Minnesota Alliance on Problem Gambling

March 21, 2026

Senate Commerce Committee
C/O Bill.Lunzer@mnsenate.gov

Dear Committee Members,

The Minnesota Alliance on Problem Gambling (MNAPG), the state affiliate to the National Council on Problem Gambling (NCPG) would like to express our concerns about the growing use of sweepstakes casinos and their potential negative impacts on consumers, public trust, and the broader sports betting ecosystem. Please note that while our organization takes a pledge of neutrality to legalization, the pace in which these activities are flourishing without a thought to consumer protections, is quite alarming.

On September 30, 2026, the MNAPG Board of Directors sent a letter to Attorney General Ellison's office asking for intervention to prohibit sweepstakes casinos, which fall under state jurisdiction. (We also requested the attorney general to join other states in registering pressure on the federal CFTC to regulate prediction markets which have moved into Minnesota, offering sports betting among other kinds of bets without any consumer protections.)

On November 5, 2026, the Attorney General's office announced that fourteen cease and desist letters were sent to sweepstakes casino operators, which we appreciated, but apparently this is not sufficient. A conversation with the Public Safety Board Department of Alcohol and Gambling Enforcement, indicated that the letters alone were not effective. The Department lacks the band width to hold all of these operators accountable. There are over 1100 sites that offer casino sweepstakes in Minnesota and its much a game of whack-a-mole, when one site is shuttered, another pops up. It's apparently not easy to identify the owners as offshore shell companies are quickly established making it difficult to hold them accountable and to shut them down.

MNAPG has been monitoring the court activity regarding sweepstakes casinos within other states. Many have offered cease and desist letters as well, but if the proper enforcements are not in place, it will be exceedingly difficult to keep this activity from flourishing within the state. Minnesota does have the opportunity to provide more teeth through legislation. Strong deterrents should be created to disincentivize these illegal operators from operating in Minnesota.

Below is an excerpt of our letter to the Attorney General.

The legal definition of gambling includes elements of prize, chance and consideration (the need to risk something of value). Sweepstakes casinos meet the definition of gambling; therefore, if it is to be legal in Minnesota, it must be regulated.

<u>Sweepstakes casinos</u>

Recent attention by several states have identified sweepstakes casino operators who are exploiting loopholes in state laws to offer casino-style games for real money while evading taxes and regulations that apply to legal gaming entities. To date Connecticut, Montana, New Jersey, and Washington have complete bans. Arkansas, Delaware, Louisiana, Maryland, Mississippi, Nevada, New York and Pennsylvania have issued cease and desist letters or are advancing legislation to ban such activities.

Key concerns raised by attorneys general and other regulators include:

- ***Deceptive marketing practices.*** *Unlike traditional promotional sweepstakes, which are limited in duration and incidental to a product purchase, online sweepstakes casinos are often casino-themed and operate perpetually. They use "dual currencies" to simulate gambling for cash, misleading consumers into believing the games are legal. The American Gaming Association reports that 90% of sweepstakes users surveyed dispute the platforms' claims that they are just "entertainment" and not gambling.*
- ***Mimicking gambling features.*** *Prosecutors and courts have noted that these platforms intentionally create a "casino-like" environment to mimic the experience of legal gambling. Characteristics that signal illegal gambling include:*
    - ***High payout percentages*** *that mirror legal slot machines, instead of the trivial payouts common in traditional promotional sweepstakes.*
    - ***Perpetual duration*** *of the games, which is fundamentally different from the temporary nature of legitimate sweepstakes.*
    - ***Redemption restrictions*** *that encourage players to continue gambling and lose their winnings by setting high "playthrough" requirements or withdrawal thresholds.*
- ***Consumer harm and fraud.*** *These unregulated platforms can expose vulnerable consumers to fraud and predatory practices. These illegal operations harm customers by operating without proper licenses, lacking consumer protections, failing to verify user age, and posing a risk of addictive gambling.*
- ***Lost tax revenue.*** *Since these offshore companies evade state boundaries and*

operate outside legal frameworks, states miss out on tax revenue.

- ***Undermining legal gambling.*** *State and Tribal gaming authorities also express concern that sweepstakes casinos illegally encroach on the regulated market, undermining the state-sanctioned gaming industry.*

Minnesota has a proud tradition of fairness, transparency, and consumer protection. The proliferation of unregulated or offshore-based sweepstakes casinos runs counter to these values. They present challenges that are not adequately addressed by current gambling or financial regulations.

Sweepstakes casinos encourage speculative behavior, open the door to ethical and financial abuses and offer a potential increase in gambling addiction. While our pledge to remain neutral on a specific bill must be upheld, MNAPG will continually support efforts in which consumers are protected from the harms of gambling.

Sincerely,



Susan Sheridan Tucker
Executive Director