

STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

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ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
INVESTOR PROTECTION BUREAU

November 20, 2026

VIA NYSCEF

The Honorable Melissa A. Crane, J.S.C.
New York County Courthouse, Room 248
60 Centre Street,
New York, NY 10007

Re: *People ex rel. James v. KalshiEX LLC*, No. 453272/2026 (Sup. Ct. N.Y. Cnty.)—Notice of Remand and Renewal of Request for Order to Show Cause

Dear Justice Crane:

People of the State of New York ("OAG") write in response to Kalshi's letter dated November 19, 2026, and in support of OAG's application, pursuant to New York Executive Law § 63(12), via order to show cause for a temporary restraining order and a preliminary and permanent injunction to immediately halt the ongoing illegal activities of Respondent KalshiEX LLC. As noted by Kalshi, the federal district court for the Southern District of New York has remanded the above-captioned action to this Court pursuant to the Opinion and Order dated November 19, 2026. *See* NYSCEF 77.

As set forth more fully in the Verified Petition in this matter and the accompanying affirmations and exhibits thereto, Petitioner's Memorandum of Law in Support of the Verified Petition, and the proposed Order to Show Cause, Respondent is presently violating the laws of this State by operating an unlicensed gambling business in New York that allows bettors in New York and elsewhere to gamble on a variety of sports and other events. Kalshi's operations far exceed the scope of what even lawful operators may do as Kalshi allows betting by minors between the ages of 18 and 21, despite New York's prohibition on offering mobile sports wagering to minors under the age of 21, and allows betting on sports events in which New York college teams participate, despite New York's law prohibiting such wagers.

A. Kalshi's Operations Subject New York to Significant Harm

Contrary to Kalshi's claims that New York suffers no harm, Kalshi injures New Yorkers every day by offering wagers on its platform without implementing required consumer protections and internal controls that are part of New York's strict regulation of licensed gambling. Verified Petition ("Pet.") ¶ 86. These protections include allocating resources to

develop and fund programs to combat problem gambling, procedures to prevent underage gambling, restrictions to prevent predatory or deceptive advertising, procedures to identify bettors battling a gambling addiction, and guardrails to allow consumers to exclude themselves from the platform. *See generally* 9 NYCRR §§ 5300-5330.45; Pet. ¶ 86. These and other numerous safety regulatory mechanisms exist for vital reasons: gambling causes real and significant harm to vulnerable populations. For example, individuals aged 18-24 are a "high-risk population" for gambling addictions, gambling addiction increases the risk of suicide, and prediction markets create significant risks to the financial well-being of consumers. *See* Pet. ¶¶ 88–93. These are precisely the dangers the New York Constitution and New York gambling laws are intended to prevent.[1]

B. Kalshi Obstructs New York's Enforcement of its Gambling Laws

Notwithstanding these real dangers, Kalshi has continuously sought to obstruct and delay New York's exercise of state police powers to protect the health and welfare of New Yorkers from an illegal gambling business operating without a license. In October 2025, the New York State Gaming Commission ("Gaming Commission") demanded that Kalshi cease and desist from operating its unlicensed mobile sports wagering platform in New York (Pet. ¶ 30). Instead of ceasing its illegal sports wagering operations in New York, Kalshi immediately sued the Gaming Commission and its Commissioners in federal court seeking to enjoin the Gaming Commission from enforcing New York State gaming laws. Although the Gaming Commission agreed to a voluntary stay of enforcing its cease and desist during the pendency of the preliminary injunction proceedings, the motion was pending for longer than expected. Ultimately, on July 7, 2026, the Southern District of New York denied Kalshi's motion for preliminary injunction, finding that the Commodity Exchange Act ("CEA") did not preempt the enforcement of New York's gambling laws. *KalshiEX LLC v. Williams*, No. 25-cv-08846-AT, 2026 U.S. Dist. LEXIS 149977, at *31 (S.D.N.Y. July 7, 2026), *corrected in part by* Order, No. 25-cv-08846-AT (S.D.N.Y. July 13, 2026), ECF 109. The court also denied Kalshi's motion for an injunction pending appeal on July 27, 2026 (ECF 113), and the Second Circuit likewise denied Kalshi's request for an interim injunction (Order, No. 26-1835 (2d Cir. July 30, 2026), ECF 32.1) and its motion for an injunction pending appeal (Order, No. 26-1835 (2d Cir. Nov. 3, 2026), ECF 74.1). On July 31, 2026, OAG filed the instant action, which Kalshi improperly removed to federal court, needlessly delaying this expedited proceeding.

Kalshi's November 19, 2026, letter is but the latest in Kalshi's continuous efforts to delay enforcement while it continues to profit from offering illegal gambling in New York. That it has been successful in extending its profits provides no justification to delay any further enforcement of New York law.

[1] The "Attorney General need not show irreparable harm" in a § 63(12) proceeding to obtain preliminary injunctive relief. *People of the State of New York v. Abraham Operations Associates LLC*, No. 451549/2023, 2023 WL 4824575, at *2 (Sup. Ct., N.Y. Cnty. July 27, 2023) (Crane, J.S.C.). The rationale underlying this principle—that a state actor must enforce compliance with its laws to protect the public (*City of New York v. Beam Bike Corp.*, 206 A.D.3d 447, 448 (1st Dep't 2022)—applies with equal force to a temporary restraining order. Nevertheless, OAG has established irreparable harm.

C. Kalshi's Other Arguments Present No Justification to Delay Enforcement

Although New York law plainly prohibits unlicensed gambling operations within New York, and despite notice from the Gaming Commission, Kalshi chose to offer these products on its platform and has continued to do so despite the clear weight of authority finding that states are free to enforce their gambling laws against Kalshi. OAG does not seek to "shut down a federally regulated exchange for every customer, everywhere." Rather, this enforcement action simply acts to prevent unlawful gambling as New York has done for over 250 years. OAG's proposed injunction would prevent Kalshi from operating an "unlawful gambling business . . . that offers contracts relating to sports, culture, elections, and other events without obtaining all the required licenses from the New York State Gaming Commission." The injunction would not prevent Kalshi from offering commodity futures or swap contracts that do not run afoul of federal or state law or from seeking a license from the Gaming Commission to operate in New York.

This Court should provide no weight to the Commodity Futures Trading Commission's ("CFTC") August 11, 2026, emergency order (the "CFTC Order"). The CFTC Order "smacks of a collusive effort between a regulator and regulatee to generate a claim for conflict preemption."[2] *Ludlow Exch., LLC v. James*, No. 26-cv-6676 (CM), 2026 U.S. Dist. LEXIS 258917, at *48 (S.D.N.Y. Nov. 10, 2026). Further, the CFTC Order conflicts with an existing rule, albeit one the CFTC has proposed to alter, that prohibits Kalshi from listing event contracts related to gaming. *See* 17 C.F.R. § 40.11. Finally, Kalshi has voluntarily withdrawn from offering, or is subject to injunctions preventing it from offering, gambling contracts in several states, *see* Amended Order, No. 23, *Nevada v. Kalshiex LLC*, No. 26 OC 00050 1B (1st Distr. Nev. Carson City May 18, 2026); *State v. Kalshiex, LLC*, NO. 26-2-10264-3 SEA, 2026 Wash. Super. LEXIS 4328 (Wash. Sup. Aug. 12, 2026), Order, *Nessel v. KalshiEX LLC*, No. 26-1087-CZ (Mich. Cir. Ct. Ingham Cnty. Sept. 1, 2026), and has continued to operate without the CFTC subjecting it to any sanctions. *See Kalshiex LLC v. Cafferelli*, No. 25-CV-2016 (VDO), 2026 U.S. Dist. LEXIS 178500, at *43 (D. Conn. Aug. 7, 2026) ("Kalshi has not offered evidence that the CFTC is likely to revoke its designation as a DCM if it complies with Connecticut law. As Defendants point out, Kalshi's assertion that the CFTC could take such action is speculative, particularly given that Kalshi has continued to litigate similar disputes in other states without any indication that the CFTC has sought to alter its designation.").

* * *

Following remand, OAG respectfully renews its application for an order to show cause with a temporary restraining order pursuant to Executive Law § 63(12); New York State Constitution Article I, Section 9; New York Penal Law §§ 225.05, 225.10, and 225.20; New York Racing, Pari-Mutuel Wagering and Breeding Law §§ 1367(16)(a), 1367-a(2)(a), and 1367-

[2] The CFTC also sought to obstruct this action, asking a federal district court to grant an emergency injunction preventing this matter from going forward. *See* Emergency Motion, ECF No. 186, *US v. New York*, 26-cv-03404-LGS (S.D.N.Y. Nov. 20, 2026). However, in a telephonic hearing earlier today, the district court denied the motion finding that the CFTC was unable to show a likelihood of success on the merits that the CEA preempted state gaming laws.

a(4)(b); the Wire Act, 18 U.S.C. § 1084; and CPLR §§ 6301 and 6313. OAG submitted a new proposed order to show cause earlier today. NYSCEF 78.

Respectfully,

s/K. Brent Tomer

Counsel for People of the State of New York

cc (by NYSECF): All counsel of record