



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.