly processing transactions.

First, MBA suggests amending 9-1F-04(B)(2)(II) to require the Attorney General to post **prohibited merchant processing codes** along with the name of the online gambling operator and the internet website URL address if they are available. Providing only the name and URL of an illegal gambling operator is insufficient for banks to reliably identify and block illegal gambling transactions because payment data rarely contains a clean, verifiable match to a website name or domain. Transactions often use misleading descriptors, different legal entities or payment processors than the public-facing website, and frequently changing URLs, mirror sites, or redirects, making name- or URL-based matching error-prone and easy to evade. Without standardized identifiers such as merchant processing codes, banks cannot consistently distinguish illegal gambling from legal gaming, unrelated merchants with similar names, or legitimate transactions routed through intermediaries, which increases false positives, missed violations, and compliance risk.

In addition, MBA suggests amending 9-1F-10(D)(2)(I) to ensure that a violation of a cease-and-desist order only exists if a financial transaction provider is **KNOWINGLY** violating the order. A cease-and-desist order is intended to compel compliance through clear notice and intentional accountability, not to punish good-faith actors who lack the ability to detect prohibited activity. Requiring knowledge ensures that these significant fines target providers who consciously disregard the order, while encouraging compliance efforts without creating excessive or unjustified financial risk for banks and card issuers.

MBA supports the intent of HB 1226, and Maryland banks are committed to serving as constructive partners in protecting Maryland residents from illegal online gambling platforms. The proposed amendments enhance banks' ability to be effective partners in this effort while appropriately allowing them to avoid penalties for unknowingly processing funds for illegal gambling operators. Accordingly, MBA urges issuance of a **FAVORABLE** report **WITH AMENDMENTS** on HB 1226.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

HB 1226 SUP.SENATE.03.31.26.pdf

Uploaded by: Jennifer Beskid

Position: FWA

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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DATE: March 31, 2026
BILL NO: House Bill 1226
BILL TITLE: Maryland Online Illegal Gambling Enforcement Act
COMMITTEE: Senate Budget and Taxation Committee
POSITION: FAVORABLE with Amendments

The Maryland Lottery and Gaming Control Agency (Agency) provides the following information regarding House Bill 1226, *Maryland Online Illegal Gambling Enforcement Act*.

Bill Summary: House Bill 1226 would add new Subtitle 1F to Title 9 of the State Government Article, to prohibit unauthorized online gambling and authorize the Office of the Attorney General (OAG), acting through the Consumer Protection Division (CPD), to issue cease and desist orders and take enforcement action against violators. Prohibited conduct includes: operating, offering, conducting, engaging in, or promoting illegal online gambling; and in connection with illegal online gambling, accepting or processing a financial transaction, or providing an online platform for gambling. Prohibited conduct also includes other means of supporting illegal online gambling by providing financial transactions, geolocation services, gaming content, or celebrity endorsements.

The OAG may seek relief against violators that includes restraining orders, freezing bank or credit accounts, taking down gambling platforms, as well as misdemeanor convictions that carry substantial fines. Violators are also disqualified from holding a gaming license issued by the Maryland Lottery and Gaming Control Commission (Commission).

Background: When Maryland voters authorized video lottery terminals (slot machines) by referendum in November 2008, table games and a 6th casino in November 2012, and sports wagering in November 2020, the State could not have predicted the future reach of the Internet as a vehicle for illegal online gambling operators diverting revenues generated by Maryland's regulated gaming market, which in turn means lower contributions from gaming revenues to the State's good causes - including the *Education Trust Fund* and the *Blueprint for Maryland's Future Fund*. Research from the American Gaming Association (AGA) estimated in 2025 that the unregulated, illegal, online gaming market generated \$623 billion in revenues nationally on an annual basis. This is up 22% from the 2022 estimates.

Rationale: For an activity to be “gaming” or “gambling”, there must be three elements: consideration, chance, and prize. In other words, “gaming” or “gambling” is where a player pays to play a game and has the chance to win a real-money prize. Maryland law generally prohibits gaming unless it is specifically authorized. The only authorized online gaming is offered by the 12 mobile sports wagering licensees and 12 registered fantasy competition operators who are licensed and regulated by our Agency. Otherwise, online real-money games of chance are not authorized in Maryland; that includes online poker, slots, and sweepstakes games where players can win a prize of value.

Under Criminal Law Article, §12–113, the Commission is authorized to make the final determination as to whether a “gaming device” is legal. Current law defines “gaming device” as “a game or device at which money or any other thing or consideration of value is bet, wagered, or gambled.” This definition did not contemplate the advent of online gaming. HB 1226’s definitions - including “online gambling” - bring the law into the present.

The Agency has been trying to address illegal online gambling by sending operators notices to cease and desist offering their illegal online games in Maryland; about 25% of C&D recipients have voluntarily blocked online access to their games in Maryland. However, the Commission is not authorized to take enforcement against illegal gaming or its operators.

HB 1226 establishes a comprehensive enforcement structure implemented by the OAG through its CPD, as discussed above. It also addresses jurisdictional and evidentiary obstacles that have prevented meaningful action against illegal online gaming. Importantly, the bill strengthens enforcement options as it envisions collaboration between CPD’s resources and the Agency’s gaming expertise to prioritize protecting consumers against the hazards of illegal online gaming. Unlike the legal, licensed operators offering online gaming in Maryland, illegal online operators are not required to: verify players’ physical location in Maryland (a federal law requirement); verify players’ age (21 for sports wagering, 18 for fantasy competitions), safeguard players’ personal and financial information, offer mechanisms by which players can self-exclude, or pay taxes.

Maryland is not the only state taking action against illegal operators, below is a list of other states that have proposed or enacted legislation to ban illegal online operators:

Pending Legislation (2026)

Arkansas
Florida
Illinois
Indiana
Iowa

Enacted Legislation

California
Connecticut
Louisiana
Montana
Nevada

Maine
Massachusetts
Mississippi
Ohio
Virginia

New Jersey
New York

Summary: The Commission has authority to determine whether a gaming activity is legal in Maryland, and can send cease and desist notices to illegal online operators, but has no authority for enforcement action against operators who do not comply with a C&D. HB 1226 would greatly strengthen the State's ability to take meaningful action against illegal operators.

The Agency is proposing technical amendments to ensure alignment between the definitions in HB 295 and HB 1226. These amendments have been shared with the bill sponsor.

The Agency respectfully requests the committees to vote FAVORABLE regarding HB 1226.

HB1226-BT-FWA.pdf

Uploaded by: Nina Themelis

Position: FWA



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB1226

March 31, 2026

TO: Members of the Senate Budget and Taxation Committee

FROM: Nina Themelis, Director, Mayor's Office of Government Relations

RE: House Bill 1226 – Maryland Illegal Online Gambling Enforcement Act

POSITION: Support with Amendments

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 1226 with a suggested amendment.

As the Baltimore Sun noted in an editorial last week, “Maryland has a gambling problem.” (<https://www.baltimoresun.com/2026/02/26/maryland-gambling-problem/>). The piece notes that gambling addiction is on the rise, particularly among unmarried Black and Hispanic men. The increase in those reporting addiction has tracked with the rise of the availability of online gambling.

Baltimore City, through its Affirmative Litigation Division, has been investigating problematic conduct by online gambling platforms, and has brought actions against some actors alleging violations of its local unfair, deceptive, and abusive trade practices ordinance (which mirrors the Maryland Consumer Protection Act).

Of particular concern to Baltimore City are the “sweepstakes games” referenced in this bill, wherein a dual-currency system is used to essentially skirt gambling regulations by using one currency for betting that can be traded in for money. They effectively operate as a gambling site—a payment in exchange to play a chance game to win money—but misnomer themselves as a “sweepstakes” to evade not only government restrictions but consumer protections. Some of the protections that are absent are robust age verification systems to prevent minors from participating and participation in Maryland’s Voluntary Exclusion Program (which allows problem gamblers to cut themselves off).

Baltimore City’s position is that these sites are already engaging in unfair, deceptive, and abusive trade practices in their operations, but this bill will make it easier to prove those violations by

making the mere unauthorized operation of such a site in Maryland a violation of the Consumer Protection Act.

There is no apparent downside to providing the Attorney General with the ability to pursue these violators more easily under the Consumer Protection Act. Not only do they take financial advantage of Maryland residents, but they contribute nothing in return. They pay no gaming taxes, nor do they contribute financially to gambling treatment or addiction services as licensed casinos do.

Baltimore City does suggest an amendment to the bill. Because social casinos are creating new games beyond traditional casino games on which to gamble, we recommend adding the following bolded and underlined language to this section of the bill:

9-1f-01(I)(2)(I)-(III). CASINO–STYLE GAMES, INCLUDING SLOT MACHINES, VIDEO 30 POKER, AND TABLE GAMES SUCH AS, **BUT NOT LIMITED TO**, BLACKJACK, ROULETTE, CRAPS, AND POKER; 4 HOUSE BILL 1226 1 (II) LOTTERY GAMES INCLUDING, **BUT NOT LIMITED TO**, DRAW GAMES, INSTANT WIN 2 GAMES, KENO, AND BINGO; AND 3 (III) SPORTS WAGERING.

As such, the BCA respectfully requests a **favorable** report, **with the above amendment**, on HB 1226.

Paysafe HB295 and HB1226 Opposition.pdf

Uploaded by: Chris Stromberg

Position: UNF

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