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IN THE THIRD JUDICIAL DISTRICT COURT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

DEREK BROWN, Attorney General on Behalf of the State of Utah and the People of the State of Utah Plaintiff, vs. KALSHI INC., a Delaware Corporation; KALSHIEX LLC, a Delaware Limited Liability Company; KALSHI KLEAR INC., a Delaware corporation; KALSHI KLEAR LLC, a Delaware limited liability company; KALSHI TRADING LLC, a Delaware limited liability company; SUSQUEHANNA INTERNATIONAL GROUP, LLP, a Delaware limited liability partnership; SUSQUEHANNA GOVERNMENT PRODUCTS LLLP, a Delaware limited liability limited partnership; and DEFENDANT DOES 1-100,	**VERIFIED COMPLAINT AND JURY DEMAND** Case No: Judge: TIER III

Defendants.	

The Honorable Derek Brown, in his official capacity as Utah Attorney General, brings this action on behalf of the State of Utah, and on behalf of the People of the State (the "State"), against the above identified Defendants as follows:

INTRODUCTION

1. Defendants Kalshi, Inc. and KalshiEX, LLC and other Defendants (who are Kalshi entities and affiliates) (together, the "Kalshi Enterprise" or "Kalshi") have promoted Kalshi.com and the Kalshi app as an online sports betting platform through marketing taglines that have included, "The First Nationwide Legal Sports Betting Platform" and "Sports Betting Legal in All 50 States on Kalshi."[1]

2. The Kalshi Enterprise plays the same role as a traditional sportsbook that offers sports betting by facilitating bets (*i.e.*, accepting and holding funds from bettors, and paying out winnings) and retaining a portion of each bet as payment for its services.

3. As part of this Enterprise, Defendant Kalshi Trading, LLC and other Kalshi affiliates act as "market makers"—institutional bettors that establish the terms of the bets and collect winnings, like a traditional sportsbook, based on the outcome of the bets.

[1] *See* Dustin Gouker, *Ten Times Kalshi Said People Could Bet on Things*, Event Horizon (Apr. 3, 2024), https://perma.cc/472K-U54F.

4. From a user's perspective, Kalshi's online gambling bets are indistinguishable from the bets offered by a traditional sportsbook.

5. Although Defendants are well aware that sports bets and other forms of gambling bets are illegal under Utah[2] law, Defendants chose to begin offering gambling bets to Utah's residents by at least September 2024, something they continue doing despite a recent federal court order rejecting KalshiEx's argument that it is not bound by Utah law.[3]

6. Specifically, the various entities that comprise the Kalshi Enterprise have worked together to offer, facilitate, market, and profit from gambling bets within the State.

7. The Defendants' brazen pattern of unlawful conduct has inflicted serious harm on the State and its residents.

8. George Washington once referred to gambling as "the child of avarice," "the brother of inequity," and the "father of mischief."[4] And he recognized that

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[2] Utah Code §§ 76-9-1401 *et. seq.*; *KalshiEx LLC v. Cox*, No. 2:26-CV-00151-RJS-CMR, 2026 WL 2241564, at *1 (D. Utah Aug. 4, 2026).

[3] *See KalshiEx*, 2026 WL 2241564, at *14.

[4] George Washington in a letter to Bushrod Washington, 15 January 1783, The George Washington Presidential Library at Mount Vernon, https://www.mountvernon.org/library/digitalhistory/past-projects/quotes/article/avoid-gamingthis-is-a-vice-which-is-productive-of-every-possible-evil-equally-injurious-to-the-morals-health-of-its-votariesit-is-the-child-of-avaricethe-brother-of-inequity-father-of-mischiefit-has-been-the-ruin-of-many-worthy-familysthe-loss-of-many-a-m (last accessed April 2, 2026).

gambling "has been the ruin of many worthy families," the "loss of many a man's honor," and "the cause of suicide."[5]

9. The harms of gambling are even more fully acknowledged today. One recent study noted that "gambling is associated with a wide range of financial, cultural and crime-related harms," and it is "recognized by the WHO [(World Health Organization)] as a health-harming activity."[6] "Self-harm and suicide are two of the most severe gambling-related harms."[7]

10. But gambling does not just affect the individual who gambles. Another recent study across 19 countries found that the "gambling problems of one person negatively impact an average of six others," with the negative consequences of gambling often "persist[ing] well after the gambling problem is resolved" and "resulting in decreases in quality of life by 10 percent to 36 percent."[8] "Increased relationship strain, financial debt, . . . domestic violence," and "adverse effects on work and education" are all recognized harms stemming from gambling.[9]

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[5] *Id.*

[6] Ukhova D, Marionneau V, Volberg R. et. al., *The Expansion of Gambling Across the Americas Poses Risks to Mental Health and Wellbeing*, The Lancet Regional Health–Americas 37 (2024) at 1.

[7] *Id.* at 2.

[8] N.A. Dowling et. al., *Addressing Gambling Harm to Affected Others: A Scoping Review*, Clinical Psychology Review 116 (2025) 102542 at 13, https://doi.org/10.1016/j.cpr.2025.102542 (last accessed April 2, 2026).

[9] Ukhova, *supra* note 1 at 2.

11. The State of Utah takes this harm, and its responsibility to "protect the health and safety of [its] citizens," seriously. *Medtronic, Inc. v. Lohr*, 518 U.S. 470, 475 (1996). Utah's Constitution prohibits the legislature from "authoriz[ing] any game of chance, lottery, or gift enterprise *under any pretense or for any purpose*." Utah Const. art. VI, § 27 (emphasis added). And the Utah Code criminalizes activities related to gambling, including "participating in gambling," "permitting gambling," "online gambling promotion," "general gambling promotion," and "gambling fraud." *See* Utah Code §§ 76-9-1401 *et. seq*.

12. Consistent with this responsibility to protect Utah's citizens, the State brings this action against the Defendants to halt their illegal conduct, pull back Defendants' illegally obtained profits, and compensate the State and its citizens for the harms Defendants have caused.

JURISDICTION AND VENUE

13. This Court has personal jurisdiction over this action under Utah Code §§ 78A-5-102 and 78B-3-205 because each Defendant (a) transacts business or is admitted to do business within Utah, (b) contracts or contracted to provide services or goods in Utah, (c) causes or caused injury within Utah to the State and its citizens, (d) committed violations of Utah statutes and the common law at issue in this lawsuit which occurred, in whole or in part, within Utah, and (e) maintains substantial contacts in the State of Utah. The Kalshi Enterprise has directed its

gambling operations at, and has had the foreseeable and intended effect of, causing injury to persons residing in, located in, or doing business in Utah, and to the State.

14. All of the at-issue wagers occurred in Utah or involved Utah residents.

15. Venue for this action properly lies in Salt Lake County, Utah, under Utah Code §§ 78B-3a-201 and -203.

16. The monetary recovery sought in this case is over $300,000, which makes this matter a Tier 3 case under Utah Rule of Civil Procedure 26(c)(5).

PARTIES

17. Plaintiff the Honorable Derek Brown, Utah Attorney General, possessing the power and authority granted under the common law and statutes of Utah, institutes this action on behalf of the State of Utah and the People of the State in order to protect the State's sovereign interest in the health and economic interest of its residents and its own interests. The State of Utah is a sovereign State that is suffering and will continue suffering both imminent and substantial sovereign harms and financial injury directly traceable to Defendants' illegal gambling activities. The State is suffering quasi-sovereign harm relating to the hardships and damage Defendants' illegal gambling activities are causing to its citizens and affected resident businesses.

18. Defendant Kalshi, Inc. is a Delaware corporation having its principal place of business in New York, New York. Kalshi Inc. is the parent company of Defendants KalshiEx, LLC; Kalshi Klear, Inc.; Kalshi Klear, LLC; and Kalshi

Trading LLC (together, "Kalshi Subsidiaries"). Upon information and belief, Kalshi Inc. is a holding company for the Kalshi Subsidiaries and does not have independent business operations. Through the Kalshi Subsidiaries, Kalshi Inc. owns, controls, and operates the Kalshi Enterprise.

19. Kalshi Inc. was incorporated on November 15, 2018 by, or under the direction of Tarek Mansour and Luana Lopes Lara, who have had ownership interests in, and control of, Kalshi Inc. (and other Kalshi entities) since at least that date.

20. Defendant KalshiEx, LLC is a Delaware Limited Liability Company with its principal place of business at 594 Broadway, Suite 407, New York, New York, 10012. KalshiEX is a wholly owned subsidiary of Kalshi Inc. KalshiEx owns the Kalshi website (Kalshi.com) and Kalshi app through which it operates the Kalshi Enterprise's betting marketplace (the "Kalshi platform"). Through the Kalshi platform, residents of the State can engage in illegal gambling under the guise of trading "event contracts." KalshiEx makes gambling bets available through the Kalshi platform to residents of the State, markets its platform to potential bettors in the State, and accepts payments (including transaction fees) from bettors in the State.

21. KalshiEx. was formed on December 10, 2019 by, or under the direction of, Defendants Kalshi, Inc.

22. Defendant Kalshi Klear Inc., is a Delaware corporation with its principal place of business and headquarters located in New York, New York. Kalshi Klear Inc. is the parent company of Kalshi Klear LLC (together, "Kalshi Klear") and exists to support the clearing, settlement, and payout functions of the Kalshi Enterprise, including for Utah residents.

23. Kalshi Klear Inc. was formed on February 7, 2023 by, or under the direction of Defendant Kalshi, Inc.

24. Defendant Kalshi Klear LLC is a Delaware limited liability company with its principal place of business located in New York, New York (Kalshi Klear LLC lists its address for legal process as 594 Broadway #407, New York, New York, 10012—the headquarters of KalshiEx). Kalshi Klear LLC is a wholly owned subsidiary of Kalshi Inc. (through Kalshi Klear Inc.) and is affiliated with KalshiEx and Kalshi Trading LLC. Kalshi Klear LLC provides clearing, settlement, and payout functions for the Kalshi Enterprise, including for Utah residents.

25. Kalshi Klear LLC was formed on February 7, 2023 by, or under the direction of, Defendants Kalshi, Inc. and Kalshi Klear Inc.

26. Defendant Kalshi Trading LLC is a Delaware limited liability company with its principal place of business and headquarters in New York, New York. Kalshi Trading is a wholly owned subsidiary of Kalshi Inc. and acts as an in-house institutional counterparty as a "market maker" on the Kalshi platform by routinely taking positions opposite those taken by bettors placing gambling wagers, including

bettors located in Utah. As a market maker, Kalshi Trading is authorized to place "resting orders," which is an offer to retail bettors to enter into a bet at a specific price. According to Kalshi's website, "[e]very trade on Kalshi is a match between a market maker and a market taker."[10] By standing ready to accept and consistently taking the other side of public wagers as a regular business practice, Kalshi Trading ensures that wagers are always available for retail bettors and enables wagers to be placed and settled at scale. In doing so, Kalshi Trading accepts bets from members of the public as a business, participates in the proceeds of those wagers, and becomes entitled to receive money or other things of value when bettors' wagers lose. In substance and effect, Kalshi Trading operates as part of the wagering "house," enabling, sustaining, and profiting from the sports-wagering enterprise conducted through the Kalshi platform. Through this conduct, Kalshi Trading engages in bookmaking and functions as a bookmaker by unlawfully accepting gambling bets from members of the public, including Utah residents, based upon the outcomes of future contingent events.

27. Kalshi Trading, LLC was formed on January 19, 2021 by, or under the direction of, Defendants Kalshi, Inc.

28. On information and belief, the State alleges that Defendant Kalshi Inc. owns and controls KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, and Kalshi

[10] *Makers and Takers*, Kalshi News, accessed at https://news.kalshi.com/p/makers-and-takers.

Trading LLC, and that these entities operate as part of a single, integrated enterprise with centralized control over the Kalshi platform.

29. On information and belief, Kalshi subsidiaries share common officers and managers (including Tarek Mansour and Luana Lopes Lara), coordinate operations and personnel, and share systems and infrastructure used to operate, clear, settle, and monetize wagering activity on the Kalshi platform. To the extent applicable, the Kalshi entities function as alter egos and instrumentalities of one another with respect to the wagering enterprise described herein. Treating these Kalshi entities as wholly separate for purposes of the conduct at issue would promote injustice, elevate form over substance, and permit Defendants to avoid accountability for the integrated, unlawful operation of the Kalshi Enterprise.

30. Defendant Susquehanna Government Products LLLP is a Delaware limited liability limited partnership with its principal place of business and headquarters located in Bala Cynwyd, Pennsylvania. Susquehanna Government Products, LLLP is a member of the Susquehanna International Group of Companies. Beginning on or around April 3, 2024, Susquehanna Government Products, LLLP became Kalshi's first dedicated institutional market maker on the Kalshi platform.[11] Similar to Kalshi Trading, Susquehanna Government Products,

[11] *Kalshi Onboards Its First Dedicated Institutional Market Maker*, Businesswire, https://www.businesswire.com/news/home/20240403664852/en/Kalshi-Onboards-Its-First-Dedicated-Institutional-Market-Maker.

LLLP serves as an institutional market maker for Kalshi, creating, buying, and selling event contracts on the Kalshi platform. Through its agreement with the Susquehanna entities and other institutional market makers, Kalshi is able to provide wagers to retail bettors, including bettors in Utah, by routinely taking the opposite side of retail bettors' wagers, thereby helping to ensure that there are always bettors for each side of a wager. In substance and effect, Susquehanna accepts gambling wagers from members of the public, including from Utah residents, and profits from wagering activity conducted on the Kalshi platform.

31. Defendant Susquehanna International Group, LLP is a Delaware limited liability partnership with its principal place of business and headquarters located in Bala Cynwyd, Pennsylvania. Susquehanna International Group LLP is the parent company of all Susquehanna entities. Susquehanna is one of the largest proprietary trading firms and market-making firms in the world. As relevant here, through Defendant Susquehanna Government Products LLLP or on its own behalf, Susquehanna International Group, LLP acts as a "market maker" on the Kalshi platform (similar to Kalshi Trading) and thereby serves as an institutional counterparty for retail bettors on the Kalshi platform, routinely taking positions opposite retail bettors' gambling wagers, including wagers placed by Utah residents.

PUBLIC INTEREST

32. This action is in the public interest of the citizens of the State of Utah and is brought pursuant to the authority conferred on the Utah Attorney General under the common law and statutes of Utah.

33. The Honorable Derek Brown, Utah Attorney General, has determined that Kalshi's gambling operations is causing a substantial ongoing harm to a significant number of the citizens of Utah.[12] This action seeks, on behalf of the State of Utah and its citizens, legal and equitable relief to redress injury and damage, as well as injunctive relief seeking an end to all the Defendants' illegal gambling activity. The State of Utah has both a sovereign and a quasi-sovereign interest in enforcing its laws and protecting the well-being of the citizens of the State of Utah who have been, are, or may be affected by gambling.

FACTUAL ALLEGATIONS

34. Since its founding in 1896 the State of Utah has prohibited gambling within its borders through a constitutional prohibition. Utah Const. art. VI, § 27. Consistent with this constitutional prohibition, the Utah Code criminalizes activities related to gambling, including "participating in gambling," "permitting gambling," "online gambling promotion," "general gambling promotion," and "gambling fraud." *See* Utah Code §§ 76-9-1401 *et. seq*.

[12] https://attorneygeneral.utah.gov/public-nuisance-gambling-declaration.

35. Despite these longstanding prohibitions, the Kalshi Enterprise has intentionally and knowingly entered the Utah market and offered its gambling bets to the Utah public.

I. Kalshi's Gambling Operations

A. Kalshi Launches as a Betting Platform for Financial Instruments

36. The Kalshi Enterprise was co-founded by Tarek Mansour and Luana Lopes Lara in 2018.[13] From its inception, the Kalshi Enterprise has promoted itself as a novel "financial exchange" through which people can "trade in the domain of every day."[14]

37. In reality, the Kalshi Enterprise is a gambling company.

38. The Kalshi Enterprise formally launched its online platform in July 2021 with event contracts focused on topics like inflation, Consumer Price Index, unemployment, and macroeconomic benchmarks. These initial offerings were framed in financial terms, but structured and priced like common gambling bets.

39. Kalshi allows its users to place bets on real-world events by purchasing "event contracts" through its platform through its website, Kalshi.com, and through its mobile application on the Android and iOS (Apple) platforms.[15]

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[13] *About Kalshi*, https://kalshi.com/about.

[14] *Id.*

[15] See Declaration of Brian H. Blake at ¶ 2, attached as Exhibit A.

40. Each bet or "event contract" allows a user to put their money on the line for or against a particular outcome for a fixed return.

41. "Event contracts" are structured as binary options: bettors buy "Yes" or "No" positions on whether an event will occur ("Yes") or will not occur ("No"). They receive a fixed payout if they are correct, but retain nothing of value (and lose the amount they paid to take a position) if they are incorrect.[16]

42. Kalshi describes itself as a prediction market because each wager's price (ranging from $0.01 to $0.99) is determined based on the total volume of "Yes" and "No" wagers purchased, which according to Kalshi, reflects "the collective sentiment of its users regarding the likelihood of an event . . . ."[17]

43. Kalshi claims this "dynamic pricing model" "directly correlates with the market's perceived probability of a specific event occurring," which provides for "real-time fluctuations in contract prices, ensuring that they accurately reflect the consensus opinion of the market participants."[18]

44. As the perceived likelihood of a "Yes" outcome increases (*i.e.*, more people have purchased the "Yes" option in an event contract), the corresponding "Yes" contract price increases. Conversely, the contract price for "No" will increase

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[16] *About Kalshi*, https://kalshi.com/about.

[17] *How Are Prices Determined?*, https://help.kalshi.com/en/articles/13823836-how-are-prices-determined.

[18] *Id.*

as the perceived likelihood of a "No" outcome increases, and the contract price for "Yes" will fall.[19]

45. Once the event occurs, Kalshi settles the wager at $1 for the correct outcome and $0 for the incorrect one.[20]

46. For example, wagering on 100 "Yes" event contracts for a certain event to take place at a cost of 30 cents each (for a $30 bet)—plus any applicable transaction fee—would result in a payout of $1 per contract, or $100 (netting $70 minus fees) if correct. If incorrect, the bettor loses the original $30 that was bet.[21]

47. For most wagers, Kalshi charges a varying transaction fee, charging more for the most uncertain events. That is, $0.50 wagers have the greatest fees, amounting to approximately 2 cents per contract.[22]

48. Bettors deposit funds into their Kalshi account and use those funds to wager on event contracts. Any return on a successful wager will remain in the bettor's Kalshi account until they choose to withdraw it. Kalshi charges a fee for certain deposit and withdrawal methods.[23]

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[19] Ex. A at ¶¶ 3-7.

[20] *Id*. at ¶ 8.

[21] *Id*. at ¶ 9.

[22] *Kalshi Fee Schedule*, https://kalshi.com/docs/kalshi-fee-schedule.pdf.

[23] Ex. A at ¶¶ 9-11.

49. Kalshi matches bettors on opposite sides of the event contract (the "yes" and the "no") so that the combined investment from both bettors equals $1.[24]

50. If the price changes, bettors may "sell" their wager before the event takes place.

51. As part of the Kalshi Enterprise, Kalshi Trading LLC, fills a role similar to that of the house in a classic gambling operation by acting as a market maker on its platform. It supplies liquidity by placing both buy and sell orders for event contracts, ensuring that bettors can wager at nearly all times. It takes opposing positions, absorbs imbalances in bettor demand, establishes the price it is "willing to pay," and profits from price movements. For example, suppose Kalshi offers a wager asking, "Will the Detroit Tigers win their game on Friday?" A retail bettor might want to wager on 100 "Yes" shares at 65 cents each, expecting the Tigers to win. Kalshi Trading (or another institutional "market maker") would act as the opposing side to those 100 "Yes" wagers ("every trade on the platform [i]s a deal taking place between two participants: a 'maker' and a 'taker'").[25]

52. Another part of the Kalshi enterprise are the Kalshi Klear entities. Kalshi Klear acts as a "clearinghouse" that finalizes and settles event-contract wagers. Kalshi Klear is responsible for determining outcomes, issuing payouts, and

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[24] *Id*. at ¶ 13.

[25] *Who Are You Trading With?*, https://help.kalshi.com/en/articles/13823808-who-are-you-trading-with.

processing the movement of funds between bettors once an event is resolved. It functions entirely within Kalshi's corporate structure and does not serve as an independent intermediary. This arrangement allows the Kalshi Enterprise to control each stage of the wager. Kalshi writes the rules for the contract, determines the basis for settlement, and oversees the payment process.

53. Kalshi's use of its own clearing agent reveals that the company is not merely providing a platform for third-party trading. It is administering a closed-loop wagering system, where it creates the games, handles the bets, and pays out the winners.

B. Kalshi Begins Offering Traditional Gambling Bets

54. Although Kalshi initially offered only wagers tied to traditional financial instruments, its attempted distinction between event contracts and gambling wagers has collapsed as it has embraced wagers in areas traditionally offered by sportsbooks.[26]

55. Specifically, in 2024, the Kalshi Enterprise began offering wagers related to elections.[27]

56. Then, in January 2025, the Kalshi Enterprise announced the launch of sports "trading," with a nationwide marketing campaign, encouraging the public to "view live sports (and bet)" on its platform. In these advertisements, Kalshi stated

[26] Ex. A at ¶¶ 15-24.

[27] *Id*.

that it offered "[l]egal sports markets, accessible to Americans in all 50 states" and encouraged bettors to bet on sports through phrases such as "[b]et on the NFL, Legal in 50 states."[28]

57. The types of event contract wagers Kalshi now offers are numerous and increasing regularly. For example, related solely to this year's Superbowl, Kalshi encouraged users to bet on the following: which song Bad Bunny would open his halftime show with, whether an announcer would say "tush push" during the broadcast, whether the band Green Day would say "MAGA" or "Make America Great Again" during the game's opening ceremonies, whether Bill Gates would attend the game, and whether Sydney Sweeney would show up in a Superbowl commercial.[29]

58. The "event contracts" offered on Kalshi are indistinguishable from the format of bets offered through any sportsbook. For example, Kalshi offers

[28] *Id*.

[29] *Super Weird: 5 of the Strangest 'Big Game' Markets on Kalshi*, https://news.kalshi.com/p/strangest-big-game-football-markets-kalshi (last accessed April 1, 2026).

proposition (or "prop") bets,[30] parlays,[31] moneyline betting,[32] spread betting,[33] and over/under bets.[34]

59. Below is a screenshot taken from Kalshi.com that illustrates how Kalshi's bets are presented:

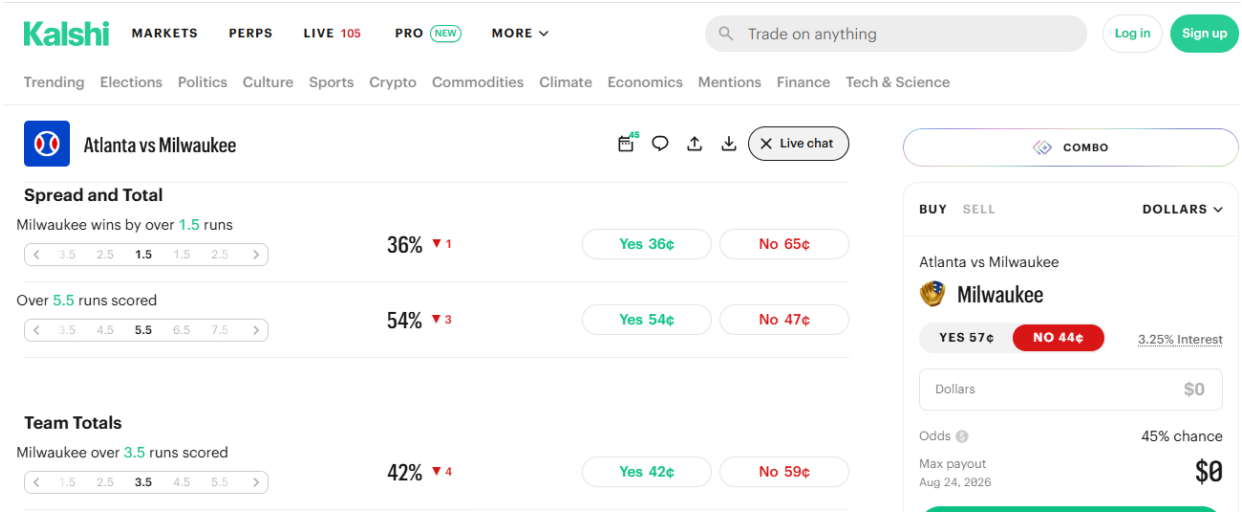
[30] *See, e.g.* https://kalshi.com/category/sports/all-sports/all/props (Kalshi website offering subcategory for "Sports – Props"); *see also Proposition Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Proposition bets are wagers made on a very specific outcome of a match not related to the final score, usually of a statistical nature.").

[31] *See, e.g.*, https://kalshi.com/category/sports/all-sports/all/combo (Kalshi website offering subcategory for "Sports – Combo"); *see also Parlay*, Wikipedia, https://en.wikipedia.org/wiki/Parlay (last accessed on April 3, 2026) ("A parlay, accumulator . . . , combo bet, or multi is a single bet that links together two or more individual wagers, usually seen in sports betting.").

[32] S*ee*, *e.g.*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indcha (offering a moneyline contract on which team would win); *Moneyline Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Moneyline bets do not have a spread or handicap, and require the chosen team to win the game outright.").

[33] *See, e.g.* https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indchaand (offering a spread contract on whether Charolotte would win "by over 16.5 points"); *Spread Betting*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Spread betting are wagers that are made against the spread . . . . The spread, or line, is a number . . . which handicaps one team and favors another team when two teams play each other and one is perceived as being more likely to win.").

[34] *See, e.g.*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indcha (offering total bet on whether the teams would combine for "over 233.5 points scored); *Total (Over/Under) Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Total (Over/Under) bets are wagers made based on the total score between both teams.").



60. Kalshi often offers a variety of these bet types for a single event. For example, earlier this year Kalshi offered wagers on whether the Los Angeles Lakers would beat the Oklahoma City Thunder on April 2, 2026; whether the Thunder would win by over 9.5 points; whether the Thunder would score over 105.5 points in the game; and whether Lebron James would score more than 10 points in the game (to name only a few of the bets offered related to this event).[35]

61. On its website, Kalshi groups its offered wagers by category, including categories for "Elections," "Politics," "Culture," "Sports," and "Mentions," among others.[36]

[35] *See Los Angeles L at Oklahoma City*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr02lalokc (last accessed Apr. 2, 2026).

[36] https://kalshi.com/ (last accessed Sept. 15, 2026).

62. At any given time, Kalshi offers thousands of wagers in each wager category.[37]

63. For example, from June to August of 2026, the Kalshi Enterprise maintained approximately 100,000 to 300,000 open wagers (or "markets" in Kalshi's terminology) each day.[38] During that same time, the Kalshi Enterprise facilitated the wagering of approximately $500 million to $2 billion per day (with the vast majority of the money gambled placed on sports wagers).[39]

64. Based on currently available data, the Kalshi Enterprise has offered more than 600,000 wagers in a single day.[40] Based on available data, it appears that the Kalshi Enterprise has offered millions of specific wagers, with billions of individual bets having been made based on those offered wagers.

1. Election Wagers

65. Kalshi offers "Elections" wagers. Kalshi's "Elections" wagers allow bettors to place bets on which nominees will win a particular election, on whether a particular referendum would pass, or on how many Senate seats Republicans will hold after the midterms. As an example, on October 14, 2026, Kalshi's "Elections"

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[37] *Id.*

[38] *Prediction Markets Trading Data*, The Block, https://www.theblock.co/data/decentralized-finance/prediction-markets.

[39] *Id.*

[40] *Id.*

category listed "3,607" wager events.[41] Wagers Kashi is offering or has offered include the following:

a. "Midterms: House popular vote margin of victory? (Generic ballot)";

b. "Will Mitch McConnell resign his office before the midterms?"

c. "UT-02 House winner?"

d. "Closest Senate race this year?"

e. "Blue wave this year?"[42]

f. "Blue tsunami this year?"[43]

g. "What will NYC subway average weekday ridership be in October 2026?"

h. "Which state will vote first in the 2028 Democratic presidential primary?"

i. "Brazil Presidential election: first round winner?"

j. "Who will officially lead Venezuela at the end of 2026?"

k. "Deportations this year?"

l. "Will Dan Bilzerian concede?"

m. "Will the California billionaire wealth tax pass?"

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[41] Ex. A at ¶ 25. Many wager "events" offered on Kalshi's platform include multiple wagers. For example, as of August 20, 2026, the wager event "2028 U.S. Presidential Election winner" included 30 individual Yes/No wagers (1 wager for each of the 30 listed potential presidential candidates).

[42] This wager is structured as a parlay or combo bet and results in a "Yes" result "if all the following occur: Democrats hold 218 or more seats in the House after the 2026 midterms AND Democrats hold 49 or more seats in the Senate after the 2026 midterms." https://kalshi.com/markets/kxbluewavecombo/will-there-be-a-blue-wave/kxbluewavecombo-27feb.

[43] This wager is structured as a parlay or combo bet and results in a "Yes" result "if all the following occur: Democrats hold 235 or more seats in the House after the 2026 midterms AND Democrats hold 51 or more seats in the Senate after the 2026 midterms." https://kalshi.com/markets/kxbluetsunamicombo/will-there-be-a-blue-tsunami/kxbluetsunamicombo-27feb.

n. "Ceara gubernatorial election winner?"
o. "How many states will adopt data center moratoriums this year?"
p. "Who will be the top ActBlue fundraiser Friday?"
q. "Who will be the next new Speaker of the House?"[44]

2. Politics Wagers

66. Kalshi also offers wagers in a "Politics" category. This category provides a wide variety of wagers related (sometimes loosely) to politics and the law, including bets on approval ratings, whether specific individuals will be arrested, which cases the Supreme Court will agree to hear, whether judges or justices will retire, and whether certain laws will be passed by legislatures. On October 14, 2026, Kalshi's "Politics" category listed "721"[45] wager events. Wagers Kashi is offering or has offered include the following:

a. "Will Trump be impeached?"
b. "Trump's approval rating Friday?"
c. "Trump Truth Social posts this week? (8/16-8/22)"
d. "Which leaders will leave office this year?"
e. "Will Donald Trump attend UFC 332?"
f. "When will Trump's Press Secretary be announced?"
g. "Who will be arrested this year?"
h. "When will Justice Alito retire from the Supreme Court?"

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[44] Ex. A at 26. The wagers identified in this and other categories consist of both "open" (betting is still open and the event has not occurred) and "closed" (betting is closed and the event has already occurred) wagers.

[45] It appears that Kalshi offers some wagers under more than one category. So, for example, there may be overlap between the wagers offered in the "Elections" category with the wagers offered in the "Politics" category.

i. “Who will be the next Supreme Court justice?”

j. “What cases will the Supreme Court agree to hear this year?”

k. “Will the Supreme Court bar Boulder’s state-law climate claims against Suncor and Exxon?”

l. “Will Yale settle with DOJ over Law School admissions?”

m. “Will the SCOTUS hear a case about flag burning before 2027?”

n. “Will the Clarity act become law?”

o. “Will Daylight Saving Time become permanent?”

p. “Government shutdown on Oct 1, 2026?”

q. “Which Senators will vote for the Clarity Act?”

3. Culture Wagers

67. Kalshi also offers wagers in a “Culture” category. This category provides a wide variety of wagers related to “Movies,” “Music,” “Awards,” “Collectibles,” “Video games,” “People,” and “Television” among others. On August 20, 2026, Kalshi’s “Culture” category listed “751” wager events. Wagers Kashi is offering or has offered include the following:

a. “Insidious: Out of the Further – Rotten Tomatoes score”

b. “#2 US Netflix Show this week?”

c. “Kim Kardashian and Lewis Hamilton: Engaged this year?”

d. “Blake Lively and Taylor Swift seen together in public this year?”

e. “Oscar Winner: Best Picture”

f. “Who will headline Coachella 2027?”

g. “Bill Belichick and Jordon Hudson: Married before 2027?”

h. “#1 searched person on Google this year”

i. “Next James Bond film: Actor case as James Bond”

j. “Call her Daddy: Cancelled this year?”

k. “Hermes Birkin: Highest auction sale price this year”

l. "Dave Portnoy: Score any pizza place a 9.0 or higher this year?"[46]

4. Mentions Wagers

68. Kalshi also offers wagers in a "Mentions" category. This category provides wagers on whether particular words or topics will be mentioned during particular events or on particular platforms. On August 20, 2026, Kalshi's "Mentions" category listed "100" wager events. Wagers Kashi is offering or has offered include the following:

a. Will President Trump say any of the following "at today's investment announcement?":
   i. "Arizona"
   ii. "Chip"
   iii. "Howard / Lutnick"
   iv. "Gold Card"
b. Will Mike Vrabel (coach of New England Patriots) say any of the following "during his Press Conference?":
   i. "Apologize / Apologized"
   ii. "Eliot / Wolf"
   iii. "Dianna / Russini"
   iv. "Counseling"
   v. "Step Down"
   vi. "Drake"
c. Will Melania Trump say any of the following "during her IndyCar announcement"?:
   i. "Donald"
   ii. "Race / Racing"

[46] Ex. A at ¶ 27.

iii. "Education"[47]

5. Sports Wagers

69. By far, Kalshi's most popular category of betting is its "Sports" category. Just like a traditional sportsbook, Kalshi offers various forms of sports wagers, including proposition (or prop) bets, parlays (or combo bets), Moneyline bets, spread bets, and over/under bets. And Kalshi offers wagers related to a wide variety of sporting events in every major sport, including at the college level. Kalshi regularly offers wagers related to sporting events involving Utah teams and players.[48]

70. Approximately 80–90 percent of wagers placed through the Kalshi Enterprise are on sporting events or are sports related, although it varies by the day.[49] For example, on July 19, 2026, sports accounted for $1.59 billion of the $1.9 billion gambled on Kalshi's platform (approximately 83 percent).

71. Since the Kalshi Enterprise began offering Sports wagers in 2025, its gambling operation has drastically expanded. For example, on July 19, 2025,

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[47] Ex. A at ¶ 28.

[48] *Id*. at ¶ 29.

[49] *Is Sports Now Only 70% of Kalshi's volume? Not Really.*, https://nexteventhorizon.substack.com/p/is-sports-now-only-70-percent-of-kalshi-volume; *Trading Volume on Prediction Markets Has Soared in Recent Months*, https://www.pewresearch.org/short-reads/2026/05/27/trading-volume-on-prediction-markets-has-soared-in-recent-months/ (sports have made up 80 per cent of volume since July 2024).

bettors placed $31.79 million in bets (with $28.32 million or 89 percent on sports wagers). Just one year later, as noted above, bettors placed $1.9 billion in bets.

72. Examples of sports wagers offered by Kalshi include the following:

a. Whether the Utah Royals would win an August 21, 2026 game against the San Diego Wave FC.

b. Whether the University of Utah football team would win more than 5 games in the 2026 college football season.

c. Whether Kalani Sitake will win the award for college football coach of the year.

d. Whether AJ Dybantsa will win the award for NBA Rookie of the Year.

e. Whether the play-by-play or color commentators would say "Tush Push" during the 2026 NFL championship game.

f. Whether the Utah Valley University men's basketball team would win a March 7, 2026 college basketball game against the Utah Tech men's basketball team.

g. Whether the Utah Valley University men's basketball team would win the March 7, 2026 college basketball game (see above) by more than 3.5 points.

h. Whether the two college basketball teams playing the March 7, 2026 college basketball game (see above) would collectively score over 147.5 total points.

i. Whether Precious Achiuwa would record 10 or more points in a Utah Jazz basketball game against the Sacramento Kings on March 15, 2026.

j. Whether the Richmond men's lacrosse team would win an April 24, 2026 college lacrosse game against the High Point men's lacrosse team.

k. Whether all of the following would occur in a April 18, 2026 professional basketball game between the Denver Nuggets and Minnesota Timberwolves: Jamal Murray would make 2 or more three-point shots, record 4 or more assists, and score 20 or more points; Nikola Jokic would record 6 or more assists, score 25 or more points, and record 10 or more rebounds; Julius Randle would record 2 or more assists and score 10 or more points; Aaron

Gordon would record 10 or more points and record 2 or more rebounds; Rudy Gobert would record 8 or more rebounds; and the Denver Nuggets would win the game.

l. Whether Chris Gotterup would be the leader of the BMW Championship at the end of Round 1.

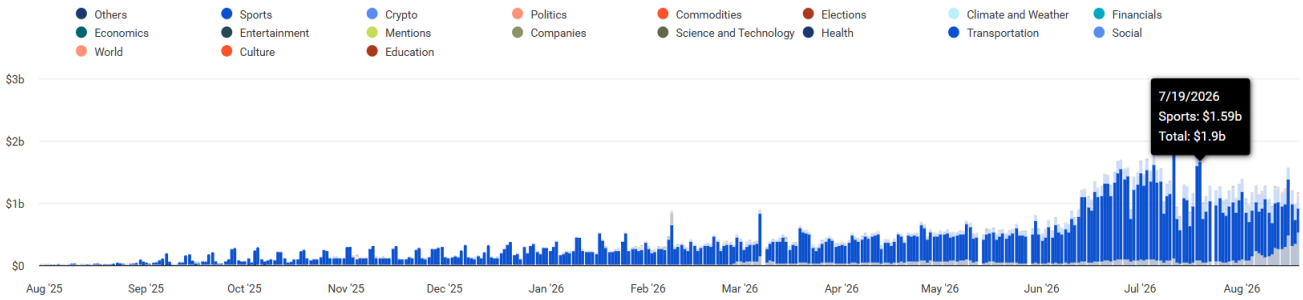
m. Whether the Baltimore Orioles or the New York Yankees would score a run in the first inning of a game played on August 20, 2026.

n. Whether Francesinhas wins the LPLOL 2026: ZeroZone Gaming vs. Francesinhas League of Legends match originally scheduled for Aug 20, 2026 at 4:00 PM EDT.

o. Whether a Los Angeles professional sports team will win at least 1 league championship by July 1, 2030.[50]

73. Unsurprisingly, total betting volume has surged dramatically in the last year. In fact, during this summer's FIFA World Cup alone, Kalshi reportedly took in $40 billion in wagers.

74. The following chart depicts the past 12 months (from August) of Kalshi's daily betting volume (segregated by betting category):



[50] Ex. A at ¶ 30.

75. This surge in gambling bets has pushed the Kalshi Enterprise's reported annualized revenue to $4 billion.

76. During Kalshi's last completed funding round (in May 2026), individuals and entities contributed an additional $1 billion to the Kalshi Enterprise to help fuel the growth of Kalshi's gambling operations. At the time, Kalshi was valued at $22 billion.

II. The Roles of the Members of Kalshi's Gambling Enterprise.

77. As mentioned above, the Kalshi Enterprise includes multiple entities and individuals that work together to duplicate the operations of a traditional sportsbook.

C. The Role of the Kalshi Entities

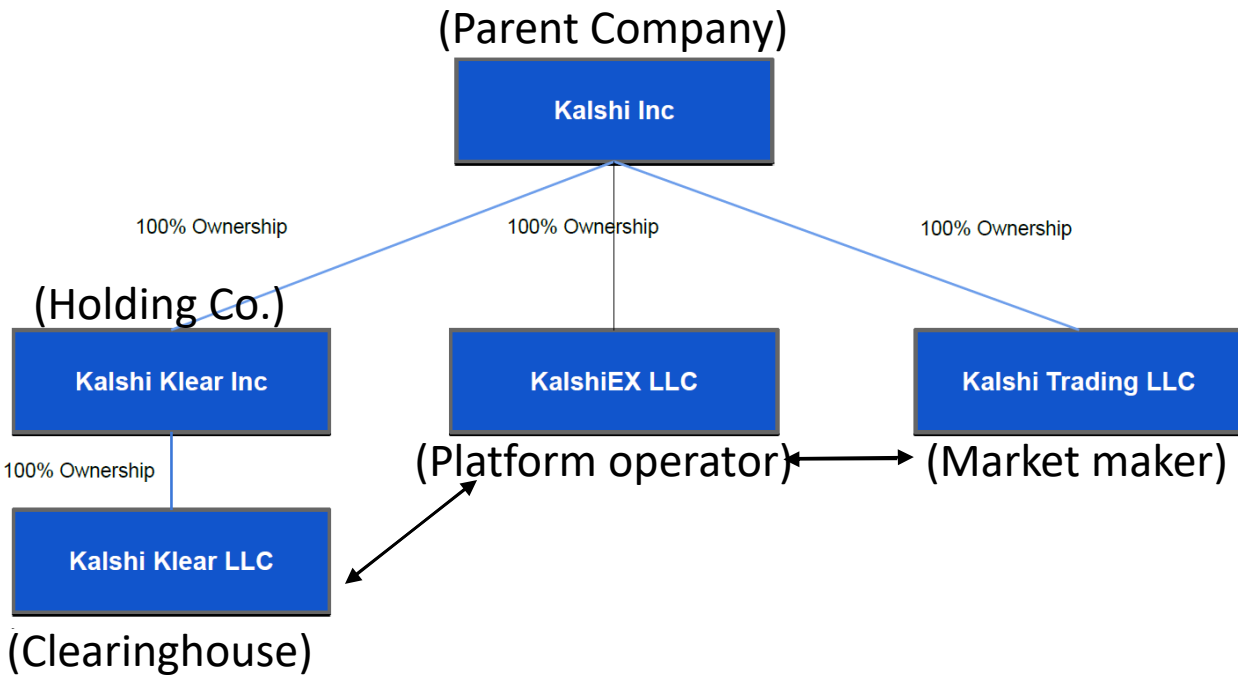
78. At the center of the Kalshi Enterprise is Defendant Kalshi, Inc. Kalshi Inc. is the parent company of the Kalshi Subsidiaries (Defendants KalshiEx, LLC; Kalshi Klear, Inc.; Kalshi Klear, LLC; and Kalshi Trading LLC).

79. Under Kalshi, Inc.'s direction and control, Kalshi Ex, LLC operates the betting platform, accessible through Kalshi.com and the Kalshi app.

80. Kalshi Klear, LLC (which is wholly owned by the holding company, Kalshi Klear, Inc.) acts as the clearinghouse for the betting platform by determining outcomes, issuing payouts, and processing the movement of funds between bettors once an event is resolved.

81. Kalshi Trading LLC acts as a "market maker" on the platform. Kalshi Trading is an active participant in gambling by placing bets on both sides of wagers (ensuring that bettors can wager at nearly all times and absorbing imbalances in bettor demand) and by establishing the price it is "willing to pay" (or "line" for the bet). According to Kalshi's website, the market maker "is the first one to the table: they declare a side they're willing to buy (Yes or No), how much they're willing to pay, and how many contracts they are looking to buy at that price."[51] Kalshi Trading profits from price movements and when users lose their bets.

82. The relationship between Kalshi, Inc. and the Kalshi Subsidiaries is as follows:



[51] *Who Are You Trading With?*, Kalshi.com, https://help.kalshi.com/en/articles/13823808-who-are-you-trading-with?q=how+price.

D. The Role of the Kalshi Affiliate Entities

83. The Kalshi Enterprise also includes affiliated entities that are not formally in a subsidiary relationship with Kalshi, Inc. These include Defendants Susquehanna International Group, LLP and Susquehanna Government Products LLLP; Robinhood Derivatives LLC (together, the "Kalshi Affiliates" or "Kalshi Affiliate Entities").

84. Defendants Susquehanna International Group, LLP and Susquehanna Government Products LLLP act as "market makers" on the Kalshi platform, filling the same role, and participating in betting in the same way, as Defendant Kalshi Trading, LLC.

III. Kalshi Offers Illegal Gambling Bets in Utah.

85. As noted above, the Kalshi Enterprise formally launched its online platform in July 2021 with event contracts focused on topics like inflation, Consumer Price Index, unemployment, and macroeconomic benchmarks.

86. Then, in 2024, Kalshi began offering its Election and Politics wagers.

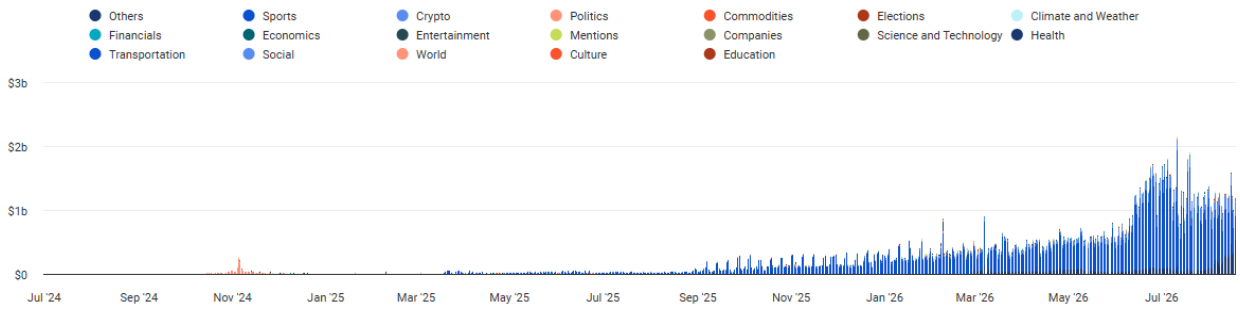
87. In January 2025, Kalshi began offering its Sports wagers.

88. And in November 2025, it began offering Mentions wagers.

89. At some point, Kalshi also began offering its Culture wagers. Kalshi's Election, Politics, Sports, Mentions, and Culture wagers are collectively herein referred to as "Illegal Wagers" or "Illegal Bets."

90. To this day, Kalshi continues to offer its Illegal Wagers within Utah.

91. As the following graph shows (Kalshi daily USD volume per category), before Kalshi began offering Election wagers in November 2024, relatively little money was bet on the Kalshi platform each day:



92. However, in November 2024 (around the time of the 2024 election), there was a spike in politics-related wagers. Then, beginning in 2025, there has been a steady increase in Sports-wagers activity on the platform, with a sharp increase in activity in July 2026 during the 2026 FIFA World Cup.

93. Indeed, as of the end of July 2026, more than $173 billion had been bet on Kalshi's platform over its lifetime, with $148 billion of that amount having been bet in approximately the first seven months of 2026 alone (approximately 85 percent of Kalshi's all-time activity).[52]

94. According to a non-party Kalshi affiliate, more than $319 billion has been bet on Kalshi over the platform's lifetime (from June 30, 2021 to October 19,

[52] *See Kalshi's 2026 Trading Volume Tops $148B, Making Up 85% of All-Time Activity*, https://digitaltokenupdate.com/kalshis-2026-trading-volume-tops-148b-making-up-85-of-all-time-activity/?utm_source=chatgpt.com (last accessed on August 21, 2026).

2026), with $307.2 billion having been bet over the last 12 months (over 96 percent of Kalshi's all-time activity).[53]

95. Of this all-time activity, $219.8 billion has been bet through Sports wagers ($212 billion in the last 12 months); $5.1 billion has been bet through Politics and Elections wagers ($3.2 billion in the last 12 months); $1.2 billion has been bet through Culture wagers ($960.3 million in the last 12 months); and, upon information and belief, $49.5 billion has been bet through Mentions wagers (all in the last 12 months).[54]

96. Because each wager (or event contract) offered by Kalshi adds up to $1, this means that over 307.2 billion individual wagers have been offered and accepted through Kalshi's platform over the last 12 months and over 319 billion wagers have been offered and accepted since July 2021 (as of October 19, 2026). Approximately

[53] *Prediction Markets Volume Distribution*, Predictions.Paradigm.xyz, https://predictions.paradigm.xyz/?view=kalshi&start=2021-06-30&end=2026-08-28&basis=volume.

[54] Although Paradigm does not allocate the $49.5 billion in "unknown" bets to specific categories, Paradigm's data did not appear to include data for "mention markets." Significantly, all the bets placed in the "unknown" category in Paradigm's data were all placed in the last year. Because Kalshi began offering mention-market bets within the last 12 months (beginning in November 2025), it appears that this $49.5 billion in "unknown" bets are attributable to Mentions wagers, most of which are sports-, politics-, and entertainment-related. After redistributing the $49.5 billion in "unknown" bets proportionally to sports, politics and elections, and culture, Paradigm's data aligns with other sources that report that between 80 and 90 percent of Kalshi's volume is related to sports.

275.6 billion of those wagers have been Sports, Politics, Elections, Culture, or Mentions wagers (Illegal Wagers).

97. Despite Utah's criminal prohibition of gambling in all forms, at all times in Kalshi's history, Kalshi has offered (through its platform) its gambling bets to people in Utah.[55]

98. In fact, in a February 25, 2026 court filing, Kalshi's "Head of Markets" testified that as of the date of the filing there were 55,819 accounts on Kalshi that had registered with a Utah address, with 32,940 of those accounts having fully completed sign-up (which requires submission of the bettor's name, address, a social security number, government issued ID, and date of birth).[56]

99. According to the Head of Markets, on February 25, 2026, these Utah-based accounts had entered into more than five million wagers ("meaning Utah users ha[d] over five million dollars' worth of open positions on Kalshi markets").

100. On February 25, 2026, Kalshi had approximately $451.29 million worth of open positions.[57]

101. So, as of February 25, 2026, approximately 1.11 percent of open wagers on Kalshi involved Utah accounts.

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[55] Ex. A at ¶ 37.

[56] *See* Declaration of Xavier Sottile at ¶ 31, attached as Exhibit B.

[57] *Prediction Markets Trading Data*, The Block, https://www.theblock.co/data/decentralized-finance/prediction-markets/kalshi-daily-open-interest.

102. If this share of gambling from Utah accounts on Kalshi has remained constant over Kalshi's lifetime, that means that as of October 19, 2026 there has been more than 3,059,160,000 Illegal Wagers placed by Utah accounts.[58]

103. Based on the rapid increase in volume on the Kalshi platform, the actual volume attributable to Utah accounts is likely much greater.[59]

IV. Kalshi Profits from Illegal Gambling in Utah.

104. As discussed above, the Kalshi Enterprise makes money from wagers placed on its platform in at least two ways.

105. First, it takes a fee for each wager placed. The fees Kalshi takes range from $0.01 to $0.02 per wager.

106. Based on these calculations, Kalshi has made between $30,591,600 and $61,183,200 in fees from Illegal Wagers placed by Utah accounts as of October

[58] These numbers are estimates based on publicly available information, including information provided by Kalshi regarding Utah accounts on its platform. The actual number of bets placed by Utah accounts is within Kalshi's possession and could be more or less than these estimates. *See also Prediction Markets Volume Distribution*, Predictions.Paradigm.xyz, https://predictions.paradigm.xyz/?view=kalshi&start=2021-06-30&end=2026-08-28&basis=volume.

[59] *See Kalshi's 2026 Trading Volume Tops $148B, Making Up 85% of All-Time Activity*, https://digitaltokenupdate.com/kalshis-2026-trading-volume-tops-148b-making-up-85-of-all-time-activity/?utm_source=chatgpt.com (last accessed on August 21, 2026) (2026 activity has already surpassed 2025 activity by more than 6.2 times, even with nearly five months remaining in the calendar year). Kalshi does not publicly disclose state-by-state data.

19, 2026—a number that is increasing each day in which the Kalshi Enterprise operates in the State.

107. Second, the Kalshi Enterprise makes money, as a participant in the wagers, when it wins.

108. According to one July 2026 report, only 0.1 to 1 percent of bettors actually make a profit through prediction markets. These net winners are sophisticated, institutional bettors, including "market makers" approved by the Kalshi Enterprise to establish the terms of the bets offered on Kalshi's platform. From its launch in 2021 to May 2026, ordinary (non-institutional) bettors have lost $583.5 million on the Kalshi platform, with $371.6 million of those losses coming from sports wagers and another $100.4 million coming from "exotics," which include traditional types of sports betting such as parlays.[60] (Another report estimated that retail bettors have lost approximately $117 million from January 1, 2026 through April 30, 2026 on parlay bets alone.[61]) The remaining losses come from other categories, such as politics, mentions, and entertainment.[62]

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[60] *Since Kalshi's Launch, Ordinary Users Have Lost Half a Billion Dollars*, Roosevelt Institute, https://rooseveltinstitute.org/blog/since-kalshis-launch-ordinary-users-have-lost-half-a-billion-dollars/?utm_source=chatgpt.com.

[61] *Kalshi Retail Bettors Have Lost $100m + On Parlays This Year*, Sportico, https://www.sportico.com/business/sports-betting/2026/kalshi-parlays-retail-bettor-losses-rfq-1234894471/; *See also The House Always Wins, Even on House-less Kalshi*, The American Prospect, https://prospect.org/2026/08/26/house-always-wins-kalshi-prediction-markets/.

[62] *Since Kalshi's Launch, Ordinary Users Have Lost Half a Billion Dollars*, Roosevelt Institute, https://rooseveltinstitute.org/blog/since-kalshis-launch-

109. Until May 2026, Kalshi provided information about transactions on its platform to the public through its official data partner (Dune). However, following negative reports regarding retail losses on Kalshi, Dune restricted access to available data, charging approximately $40,000 per year to access the previously public data.[63]

110. According to the Kalshi Enterprise, there are nearly three times (2.9x) as many account holders losing money than account holders making money on its platform.[64]

111. Upon information and belief, the Kalshi Enterprise has profited significantly from bettors' losing wagers on its platform, including from Illegal Wagers made by Utah residents. If the losses suffered by retail Utah bettors are proportional to the estimated losses of all retail bettors on the Kalshi platform ($583.5 million), then the Kalshi Enterprise has received at least $5.5 million in gambling profits from Utah residents as of May 2026.

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ordinary-users-have-lost-half-a-billion-dollars/?utm_source=chatgpt.com; *The Microstructure of Wealth Transfer in Prediction Markets*, Jonathan Becker, https://www.jbecker.dev/research/prediction-market-microstructure (Market makers disproportionately profit from prediction markets).

[63] *Kalshi Partner Puts Parlay Loss Data Behind $40,000 Paywall*, Sportico, https://www.sportico.com/business/sports-betting/2026/kalshi-parlay-data-research-dune-access-1234901298/.

[64] *Why Almost Everyone Loses—Except a Few Sharks—on Prediction Markets*, The Wall Street Journal, https://www.wsj.com/finance/investing/polymarket-kalshi-betting-profits-prediction-markets-eb23ac11.

V. Kalshi Markets Its Gambling Bets in Utah.

112. To grow its gambling operation, the Kalshi Enterprise has aggressively marketed its platform nationwide, including in Utah.[65]

113. Beginning in September 2024, Kalshi advertised its election wagers through billboards, online, and through television, urging people to "Bet on the US election."[66]

114. On November 2, 2024, Kalshi published an article on its website instructing people how to bet on the elections.[67] This article was, and remains, accessible in Utah. Kalshi has also published other articles instructing people how to place wagers on the Kalshi platform.[68]

115. Kalshi also advertised its Election wagers through its social media accounts, which were accessible in Utah. Below is an X post (formerly Twitter) from the official Kalshi account on October 16, 2024 encouraging people to "bet on the election":

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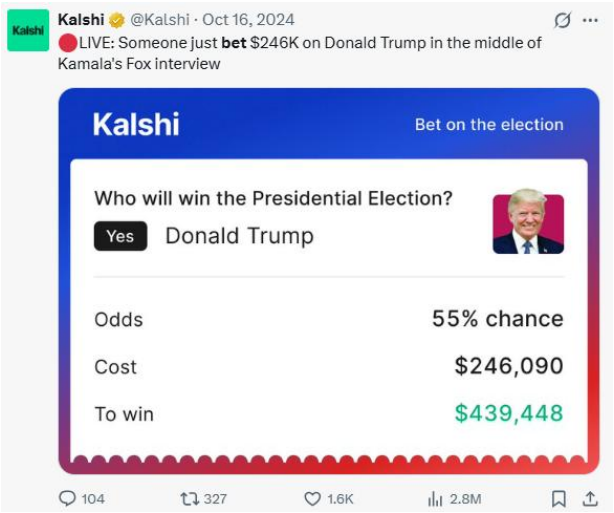
[65] Ex. A at ¶ 38.

[66] *Americans Bet $100 Million on Trump v. Harris, But at What Cost?*, NPR, https://www.nprillinois.org/2024-10-30/americans-bet-100-million-on-trump-v-harris-but-at-what-cost.

[67] *How to Trade on the Elections*, Kashi.com, https://news.kalshi.com/p/how-to-bet-on-elections.

[68] Ex. A at ¶¶ 39-43.



116. Kalshi has also advertised its platform as a way to "bet on anything":

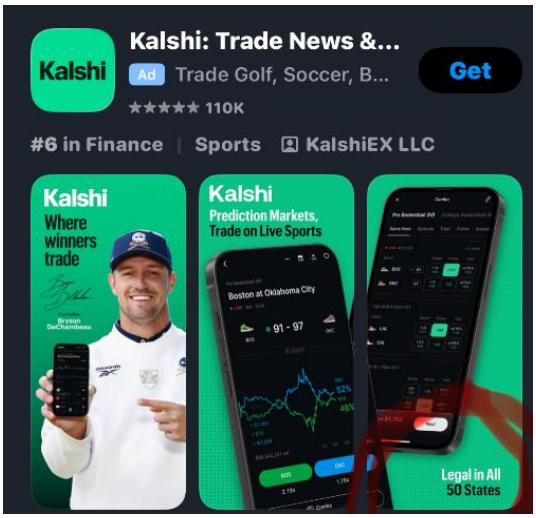
117. And Kalshi has claimed that its platform is legal in all 50 states and allows bettors to "Bet in all 50 states," including in this February 18, 2025 X post from Kalshi's official X account:

118. On June 13, 2025, Kalshi advertised its platform nationwide through a television advertisement shown during commercial breaks during broadcasts for an NBA finals basketball game.[69] The advertisement encouraged people to place bets on who would win the NBA championship and whether the United States would confirm the existence of aliens, among other things. And it stated that these gambling bets were available "anywhere in the US."[70]

119. In 2026, Kalshi has continued to market its platform in Utah, stating that its wagers are "legal in All 50 states," including in this May 14, 2026 online phone ad:

[69] *The AI-Generated Ad that Aired During the NBA Finals Took $2,000 and 2 Days to Make*, Mashable, https://mashable.com/article/ai-generated-video-veo3-nba-finals-kalshi; Ex. A at ¶ 44.

[70] *Disney Approved Our Insane AI Kalshi Ad to Run During the NBA Finals*, https://www.youtube.com/watch?v=-QMftwmyW-A.



120. Kalshi has regularly advertised itself online and on television, using celebrity spokespeople, to encourage people to place bets on Kalshi's platform.[71]

121. For example, on June 3, 2026, Kalshi launched a television commercial featuring NBA basketball player Giannis Antetokounmpo, which premiered during Game 1 of the NBA finals.[72] This ad aired in Utah and has continued to air (as of August 2026).[73]

122. Kalshi has also advertised online through its official Youtube account. For example, in April 2026, Kalshi launched an advertisement featuring golfer Bryson DeChambeau in which Kalshi stated that it allowed users to bet on

[71] Ex. A at ¶¶ 45-46.

[72] *Kalshi Launches Ad with Grease Native Giannis Antetokounmpo*, Kalshi, https://news.kalshi.com/p/kalshi-giannis-antetokounmpo-pro-basketball-finals-ad-grease.

[73] Ex. A at ¶ 47.

"anything from sports to alien sightings."[74] Kalshi's Youtube account includes 21 different commercials that have been released at regular intervals over the last year.[75] These ads were, and continue to be, accessible in Utah. Upon information and belief, these ads have also been broadcast through other channels, such as through television, social media (including through affiliate and paid-influence accounts), and other websites.[76]

123. In short, Kalshi has widely advertised its gambling platform nationally and in Utah.[77]

124. In fact, in February 2026, it was reported by the Daily Universe, a newspaper for Brigham Young University, that someone from Kalshi had entered the University's private campus without permission to film an advertisement.[78] This advertisement, and similar advertisements, were made available in Utah and, upon information and belief, were designed to appeal to Utah residents, including students attending local universities.

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[74] *Public Course*, https://www.youtube.com/@kalshi_markets.

[75] @kalshi_markets, https://www.youtube.com/@kalshi_markets/videos.

[76] Ex. A at ¶ 48.

[77] *Id*. at ¶ 49.

[78] *Prediction Markets are Popping Up Everywhere, But What Are They and Why Are We Seeing Them at BYU?*, UniverseBYU, https://www.instagram.com/reel/DVMLDxOD6WZ/?igsh=MW9pNjNna3kyYW14MA%3D%3D.

VI. The Kalshi Enterprises' Activities Are Illegal in Utah.

125. Kalshi's activities are illegal under several provisions of the Utah Code.

A. Utah Code § 76-9-1402.

126. First, as described in this complaint, Defendants Kalshi, Inc.; the Kalshi Subsidiaries, and Kalshi Affiliates (Susquehanna International Group, LLP; Susquehanna Government Products LLLP) have repeatedly violated Utah Code § 76-9-1402 by participating in gambling, fringe gambling, or online gambling.

127. KalshiEx. participates in gambling, fringe gambling, or online gambling by arranging, and making available, billions of wagers to the public in Utah from 2024 to the present. By way of analogy, KalshiEx participates in the same way the manager of a back-alley gambling den (or cardroom) participates in gambling: by hosting and facilitating the gambling events and by taking a percentage fee (or "rake") of amounts gambled.[79] KalshiEx has participated in this way for every wager that has been placed on the Kalshi platform, including all Illegal Wagers made by bettors in Utah.

128. The Kalshi Klear entities participate in gambling, fringe gambling, or online gambling by determining outcomes, issuing payouts, and processing the

[79] *Rake (poker)*, Wikipedia, https://en.wikipedia.org/wiki/Rake_(poker)#:~:text=Rake%20is%20the%20scaled%20commission,casino%20to%20take%20the%20rake ("Rake is the scaled commission fee taken by a cardroom operating a poker game. It is generally 2.5% to 10% of the pot in each poker hand.").

movement of funds between bettors once an event is resolved for billions of wagers made on the Kalshi platform from at least 2024 to the present. Continuing with the analogy from the previous paragraph, Kalshi Klear participates in the same way as a "dealer" in a poker game. Kalshi Klear has participated in this way for every wager that has been placed on the Kalshi platform, including all Illegal Wagers made by bettors in Utah.

129. As "market makers," Kalshi Trading, LLC; Susquehanna International Group, LLP; and Susquehanna Government Products LLLP participate in gambling, fringe gambling, or online gambling by actively placing bets in billions of wagers made on the Kalshi platform from at least 2024 to the present. Continuing the back-alley cardroom analogy, these market makers participate in the same way that professional poker players participate: by sitting at the table actively making bets.

130. Upon information and belief, Kalshi Trading, LLC; Susquehanna International Group, LLP; and Susquehanna Government Products LLLP have participated in this way for all or most of the wagers that have been placed on the Kalshi platform, including all or most Illegal Wagers made by bettors in Utah.

131. As the parent company of the Kalshi Subsidiaries, Kalshi, Inc. participates in gambling, fringe gambling, or online gambling by directing all the activities of the Kalshi Subsidiaries. In this way, Kalshi, Inc. is the owner of the gambling den that is the Kalshi Enterprise; it employs the manager and dealers

and takes a share of the profits derived from the gambling operations. Kalshi, Inc. has participated in this way for every wager that has been placed on the Kalshi platform, including all Illegal Wagers made by bettors in Utah.

B. Utah Code § 76-9-1403.

132. Second, as described in this complaint, Defendants Kalshi, Inc. and KalshiEx, LLC have repeatedly violated Utah Code § 76-9-1403 by knowingly permitting gambling or fringe gambling to be played, conducted, or dealt upon the Kalshi platform for billions of wagers made on the platform from at least 2024 to the present.

133. Kalshi, Inc. and KalshiEx, LLC have violated Section 1403 for every Illegal Wager that has been placed on the Kalshi platform by bettors in Utah.

C. Utah Code § 76-9-1404.

134. Third, as described in this complaint, Defendants Kalshi, Inc. and KalshiEx, LLC have repeatedly violated Utah Code § 76-9-1403 by intentionally providing or offering to provide billions of wagers through the Kalshi platform from 2024 to the present.

135. Kalshi, Inc., and KalshiEx, LLC have violated Section 1404 for every Illegal Wager that has been offered on the Kalshi platform, including for Illegal Wagers that were accepted by bettors in Utah.

D. Utah Code § 76-9-1405.

136. Fourth, as described in this complaint, all Defendants have violated Utah Code § 76-9-1405 from at least 2024 to the present—a period in which billions of wagers have been made on the Kalshi platform, including Illegal Wagers made by individuals in Utah.

137. Specifically, Kalshi, Inc. and KalshiEx, LLC have violated Section 1405 by deriving or intending to derive an economic benefit from gambling or fringe gambling (other than personal winnings) while inducing or aiding another individual to engage in gambling or fringe gambling in Utah.

138. Kalshi, Inc. and KalshiEx, LLC have violated Section 1405 each time they have caused an Illegal Wager to be made available in Utah through the Kalshi platform. Upon information and belief, this includes all Illegal Wagers that have been offered on the Kalshi platform from at least 2024 through the present.

139. Kalshi, Inc. and KalshiEx, LLC have also violated Section 1405 by ordering, directing, or otherwise causing Kalshi's platform to be advertised in Utah, as described in this complaint.

140. Additionally, all Defendants have violated Section 1405 by deriving or intending to derive an economic benefit from gambling or fringe gambling (other than personal winnings) while knowingly investing in, financing, owning, controlling, supervising, managing, or participating in gambling or fringe gambling, as described in this complaint.

E. Utah Code § 76-9-1407.

141. Fifth, as described in this complaint, Defendants Kalshi, Inc. and KalshiEx, LLC have repeatedly violated Utah Code § 76-9-1407 by knowingly possessing the Kalshi platform while intending to use the Kalshi platform to offer Illegal Wagers as part of the Kalshi Enterprise's gambling operation in Utah.

142. Defendants Kalshi, Inc. and KalshiEx, LLC have violated Utah Code § 76-9-1407 constantly from at least 2024 to the present.

F. Utah Code § 76-9-1408.

143. Sixth, Defendants Kalshi, Inc. and the Kalshi Subsidiaries have violated Utah Code § 76-9-1408 repeatedly from at least 2024 to the present.

144. Defendants Kalshi, Inc. and KalshiEx, LLC have violated Section 1408 by (a) permitting Kalshi.com and the Kalshi app to be used as a fringe gaming device; (b) allowing individuals and the public in Utah access to Kalshi.com and the Kalshi app as part of the Kalshi Enterprise; (c) inducing or aiding individuals in Utah to use Kalshi.com and the Kalshi app in the manner described above; (d) investing in, financing, owning, controlling, or otherwise managing Kalshi.com and the Kalshi app; and (e) possessing Kalshi.com and the Kalshi app with the intent to allow another individual to use Kalshi.com and the Kalshi app as a fringe gaming device.

G. Utah Code § 20A-1-606.

145. Finally, Defendants Kalshi Trading, LLC; Susquehanna International Group, LLP; and Susquehanna Government Products LLLP have violated Utah Code § 20A-1-606(2) by making wagers with individuals in Utah based on the result of the primary and general elections in 2024 and 2026 or on events or contingencies related to the primary and general elections in 2024 and 2026.

VII. Utah and Its Residents Are Harmed by Defendants' Activities.

146. The Kalshi Enterprise's gambling operation has led to significant harm to Utahns and to the State.

A. Harms to Utahns.

147. First, as noted above, it is estimated that, as of October 19, 2026, Kalshi has made between $30,591,600 and $61,183,200 in fees on Illegal Wagers from Utah accounts. That is money that has been taken from Utahns, Utah families, and Utah's economy through Kalshi's operation of an illegal gambling operation in the State.

148. Second, as noted above, since its launch in 2021, ordinary bettors have lost an estimated $583.5 million through the Kalshi platform.[80]

[80] *Since Kalshi's Launch, Ordinary Users Have Lost Half a Billion Dollars*, Roosevelt Institute, https://rooseveltinstitute.org/blog/since-kalshis-launch-ordinary-users-have-lost-half-a-billion-dollars/?utm_source=chatgpt.com.

149. Based on numbers regarding Utah users provided by Kalshi in a previous lawsuit, Utah accounts represented approximately 1.11 percent of betting volume on the Kalshi platform.

150. Based on this share of Kalshi's gambling activity, a reasonable calculation for economic losses suffered by ordinary bettors in Utah is approximately $5.5 million.

B. Harms to the State.

151. But the harms suffered by the State go far beyond the economic losses of Utahns who have been misled into gambling through the Kalshi platform.

152. One recent study noted that "gambling is associated with a wide range of financial, cultural and crime-related harms," and it is "recognized by the WHO [World Health Organization] as a health-harming activity."[81] "Self-harm and suicide are two of the most severe gambling-related harms."[82]

153. And gambling does not just affect those who gamble. Another recent study across 19 countries found that the "gambling problems of one person negatively impact an average of six others," with the negative consequences of gambling often "persist[ing] well after the gambling problem is resolved" and

[81] Ukhova D, Marionneau V, Volberg R. *et al.*, *The Expansion of Gambling Across the Americas Poses Risks to Mental Health and Wellbeing*, The Lancet Regional Health–Americas 37 (2024) at 1.

[82] *Id*. at 2.

"resulting in decreases in quality of life by 10 percent to 36 percent."[83] "Increased relationship strain, financial debt, . . . domestic violence," and "adverse effects on work and education" are all recognized harms stemming from gambling.[84]

154. Indeed, according to a 2025 study, 28 percent of those who gambled on 10 or more activities reported problematic gambling behavior.[85]

155. The study also reported that 35 percent of individuals who gambled on three or more activities weekly met an established threshold for concern.[86]

156. Since 2018, when the United States Supreme Court struck down a federal statute prohibiting States from legalizing sports gambling, diagnosed gambling disorders in States that have legalized sports betting have risen by approximately 61 percent.[87]

157. Increases in gambling disorders lead to real costs for States. According to the National Council on Problem Gambling, the annual social cost of disordered

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[83] N.A. Dowling *et al.*, *Addressing Gambling Harm to Affected Others: A Scoping Review*, Clinical Psychology Review 116 (2025) 102542 at 13, https://doi.org/10.1016/j.cpr.2025.102542 (last accessed April 2, 2026).

[84] Ukhova, *supra* note 81 at 63.

[85] *National Council on Problem Gambling 2025 Survey*, https://www.ncpgambling.org/news/national-council-on-problem-gambling-survey-shows-drop-in-problem-gambling-risk-highlights-ongoing-challenges/.

[86] *Id*.

[87] *Gambling Disorder Diagnoses Have Risen More Than 60% in States That Legalized Sports Betting*, Epic Research, https://www.epicresearch.org/articles/gambling-disorder-diagnoses-have-risen-more-than-60-in-states-that-legalized-sports-betting/.

gambling in the United States—including job losses and gambling-related criminal justice—amounts to approximately $14 billion. And this number does not account for those who have lost homes, savings and relationships, and are forced to initiate bankruptcy filings.[88]

158. The increase in gambling in Utah is leading to significant social costs to the State. According to Kalshi, as of February 25, 2026, there were 32,940 "full-fledged" Kalshi accounts associated with Utah addresses.

159. That represents 32,940 Utah residents who now have ready access to gambling and are potential problem gamblers.

160. This drastic rise in gambling introduced by Kalshi is costing the State millions in social costs. And that does not account for the significant nonmonetary harm this is causing the State, its communities, and families.

161. To prevent this grave injustice, the State is entitled to the following relief.

[88] *Gambling's Glitter is Blinding US Policymakers to Its Social Costs*, The Guardian, https://www.theguardian.com/us-news/article/2024/sep/05/gambling-us-policymakers-prevention-treatment.

COUNT I
(Public Nuisance – Illegal Gambling Under Utah Law Against All Defendants)

162. The State realleges and incorporates all allegations contained in the Complaint.

163. Under Utah Code § 78B-6a-102(2), "[t]he attorney general may bring a common law civil right of action for a public nuisance . . . in this state if: (a) the attorney general determines that there is a substantial ongoing harm to a significant number of the citizens of Utah; and (b) the attorney general is bringing the common law civil right of action for a public nuisance . . . : (i) on behalf of the state, a state officer or agency, or a political subdivision of the state; or (ii) as *parens patriae* on behalf of individuals residing in the state."

164. The Attorney General has so determined and brings this common-law public nuisance claim both (i) on behalf of the State of Utah and (ii) as *parens patriae* on behalf of individuals residing in Utah.

165. Under Utah law, "[w]hen the conditions giving rise to a nuisance are also a violation of a statutory prohibition, those conditions constitute a nuisance per se" and are not subject to a reasonableness determination. *Branch v. W. Petroleum, Inc.*, 657 P.2d 267, 276 (Utah 1982).

166. Defendants have unreasonably interfered with rights common to the general public in Utah by investing in, operating, marketing, and profiting from illegal gambling activities, including through the Kalshi platform, which the

Attorney General has determined has caused, and is causing, a substantial ongoing harm to a significant number of the citizens of Utah and the State itself.

167. Defendants' conduct described herein constitutes a *per se* nuisance as a violation of Utah Code §§ 76-9-1402, 1403, 1404, 1405, 1407, 1408; and Utah Code § 20A-1-606(2).

168. The Defendants' conduct described herein also constitutes a nuisance as unreasonable conduct because it (a) involves a significant and intentional interference with the public health, the public safety, the public peace, and the public welfare within the State and (b) is of a continuing nature or has produced a permanent or long-lasting effect that Defendants know or have reason to know has a significant effect upon the rights of the public.

169. The Defendants' interference with these public rights is ongoing and continuous, and involves significant threats to public health, safety, and welfare, as well as violations of statutory proscriptions against gambling.

170. The Defendants' conduct as described above thus constitutes a public nuisance.

171. The Attorney General seeks injunctive relief to abate the public nuisance caused by Defendants' conduct, along with costs (including costs of investigation and discovery) and reasonable attorney fees. Utah Code § 78B-6a-103(1).

COUNT II
(Unjust Enrichment Against Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; Susquehanna International Group, LLP)

172. The State realleges and incorporates all allegations contained in the Complaint.

173. Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and Susquehanna International Group, LLP, knowingly, willfully, and intentionally violated Utah law, and induced Utah citizens to violate Utah law, and have received substantial benefits from the Kalshi gambling operations at the expense of Utah residents and the State.

174. Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and Susquehanna International Group, LLP wrongfully secured and retained unjust benefits from Utah residents, in the form of amounts paid in transaction fees, other fees, and money lost through wagers.

175. It is inequitable and unconscionable for Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and Susquehanna International Group, LLP to retain these benefits.

176. Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and

Susquehanna International Group, LLP knowingly accepted the unjust benefits of their unconscionable and illegal conduct.

177. Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and Susquehanna International Group, LLP have been enriched while Utah residents and the State have been harmed by the Kalshi gambling operation.

178. Accordingly, Defendants Kalshi Inc.; KalshiEx LLC, Kalshi Klear Inc., Kalshi Klear LLC, Kalshi Trading LLC; Susquehanna Government Products LLLP; and Susquehanna International Group, LLP should not be permitted to retain the proceeds from the benefits conferred upon them through the Kalshi gambling operation. The State seeks disgorgement of Defendants' unjustly acquired profits and other monetary benefits resulting from their unlawful conduct and seek restitution and/or recission, in an equitable and efficient fashion to be determined by the Court.

179. There is no express contract governing the dispute at issue. The State's claims do not arise out of contract, but rather are based on the larger unconscionable and illegal gambling operation that has harmed Utah residents and the State.

180. As a direct and proximate cause of Defendants Kalshi Inc.'s; KalshiEx LLC's, Kalshi Klear Inc.'s, Kalshi Klear LLC's, Kalshi Trading LLC's; Susquehanna Government Products LLLP's; and Susquehanna International Group, LLP's unjust

enrichment, as referenced above, Utah and its citizens suffered, and continue to suffer, ascertainable losses and damages as specified herein in an amount to be determined at trial, and well in excess of $300,000.

COUNT III
(Civil Conspiracy Against All Defendants)

181. The State realleges and incorporates all allegations contained in the Complaint.

182. Defendants' conduct described herein constitutes a civil conspiracy and aiding and abetting each other to violate Utah Code §§ 76-9-1402, 1403, 1404, 1405, 1407, 1408; and Utah Code § 20A-1-606(2); and to commit unjust enrichment, and a public nuisance.

183. The object of the conspiracy was to make profits from gambling activities in all fifty States, regardless of the legality of such conduct under the laws of each State.

184. There was a meeting of the minds on this object. The Defendants agreed to conspire to make profits from gambling activities in all fifty States, regardless of the legality of such conduct under the laws of each State, as follows:

a. Beginning in the summer of 2018, non-parties Tarek Mansour and Luana Lopes Lara agreed to found the Kalshi Enterprise with the aim of entering all fifty states.

b. On around November 15, 2018, Tarek Mansour and Luana Lopes Lara founded Kalshi Inc. as the legal entity to manage the Kalshi Enterprise.

c. Beginning on or around December 10, 2019, KalshiEx LLC joined the Kalshi Enterprise by, or under the direction of, Kalshi, Inc. through an agreement (or series of agreements) necessary to bring KalshiEx LLC into legal existence and to provide KalshiEx LLC with the resources needed to operate a gambling platform. KalshiEx has continued operating the Kalshi platform since that time.

d. Beginning on or around January 19, 2021, Kalshi Trading LLC joined the Kalshi Enterprise by, or under the direction of, Defendant Kalshi, Inc. through an agreement (or series of agreements) necessary to bring Kalshi Trading LLC into legal existence and to provide Kalshi Trading LLC with the resources needed to act as an in-house institutional counterparty on the Kalshi platform by routinely taking positions opposite those taken by bettors placing gambling wagers.

e. On or around February 7, 2023, Kalshi Klear Inc. and Kalshi Klear LLC joined the Kalshi Enterprise by, or under the direction of, Defendant Kalshi, Inc. through an agreement (or series of agreements) necessary to bring the Kalshi Klear entities into legal existence and to provide the entities with the resources needed to operate, including to support the clearing, settlement, and payout functions of the Kalshi Enterprise.

f. On or around April 3, 2024, Defendants Susquehanna Government Products, LLLP and Susquehanna International Group, LLP joined the Kalshi Enterprise through an agreement (or series of agreements) in which the Susquehanna Entities agreed to provide "market maker" services to the Kalshi Enterprise in exchange for a share of the Enterprise's gambling profits.

185. Each Defendant joined the Kalshi Enterprise to make profits from gambling activities in all fifty States, regardless of the legality of such conduct under the laws of each State.

186. Defendants' conspiracy was expressly aimed at the State and caused significant harm to the State and its citizens.

187. Kalshi's gambling activity in the State, despite Utah's gambling prohibitions, were widely publicized and even marketed by the Kalshi Enterprise. Indeed, the Kalshi Enterprise even initiated a widely publicized lawsuit in which it stated under oath that it was operating in the State. The existence of the lawsuit and the Kalshi Enterprise's allegations and arguments made in the lawsuit demonstrated awareness that the Kalshi Enterprise's operations implicated the State's gambling laws. Each Defendant should have reasonably anticipated that the conspiracy would cause significant harm to the State and its citizens, such that each Defendant could expect to defend itself from suit in the State.

188. As a direct result of the overt acts taken in furtherance of Defendants' conspiracy (which include offering and making millions of illegal wagers in the State), Utah and its citizens have suffered damages in an amount to be proven at trial, but well in excess of $300,000. Defendants are all jointly and severally liable for the actions taken in furtherance of their joint conduct.

COUNT IV
(Declaratory Judgment Against All Defendants)

189. The State realleges and incorporates all allegations contained in the Complaint.

190. The State asserts a claim for declaratory relief under Utah Code § 78B-6-401, which allows Utah courts to "issue declaratory judgments determining rights, status, and other legal relations within its respective jurisdiction."

191. Utah law prohibits participating in, permitting, or promoting gambling and fringe gambling, including sports betting and mentions wagers. Utah Code §§ 76-9-1402 to -1405.

192. Utah law prohibits wagering on elections. Utah Code § 20A-1-606.

193. Utah law prohibits possessing a gambling device or record. Utah Code § 76-9-1407.

194. Utah law prohibits deriving a benefit from a fringe gaming device. Utah Code § 76-9-1408.

195. The Illegal Wagers that Defendants offer to Utah residents under the guise of "event contracts" are indistinguishable from traditional forms of gambling, including bets offered through sportsbooks. These Illegal Wagers violate Utah's prohibitions on gambling, fringe gambling, and related conduct.

196. An actual and justiciable controversy exists over whether the Illegal Wagers violate Utah's prohibitions on gambling, fringe gambling, and related conduct. The State has legally protected interests in having the legality of Defendants' conduct determined.

197. The State therefore seeks (i) an order declaring that the Illegal Wagers offered by the Kalshi Enterprise are illegal in Utah; and (ii) a permanent injunction prohibiting Defendants from offering in Utah "event contracts" falling within the categories covered by the Illegal Wagers.

COUNT IV
(Injunctive Relief Against All Defendants)

198. The State realleges and incorporates all allegations contained in the Complaint.

199. Pursuant to Rule 65A(f), the Court may issue a preliminary injunction where (1) "there is a substantial likelihood that the applicant will prevail on the merits of the underlying claim"; (2) "the applicant will suffer irreparable harm unless the order or injunction issues"; (3) "the threatened injury to the applicant outweighs whatever damage the proposed order or injunction may cause the party restrained or enjoined"; and (4) "the order or injunction, if issued, would not be adverse to the public interest."

200. Additionally, pursuant to Utah Code § 78B-6-406, "further relief based on a declaratory judgment or decree may be granted whenever necessary or proper" upon application for relief through a petition to the court. This authorizes the Court to issue a permanent injunction consistent with, and based on, a declaratory judgment.

201. Despite a court order finding that Utah's gambling prohibitions apply to the Kalshi Enterprise, Defendants have continued their illegal activities, including by offering illegal gambling bets in Utah in violation of law.

202. Injunctive relief prohibiting Defendants from (a) offering sports bets, election or politics bets, culture bets, and mentions bets within the State and (b) continuing to violate the provisions of Utah law in the manner described in the

Complaint is necessary to prevent Defendants from continuing to violate Utah law and harm the State and its citizens.

203. The State will suffer irreparable harm if Defendants are permitted to continue their unlawful conduct.

204. The injury to the State, as alleged above, far outweighs any harm Defendants may suffer if they are enjoined from operating their gambling enterprise within the State. Such an injunction is not adverse to the public interest.

205. As set forth above, there is a substantial likelihood that the State will prevail on the merits of their claims against Defendants.

206. For these reasons, a permanent injunction as described above is necessary and proper.

207. Accordingly, the State is entitled to injunctive relief prohibiting Defendants from offering "event contracts" falling within the categories covered by the Illegal Wagers within the State and from otherwise continuing to violate the provisions of Utah in the manner described in the Complaint.

208. To ensure compliance with this injunction, the Court should require Defendants to utilize a third-party geolocation services provider capable of ensuring compliance with this injunction—a provider which must be approved by the Court—and to implement all other restrictions necessary.

JURY DEMAND

Plaintiff demands a trial by jury to decide all issues triable by a jury in this case.

PRAYER FOR RELIEF

Wherefore, the State requests that judgment be entered in their favor and against Defendants as follows:

1. Enter a judgment declaring the Illegal Wagers offered by the Kalshi Enterprise illegal in Utah;

2. Enter both preliminary and permanent injunctions prohibiting Defendants from offering "event contracts" falling within the categories covered by the Illegal Wagers within the State and from otherwise continuing to violate the provisions of Utah law in the manner described in the Complaint;

3. Award restitution and damages in an amount to be determined at trial but that will include amounts to compensate the State and those within the State for losses suffered;

4. Award an equitable accounting and disgorgement of any amounts received by Defendants from their conduct in Utah or directed at those within Utah;

5. Hold that all defendants created a public nuisance;

6. Order all defendants to abate the nuisance and to reimburse the cost of the State's abatement efforts;

7. Award State its reasonable investigative and attorney fees, court fees, and expenses as allowed by statute or otherwise by law;

8. Enter an award of punitive damages against Defendants as allowed by law;

9. Award the State pre- and post-judgment interest; and

10. Grant such other relief and further relief as this Court deems just and proper.

Respectfully submitted,

Derek Brown
Utah Attorney General

/s/ *Joshua B. Cutler*
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Utah Assistant Solicitor General
Stanford E. Purser
Utah Solicitor General
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Exhibit A

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Counsel for State Plaintiff

IN THE THIRD JUDICIAL DISTRICT COURT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

DEREK BROWN, Attorney General on Behalf of the State of Utah and the People of the State of Utah Plaintiff, vs. KALSHI INC., a Delaware Corporation; KALSHIEX LLC, a Delaware Limited Liability Company; KALSHI KLEAR INC., a Delaware corporation; KALSHI KLEAR LLC, a Delaware limited liability company; KALSHI TRADING LLC, a Delaware limited liability company; SUSQUEHANNA INTERNATIONAL GROUP, LLP, a Delaware limited liability partnership; SUSQUEHANNA GOVERNMENT PRODUCTS LLLP, a Delaware limited liability limited partnership; and DEFENDANT DOES 1-100,	**DECLARATION OF BRIAN H. BLAKE** TIER III

Defendants.	

I, Brian H. Blake, am older than 18 years of age and have personal knowledge of the facts set forth herein.

1. I have visited the Kalshi platform through the Kalshi app and website (Kalshi.com). I have also visited the webpages identified throughout this declaration. My assertions included herein are based on the information obtained from Kalshi's website, the other websites identified, or other publicly available information I have seen on the subject.

2. Kalshi allows its users to place bets on real-world events by purchasing "event contracts" through its platform through its website, Kalshi.com, and through its mobile application on the Android and iOS (Apple) platforms.

3. Each bet or "event contract" allows a user to put their money on the line for or against a particular outcome for a fixed return.

4. "Event contracts" are structured as binary options: bettors buy "Yes" or "No" positions on whether an event will occur ("Yes") or will not occur ("No"). They receive a fixed payout if they are correct, but retain nothing of value (and lose the amount they paid to take a position) if they are incorrect.[1]

[1] *About Kalshi*, https://kalshi.com/about.

5. Kalshi describes itself as a prediction market because each wager's price (ranging from $0.01 to $0.99) is determined based on the total volume of "Yes" and "No" wagers purchased, which according to Kalshi, reflects "the collective sentiment of its users regarding the likelihood of an event . . . ."[2]

6. Kalshi claims this "dynamic pricing model" "directly correlates with the market's perceived probability of a specific event occurring," which provides for "real-time fluctuations in contract prices, ensuring that they accurately reflect the consensus opinion of the market participants."[3]

7. As the perceived likelihood of a "Yes" outcome increases (*i.e.*, more people have purchased the "Yes" option in an event contract), the corresponding "Yes" contract price increases. Conversely, the contract price for "No" will increase as the perceived likelihood of a "No" outcome increases, and the contract price for "Yes" will fall.

8. Once the event occurs, Kalshi settles the wager at $1 for the correct outcome and $0 for the incorrect one.

9. For example, wagering on 100 "Yes" event contracts for a certain event to take place at a cost of 30 cents each (for a $30 bet)—plus any applicable transaction

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[2] *How Are Prices Determined?*, https://help.kalshi.com/en/articles/13823836-how-are-prices-determined.

[3] *Id.*

fee—would result in a payout of $1 per contract, or $100 (netting $70 minus fees) if correct. If incorrect, the bettor loses the original $30 that was bet.

10. For most wagers, Kalshi charges a varying transaction fee, charging more for the most uncertain events. That is, $0.50 wagers have the greatest fees, amounting to approximately 2 cents per contract.[4]

11. Bettors deposit funds into their Kalshi account and use those funds to wager on event contracts. Any return on a successful wager will remain in the bettor's Kalshi account until they choose to withdraw it. Kalshi charges a fee for certain deposit and withdrawal methods.

12. Kalshi matches bettors on opposite sides of the event contract (the "yes" and the "no") so that the combined investment from both bettors equals $1.

13. If the price changes, bettors may "sell" their wager before the event takes place.

14. As part of the Kalshi Enterprise, Kalshi Trading LLC, fills a role similar to that of the house in a classic gambling operation by acting as a market maker on its platform. It supplies liquidity by placing both buy and sell orders for event contracts, ensuring that bettors can wager at nearly all times. It takes opposing positions, absorbs imbalances in bettor demand, establishes the price it is "willing to pay," and profits from price movements. For example, suppose Kalshi offers a wager asking, "Will the Detroit Tigers win their game on Friday?" A retail bettor might want

[4] *Kalshi Fee Schedule*, https://kalshi.com/docs/kalshi-fee-schedule.pdf.

to wager on 100 "Yes" shares at 65 cents each, expecting the Tigers to win. Kalshi Trading (or another institutional "market maker") would act as the opposing side to those 100 "Yes" wagers ("every trade on the platform [i]s a deal taking place between two participants: a 'maker' and a 'taker'").[5]

15. In 2024, the Kalshi Enterprise began offering wagers related to elections.

16. Then, in January 2025, the Kalshi Enterprise announced the launch of sports "trading," with a nationwide marketing campaign, encouraging the public to "view live sports (and bet)" on its platform. In these advertisements, Kalshi stated that it offered "[l]egal sports markets, accessible to Americans in all 50 states" and encouraged bettors to bet on sports through phrases such as "[b]et on the NFL, Legal in 50 states."

17. The types of event contract wagers Kalshi now offers are numerous and increasing regularly. For example, related solely to this year's Superbowl, Kalshi encouraged users to bet on the following: which song Bad Bunny would open his halftime show with, whether an announcer would say "tush push" during the broadcast, whether the band Green Day would say "MAGA" or "Make America Great

[5] *Who Are You Trading With?*, https://help.kalshi.com/en/articles/13823808-who-are-you-trading-with.

Again" during the game's opening ceremonies, whether Bill Gates would attend the game, and whether Sydney Sweeney would show up in a Superbowl commercial.[6]

18. The "event contracts" offered on Kalshi are indistinguishable from the format of bets offered through any sportsbook. For example, Kalshi offers proposition (or "prop") bets,[7] parlays,[8] moneyline betting,[9] spread betting,[10] and over/under bets.[11]

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[6] *Super Weird: 5 of the Strangest 'Big Game' Markets on Kalshi*, https://news.kalshi.com/p/strangest-big-game-football-markets-kalshi (last accessed April 1, 2026).

[7] *See, e.g.* https://kalshi.com/category/sports/all-sports/all/props (Kalshi website offering subcategory for "Sports – Props"); *see also Proposition Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Proposition bets are wagers made on a very specific outcome of a match not related to the final score, usually of a statistical nature.").

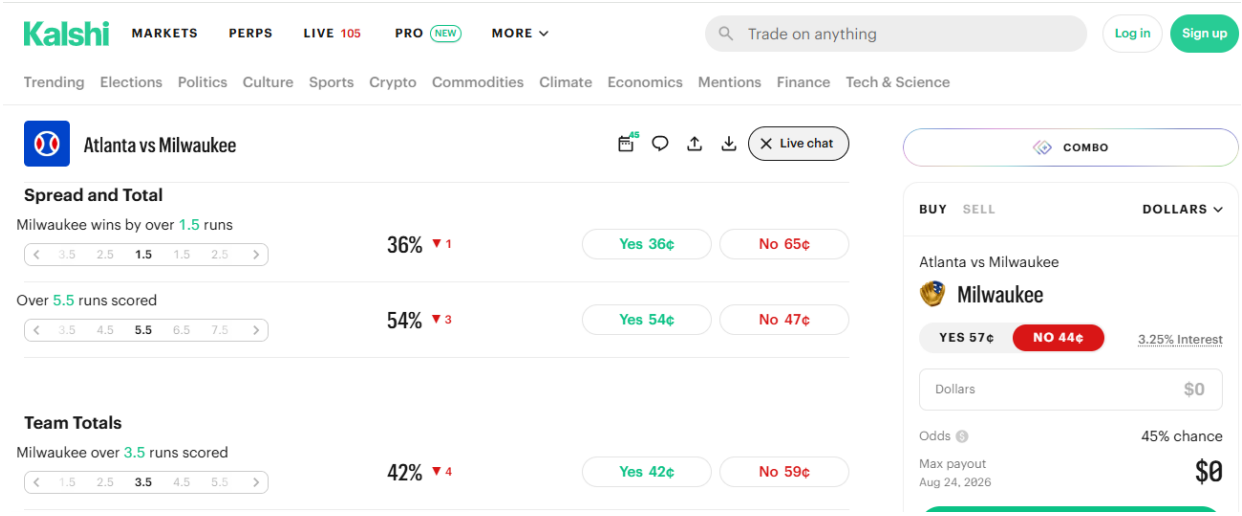
[8] *See, e.g.*, https://kalshi.com/category/sports/all-sports/all/combo (Kalshi website offering subcategory for "Sports – Combo"); *see also Parlay*, Wikipedia, https://en.wikipedia.org/wiki/Parlay (last accessed on April 3, 2026) ("A parlay, accumulator . . . , combo bet, or multi is a single bet that links together two or more individual wagers, usually seen in sports betting.").

[9] S*ee*, *e.g.*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indcha (offering a moneyline contract on which team would win); *Moneyline Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Moneyline bets do not have a spread or handicap, and require the chosen team to win the game outright.").

[10] *See, e.g.* https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indchaand (offering a spread contract on whether Charolotte would win "by over 16.5 points"); *Spread Betting*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Spread betting are wagers that are made against the spread . . . . The spread, or line, is a number . . . which handicaps one team and favors another team when two teams play each other and one is perceived as being more likely to win.").

[11] *See, e.g.*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr03indcha (offering total bet on whether the teams would

19. Below is a screenshot taken from Kalshi.com that illustrates how Kalshi's bets are presented:



20. Kalshi often offers a variety of these bet types for a single event. For example, earlier this year Kalshi offered wagers on whether the Los Angeles Lakers would beat the Oklahoma City Thunder on April 2, 2026; whether the Thunder would win by over 9.5 points; whether the Thunder would score over 105.5 points in the game; and whether Lebron James would score more than 10 points in the game (to name only a few of the bets offered related to this event).[12]

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combine for "over 233.5 points scored); *Total (Over/Under) Bets*, Wikipedia, https://en.wikipedia.org/wiki/Sports_betting (last accessed on April 3, 2026) ("Total (Over/Under) bets are wagers made based on the total score between both teams.").

[12] *See Los Angeles L at Oklahoma City*, https://kalshi.com/markets/kxnbagame/professional-basketball-game/kxnbagame-26apr02lalokc (last accessed Apr. 2, 2026).

21. On its website, Kalshi groups its offered wagers by category, including categories for "Elections," "Politics," "Culture," "Sports," and "Mentions," among others.[13]

22. At any given time, Kalshi offers thousands of wagers in each wager category.

23. For example, from June to August of 2026, the Kalshi Enterprise maintained approximately 100,000 to 300,000 open wagers (or "markets" in Kalshi's terminology) each day.[14] During that same time, the Kalshi Enterprise facilitated the wagering of approximately $500 million to $2 billion per day (with the vast majority of the money gambled placed on sports wagers).[15]

24. Based on currently available data, the Kalshi Enterprise has offered more than 600,000 wagers in a single day.[16] Based on available data, it appears that the Kalshi Enterprise has offered millions of specific wagers, with billions of individual bets having been made based on those offered wagers.

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[13] https://kalshi.com/ (last accessed Sept. 15, 2026).

[14] *Prediction Markets Trading Data*, The Block, https://www.theblock.co/data/decentralized-finance/prediction-markets.

[15] *Prediction Markets Trading Data*, The Block, https://www.theblock.co/data/decentralized-finance/prediction-markets.

[16] *Prediction Markets Trading Data*, The Block, https://www.theblock.co/data/decentralized-finance/prediction-markets.

1. Election Wagers

25. Kalshi offers "Elections" wagers. Kalshi's "Elections" wagers allow bettors to place bets on which nominees will win a particular election, on whether a particular referendum would pass, or on how many Senate seats Republicans will hold after the midterms. As an example, on October 14, 2026, Kalshi's "Elections" category listed "3,607" wager events.[17] Wagers Kashi is offering or has offered include the following:

a. "Midterms: House popular vote margin of victory? (Generic ballot)";

b. "Will Mitch McConnell resign his office before the midterms?"

c. "UT-02 House winner?"

d. "Closest Senate race this year?"

e. "Blue wave this year?"[18]

f. "Blue tsunami this year?"[19]

g. "What will NYC subway average weekday ridership be in October 2026?"

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[17] Many wager "events" offered on Kalshi's platform include multiple wagers. For example, as of August 20, 2026, the wager event "2028 U.S. Presidential Election winner" included 30 individual Yes/No wagers (1 wager for each of the 30 listed potential presidential candidates).

[18] This wager is structured as a parlay or combo bet and results in a "Yes" result "if all the following occur: Democrats hold 218 or more seats in the House after the 2026 midterms AND Democrats hold 49 or more seats in the Senate after the 2026 midterms." https://kalshi.com/markets/kxbluewavecombo/will-there-be-a-blue-wave/kxbluewavecombo-27feb.

[19] This wager is structured as a parlay or combo bet and results in a "Yes" result "if all the following occur: Democrats hold 235 or more seats in the House after the 2026 midterms AND Democrats hold 51 or more seats in the Senate after the 2026 midterms." https://kalshi.com/markets/kxbluetsunamicombo/will-there-be-a-blue-tsunami/kxbluetsunamicombo-27feb.

h. "Which state will vote first in the 2028 Democratic presidential primary?"

i. "Brazil Presidential election: first round winner?"

j. "Who will officially lead Venezuela at the end of 2026?"

k. "Deportations this year?"

l. "Will Dan Bilzerian concede?"

m. "Will the California billionaire wealth tax pass?"

n. "Ceara gubernatorial election winner?"

o. "How many states will adopt data center moratoriums this year?"

p. "Who will be the top ActBlue fundraiser Friday?"

q. "Who will be the next new Speaker of the House?"[20]

2. Politics Wagers

26. Kalshi also offers wagers in a "Politics" category. This category provides a wide variety of wagers related (sometimes loosely) to politics and the law, including bets on approval ratings, whether specific individuals will be arrested, which cases the Supreme Court will agree to hear, whether judges or justices will retire, and whether certain laws will be passed by legislatures. On October 14, 2026, Kalshi's "Politics" category listed "721"[21] wager events. Wagers Kashi is offering or has offered include the following:

a. "Will Trump be impeached?"

b. "Trump's approval rating Friday?"

---

[20] The wagers identified in this and other categories consist of both "open" (betting is still open and the event has not occurred) and "closed" (betting is closed and the event has already occurred) wagers.

[21] It appears that Kalshi offers some wagers under more than one category. So, for example, there may be overlap between the wagers offered in the "Elections" category with the wagers offered in the "Politics" category.

c. “Trump Truth Social posts this week? (8/16-8/22)”

d. “Which leaders will leave office this year?”

e. “Will Donald Trump attend UFC 332?”

f. “When will Trump’s Press Secretary be announced?”

g. “Who will be arrested this year?”

h. “When will Justice Alito retire from the Supreme Court?”

i. “Who will be the next Supreme Court justice?”

j. “What cases will the Supreme Court agree to hear this year?”

k. “Will the Supreme Court bar Boulder’s state-law climate claims against Suncor and Exxon?”

l. “Will Yale settle with DOJ over Law School admissions?”

m. “Will the SCOTUS hear a case about flag burning before 2027?”

n. “Will the Clarity act become law?”

o. “Will Daylight Saving Time become permanent?”

p. “Government shutdown on Oct 1, 2026?”

q. “Which Senators will vote for the Clarity Act?”

3. Culture Wagers

27. Kalshi also offers wagers in a “Culture” category. This category provides a wide variety of wagers related to “Movies,” “Music,” “Awards,” “Collectibles,” “Video games,” “People,” and “Television” among others. On August 20, 2026, Kalshi’s “Culture” category listed “751” wager events. Wagers Kashi is offering or has offered include the following:

a. “Insidious: Out of the Further – Rotten Tomatoes score”

b. “#2 US Netflix Show this week?”

c. “Kim Kardashian and Lewis Hamilton: Engaged this year?”

d. “Blake Lively and Taylor Swift seen together in public this year?”

e. “Oscar Winner: Best Picture”

f. "Who will headline Coachella 2027?"
g. "Bill Belichick and Jordon Hudson: Married before 2027?"
h. "#1 searched person on Google this year"
i. "Next James Bond film: Actor case as James Bond"
j. "Call her Daddy: Cancelled this year?"
k. "Hermes Birkin: Highest auction sale price this year"
l. "Dave Portnoy: Score any pizza place a 9.0 or higher this year?"

4. Mentions Wagers

28. Kalshi also offers wagers in a "Mentions" category. This category provides wagers on whether particular words or topics will be mentioned during particular events or on particular platforms. On August 20, 2026, Kalshi's "Mentions" category listed "100" wager events. Wagers Kashi is offering or has offered include the following:

a. Will President Trump say any of the following "at today's investment announcement?":
    i. "Arizona"
    ii. "Chip"
    iii. "Howard / Lutnick"
    iv. "Gold Card"
b. Will Mike Vrabel (coach of New England Patriots) say any of the following "during his Press Conference?":
    i. "Apologize / Apologized"
    ii. "Eliot / Wolf"
    iii. "Dianna / Russini"
    iv. "Counseling"
    v. "Step Down"
    vi. "Drake"

c. Will Melania Trump say any of the following "during her IndyCar announcement"?:

i. "Donald"

ii. "Race / Racing"

iii. "Education"

5. Sports Wagers

29. By far, Kalshi's most popular category of betting is its "Sports" category. Just like a traditional sportsbook, Kalshi offers various forms of sports wagers, including proposition (or prop) bets, parlays (or combo bets), Moneyline bets, spread bets, and over/under bets. And Kalshi offers wagers related to a wide variety of sporting events in every major sport, including at the college level. Kalshi regularly offers wagers related to sporting events involving Utah teams and players.

30. Examples of sports wagers offered by Kalshi include the following:

a. Whether the Utah Royals would win an August 21, 2026 game against the San Diego Wave FC.

b. Whether the University of Utah football team would win more than 5 games in the 2026 college football season.

c. Whether Kalani Sitake will win the award for college football coach of the year.

d. Whether AJ Dybantsa will win the award for NBA Rookie of the Year.

e. Whether the play-by-play or color commentators would say "Tush Push" during the 2026 NFL championship game.

f. Whether the Utah Valley University men's basketball team would win a March 7, 2026 college basketball game against the Utah Tech men's basketball team.

g. Whether the Utah Valley University men's basketball team would win the March 7, 2026 college basketball game (see above) by more than 3.5 points.

h. Whether the two college basketball teams playing the March 7, 2026 college basketball game (see above) would collectively score over 147.5 total points.

i. Whether Precious Achiuwa would record 10 or more points in a Utah Jazz basketball game against the Sacramento Kings on March 15, 2026.

j. Whether the Richmond men's lacrosse team would win an April 24, 2026 college lacrosse game against the High Point men's lacrosse team.

k. Whether all of the following would occur in a April 18, 2026 professional basketball game between the Denver Nuggets and Minnesota Timberwolves: Jamal Murray would make 2 or more three-point shots, record 4 or more assists, and score 20 or more points; Nikola Jokic would record 6 or more assists, score 25 or more points, and record 10 or more rebounds; Julius Randle would record 2 or more assists and score 10 or more points; Aaron Gordon would record 10 or more points and record 2 or more rebounds; Rudy Gobert would record 8 or more rebounds; and the Denver Nuggets would win the game.

l. Whether Chris Gotterup would be the leader of the BMW Championship at the end of Round 1.

m. Whether the Baltimore Orioles or the New York Yankees would score a run in the first inning of a game played on August 20, 2026.

n. Whether Francesinhas wins the LPLOL 2026: ZeroZone Gaming vs. Francesinhas League of Legends match originally scheduled for Aug 20, 2026 at 4:00 PM EDT.

o. Whether a Los Angeles professional sports team will win at least 1 league championship by July 1, 2030.

31. As noted above, the Kalshi Enterprise formally launched its online platform in July 2021 with event contracts focused on topics like inflation, Consumer Price Index, unemployment, and macroeconomic benchmarks.

32. Then, in 2024, Kalshi began offering its Election and Politics wagers.

33. In January 2025, Kalshi began offering its Sports wagers.

34. And in November 2025, it began offering Mentions wagers.

35. At some point, Kalshi also began offering its Culture wagers. Kalshi's Election, Politics, Sports, Mentions, and Culture wagers are collectively herein referred to as "Illegal Wagers" or "Illegal Bets."

36. To this day, Kalshi continues to offer its Illegal Wagers within Utah.

37. Despite Utah's criminal prohibition of gambling in all forms, at all times in Kalshi's history, Kalshi has offered (through its platform) its gambling bets to people in Utah.

38. Additionally, to grow its gambling operation, the Kalshi Enterprise has aggressively marketed its platform nationwide, including in Utah.

39. Beginning in September 2024, Kalshi advertised its election wagers through billboards, online, and through television, urging people to "Bet on the US election."[22]

40. On November 2, 2024, Kalshi published an article on its website instructing people how to bet on the elections.[23] This article was, and remains, accessible in Utah. Kalshi has also published other articles instructing people how to place wagers on the Kalshi platform.

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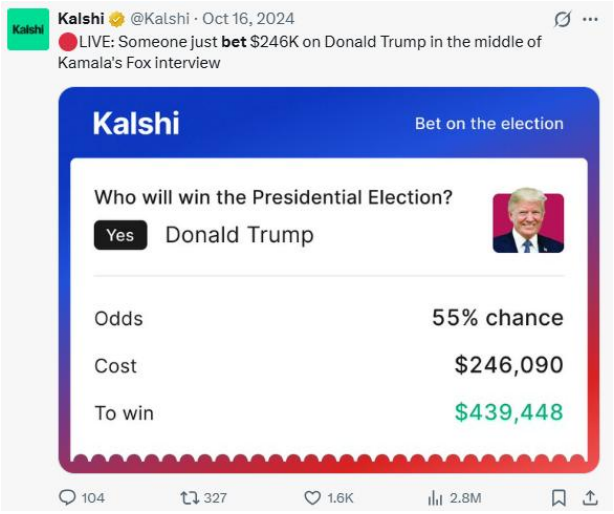
[22] *Americans Bet $100 Million on Trump v. Harris, But at What Cost?*, NPR, https://www.nprillinois.org/2024-10-30/americans-bet-100-million-on-trump-v-harris-but-at-what-cost.

[23] *How to Trade on the Elections*, Kashi.com, https://news.kalshi.com/p/how-to-bet-on-elections.

41. Kalshi also advertised its Election wagers through its social media accounts, which were accessible in Utah. Below is a Twitter post from the official Kalshi account on October 16, 2024 encouraging people to "bet on the election":



42. Kalshi has also advertised its platform as a way to "bet on anything":

43. And Kalshi has claimed that its platform is legal in all 50 states and allows bettors to "Bet in all 50 states," including in this February 18, 2025 Twitter post from Kalshi's official Twitter account:

44. On June 13, 2025, Kalshi advertised its platform nationwide through a television advertisement shown during commercial breaks during broadcasts for an NBA finals basketball game.[24] The advertisement encouraged people to place bets on who would win the NBA championship and whether the United States would confirm the existence of aliens, among other things. And it stated that these gambling bets were available "anywhere in the US."[25]

45. In 2026, Kalshi has continued to market its platform in Utah, stating that its wagers are "legal in All 50 states," including in this May 14, 2026 online phone ad:

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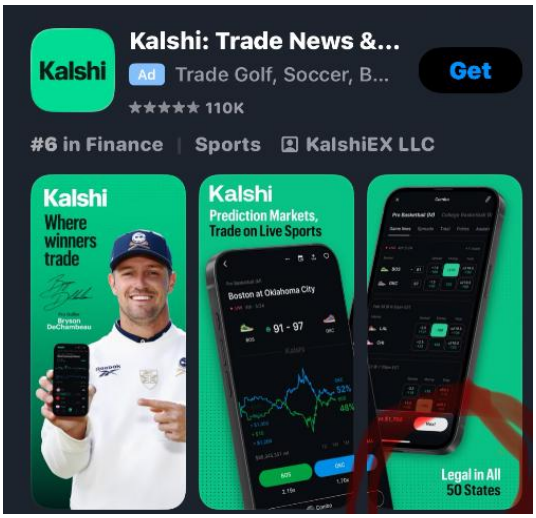
[24] *The AI-Generated Ad that Aired During the NBA Finals Took $2,000 and 2 Days to Make*, Mashable, https://mashable.com/article/ai-generated-video-veo3-nba-finals-kalshi.

[25] *Disney Approved Our Insane AI Kalshi Ad to Run During the NBA Finals*, https://www.youtube.com/watch?v=-QMftwmyW-A.



46. Kalshi has regularly advertised itself online and on television, using celebrity spokespeople, to encourage people to place bets on Kalshi's platform.

47. For example, on June 3, 2026, Kalshi launched a television commercial featuring NBA basketball player Giannis Antetokounmpo, which premiered during Game 1 of the NBA finals.[26] This ad aired in Utah and has continued to air (as of August 2026).

48. Kalshi has also advertised online through its official Youtube account. For example, in April 2026, Kalshi launched an advertisement featuring golfer Bryson DeChambeau in which Kalshi stated that it allowed users to bet on "anything from sports to alien sightings."[27] Kalshi's Youtube account includes 21 different

[26] *Kalshi Launches Ad with Grease Native Giannis Antetokounmpo*, Kalshi, https://news.kalshi.com/p/kalshi-giannis-antetokounmpo-pro-basketball-finals-ad-grease.

[27] *Public Course*, https://www.youtube.com/@kalshi_markets.

commercials that have been released at regular intervals over the last year.[28] These ads were, and continue to be, accessible in Utah. Upon information and belief, these ads have also been broadcast through other channels, such as through television, social media (including through affiliate and paid-influence accounts), and other websites.

49. In short, Kalshi has widely advertised its gambling platform nationally and in Utah.

I declare under criminal penalty of the State of Utah that the foregoing is true and correct. Executed on October 14, 2026 in Utah.

/s/ *Brian H. Blake**
Brian H. Blake
Paralegal
Utah Office of Attorney General

**Signed electronically with permission*

[28] @kalshi_markets, https://www.youtube.com/@kalshi_markets/videos.

Exhibit B

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Attorneys for Plaintiff KalshiEX LLC

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH

KALSHIEX LLC,

Plaintiff,

v.

SPENCER J. COX, in his official capacity as Governor of Utah; DEREK BROWN, in his official capacity as Attorney General of Utah; DANIEL BURTON, in his official capacity as Chief Deputy Attorney General and General Counsel of Utah; STEWART YOUNG, in his official capacity as Criminal Deputy Attorney General of Utah; and DOUGLAS CRAPO, in his official capacity as Public Protection Attorney General of Utah,

Defendants.

DECLARATION OF XAVIER SOTTILE

Case No.: 2:26-cv-00151-RJS

1. I am the Head of Markets at KalshiEX LLC. In that role, I am responsible for the generation of new markets. I received an undergraduate degree in economics from Yale University in 2020. Before joining Kalshi, I worked at the U.S. House of Representatives, Bridgewater Associates, and the Yale Program on Financial Stability.

2. My duties include devising proposed new contracts and shepherding those proposals from inception to completion. I also facilitate the process by which our markets undergo the regulatory review cycle under the purview of the Commodity Futures Trading Commission ("CFTC" or the "Commission"). This involves everything from personally notifying the CFTC of contracts that Kalshi has self-certified under Section 5c(c) of the Commodity Exchange Act (the "CEA") and Section 40.2(a) of the CFTC regulations to maintaining records pursuant to their requirements, certifying that Kalshi's contracts comply with the Act, and communicating with Commission staff over the substance of contract filings.

3. The facts set forth herein are within my personal knowledge, and if called as a witness, I could and would competently testify to them.

4. I offer this Declaration to provide additional information about Kalshi's business and to describe the extraordinary harm that Kalshi and its users will incur unless the Court immediately prevents the Utah officials from acting on their threat to force Kalshi to cease offering event contracts in Utah. Wong Decl. Exs. 1,2. Without an injunction, Kalshi will be forced into an impossible choice. It must either decline to comply with Utah's threats, subjecting itself and its representatives to the risk of criminal liability. *Id.* at Ex. 2. Or it must attempt to comply with Utah law and exit the market, thereby subjecting itself and its users to a host of harms that could not be repaired even if Kalshi ultimately succeeds in this case. This Declaration reflects my preliminary analysis of Kalshi's harms. Other unanticipated harms are possible, and

even likely, given the nature of Utah's threats of enforcement and the uncharted territory into which it would lead.

I. Kalshi's Event Contracts

5. Pursuant to section 7a-2(c)(1) of the CEA, Kalshi self-certifies all contracts that are available on its exchange. Those certifications contain extensive information, including in confidential appendices not available to the public, for the CFTC's review.

6. While the CFTC could subject these contracts to a 90-day review under 17 C.F.R. § 40.11(c) to determine whether they fall under certain enumerated categories and are "contrary to the public interest," the CFTC has not currently initiated such a review of any of Kalshi's contracts.

7. On January 31, 2025, the CFTC requested, pursuant to 17 C.F.R. § 38.5(b), that Kalshi submit a demonstration of compliance for two sports-event contracts with the CEA, and Kalshi responded with a memo that detailed the listings' compliance with all applicable rules and regulations.

8. Kalshi also provided the CFTC with a memorandum from its outside counsel addressing, among other things, the CFTC's authority to regulate trading of sports-event contracts on DCMs.

9. The CFTC took no further action with respect to Kalshi's self-certifications of sports-event contracts.

II. Harms Resulting from Noncompliance

10. If Kalshi declines to comply with the Utah law as interpreted by the Defendants and continues to offer event contracts in the state of Utah, the company and its representatives risk criminal jeopardy in Utah.

11. Utah authorities view Kalshi as illegal, presenting Kalshi with an imminent threat of an enforcement action or lawsuit against it. Wong Decl. Exs. 1, 2. Utah officials have expressed that they believe that Kalshi's operations in Utah are in violation of Utah law. *Id.* at Ex. 2.

12. On February 20, 2026, a news article quoted Utah Governor Spencer Cox saying "I think you're going to see 50 states suing these guys in one way or another. It's illegal in Utah and will continue to be so."[1]

13. The Governor shared a news article titled "Gov. Cox vows fight to keep prediction markets out of Utah" on X. He also wrote that "Rebranding betting as a financial product doesn't reduce the harm it causes" and "We're ready to defend our laws in court." Wong Decl. Ex. 2.

14. On February 22, 2026, Utah Attorney General Derek Brown published an op-ed, which referenced Kalshi by name, made clear that he considers trading event contracts to be illegal in Utah, and stated he has a plan to address prediction markets operating in the state.[2]

15. And the Utah Attorney General has signed multiple amicus briefs that allege Kalshi's offerings are illegal and challenge the CFTC's exclusive authority to regulate derivatives markets.[3]

16. Since Kalshi's designation as a CFTC-regulated contract market in 2020, the company has offered event contracts nationwide. As Head of Markets, I have assiduously complied with

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[1] Raga Justin, *Connecticut Gov. Lamont Pushes for Limits on Prediction Markets*, Bloomberg Law (Feb. 20, 2026, 3:10 PM EST), https://news.bloombergtax.com/daily-tax-report-state/connecticut-gov-lamontpushes-for-limits-on-prediction-markets.

[2] Derek Brown, *Opinion: Utah's attorney general takes a stand against gambling and prediction markets*, Desert News (Feb. 22, 2026), https://www.deseret.com/opinion/2026/02/22/utah-gambling-appsprediciton-markets-harmful-dangerous/.

[3] Brief of Amici Curiae, *KalshiEX LLC v. Flaherty*, No. 25-1922 (3d Cir. June 17, 2025), Dkt. No. 29 ("June Amicus"); Brief of Amici Curiae, *KalshiEX LLC v. Martin*, No. 25-1892 (4th Cir. Dec. 22, 2025), Dkt. No. 41-1 ("December Amicus"); Brief of Amici Curiae, *KalshiEX LLC v. Hendrick*, No. 25-7516 (9th Cir. Jan. 30, 2026), Dkt. No. 48.1 ("January Amicus").

federal regulations with regard to all our contracts. We have done our best to run the company according to our understanding of the regulatory framework under which we have been governed for more than five years.

17. Since reviewing statements from Utah officials that challenge Kalshi's operations—which are lawful under federal law—Kalshi has become aware of the risk of enforcement from Utah which would expose the company and representatives to criminal liability. It is terrifying and stressful to attempt to operate the company while the risk of criminal jeopardy looms. I am deeply concerned that Utah will make good on its threat to file criminal charges against Kalshi, its representatives, and possibly even its contractual counterparties. That fear becomes all the more distressing given that Kalshi's only other alternative is compliance with Utah anti-gambling laws, which would bring about a whole host of other harms to Kalshi and its users, as I describe below.

III. Harms Resulting from Attempted Compliance

18. Choosing to comply with Utah anti-gambling laws as interpreted by Utah officials would introduce a new set of barriers and challenges that by themselves would subject Kalshi and its users to irreparable harm. Technical compliance with Utah law in short order would be exceedingly difficult. But even if Kalshi could implement a technical solution to comply with Utah's demands, halting access to event contracts in Utah, voiding existing contracts, and refunding deposits to users located in Utah would cause severe harm to Kalshi's existing user base. Compliance would also risk Kalshi's status as a designated contract market ("DCM") under the CFTC, throwing away years of effort to earn and maintain its federal designation. All of these harms would be avoided by this Court's entry of immediate injunctive relief.

19. Kalshi's harms from attempting compliance can be categorized as follows: (a) harms imposed by technical barriers to compliance, (b) harms to Kalshi's users from abruptly ceasing operations in Utah, (c) the risk that complying with Utah law would jeopardize Kalshi's CFTC designation, and (d) economic and reputational harm to Kalshi from ceasing event-based contracts in Utah. I describe each of these categories in more detail below.

a. Harms Resulting from Technical Barriers to Compliance

20. Complying with Utah anti-gambling laws as interpreted by Defendants would require Kalshi to undertake technological changes that would be either difficult or impossible for Kalshi to implement immediately, under the threat of imminent litigation. Attempting to undertake these extraordinary technological changes would impose substantial and irreparable costs that could not be recouped even if Kalshi ultimately prevails in this case.

21. Defendants want Kalshi to cease offering event contracts in Utah based on the mistaken assertion that these contracts constitute gambling, which is illegal in the state. For Kalshi to do so, it would have to, first, undertake efforts to geolocate which of its users are in Utah, and, second, bar access to all event contracts for those users. This would require Kalshi to geolocate all of its users at all times and have a process to continually void event contracts and refund deposits for people who enter the state of Utah. I have engaged in internal discussions with our leadership and technical team to determine the feasibility of compliance of all of these demands. Compliance would be difficult to implement even under a relaxed timeline and could not be done immediately.

i. <u>Step One – Identifying Utah Users</u>

22. Because Kalshi is subject to uniform federal regulation rather than state-by-state laws, it currently lacks a mechanism to identify which of its users are located in any particular state at

any particular time. Implementing such a mechanism would be incredibly costly and could not be done immediately.

23. Websites that use geofencing technology identify their users' whereabouts through a process called geolocation (or geo-positioning). Geolocation identifies and tracks an internet-connected device's location to provide real-time data as to the geographic position of the device. This technology is more sophisticated than merely identifying the device's IP address. Instead, geolocation uses a combination of location-identifiers like GPS coordinates, cell phone towers, WiFi access points, network connections, and Bluetooth beacons to triangulate location. While IP addresses can provide city-level location accuracy, geolocation is sensitive enough to track the exact moment that a device crosses state lines.

24. It is my understanding that geolocation is a multi-step and technically complex process even for stationary devices, and that the process is even more challenging when tracking the real-time movement of devices.

25. As a CFTC-regulated contract market, Kalshi has never developed or implemented geolocation on its platform because it is subject to the CFTC's exclusive jurisdiction and is not subject to individual state laws governing gambling. Like the Chicago Mercantile Exchange and the Intercontinental Exchange, Kalshi does not distinguish between users or trades on the basis of geographic location. Instead, Kalshi is subject exclusively to federal law, which does not apply different standards to users of different states.

26. Kalshi keeps Know Your Customer ("KYC") data on the traders that place positions on its platform. Kalshi knows the permanent residence and IP address of its users but does not geolocate its users and therefore does not know where a user's device is located at any point in

time. Kalshi maintains a database of its traders' KYC data, which is available for CFTC inspection upon request.

27. Kalshi has no evident way to cease operations in the State. If Kalshi sought to use its existing KYC data to identify Utah-based users on its platform, this broad-brush approach would risk being deemed both under- and over-inclusive. KYC data would capture all users who claim their permanent residence as Utah even if they place positions when they are located outside of Utah. Conversely, the KYC data could fail to capture users whose permanent residence is outside of Utah but who travel to the state and make a trade while there.

28. If, alternatively, Kalshi sought to implement geolocation services across its platform, this process would be incredibly costly and time-consuming. Kalshi lacks the capacity to implement this service in-house and would therefore need to contract with a cloud- or server-based geolocation platform. I estimate that a partnership with a geolocation service provider would cost Kalshi up to tens of millions of dollars annually. Thus, if Kalshi were required to stop offering event contracts in Utah, Kalshi would be forced to expend enormous financial resources on geolocating services, even if the court ultimately concludes that Utah law does not apply to Kalshi.

29. Based on my prior negotiations with other key partners, moreover, I estimate that negotiating a complex contract with a geolocation service provider alone could take months. Implementing and integrating the geolocation services into our existing platform would take longer still. Thus, attempting to comply with Utah's demands could not feasibly be done quickly and, even if it could, would subject Kalshi to massive irrevocable costs.

ii. Step Two - Geographical Cessation

30. Only after identifying Kalshi users who are physically present in Utah could Kalshi cease offering its event contracts to users in Utah and void pending event contracts entered into by users in Utah. It would be required to do so through a technical process called "geofencing." This process would involve creating a virtual geographic boundary, or geofence, around the State of Utah. Again, this process would be technically challenging, time-consuming, and expensive.

31. While geofencing might block *newcomers* from trading on the platform from Utah, geographical cessation presents a host of additional difficulties for *existing* Kalshi users. As of today, there are 55,819 accounts on Kalshi that have registered with a Utah address; 32,940 of those accounts have passed KYC protocols and become full-fledged Kalshi members. While the precise numbers are not public, these accounts have more than five million contracts on the Kalshi platform, meaning Utah users have over five million dollars' worth of open positions on Kalshi markets that have not yet been settled.

32. To cease offering event contracts in Utah would require Kalshi to "void" these existing positions. But doing so would present intractable technical difficulties.

33. To cease operations in the state, Kalshi would have to unilaterally void and refund all trades that originated in Utah, compliance would either be impossible or irreparably harmful. To explain why, it is helpful to describe Kalshi's operation as an exchange as opposed to, for example, a sportsbook. A sportsbook operates by taking bets from gamblers on games where the house has a statistical advantage. In other words, gamblers bet against the "house," and when the house loses, it must pay the gambler. Sportsbooks therefore maintain a high level of liquidity so that they can pay out those bets. Sportsbooks set the prices at which their customers can transact, building in a margin (a "vig") to keep the odds stacked in their favor. Sportsbooks ban

successful bettors, or sharply limit the amount that they can wager. And sportsbooks control whether bettors can "cash out" their trades (at prices worse than prevailing betting lines would imply).

34. But Kalshi does not operate in this way. Instead, it manages a federally regulated contract market and facilitates trades between different users on the platform. Kalshi does not set odds, but instead lets users trade at prevailing market prices. Traders do not bet against the house, but rather enter into contracts with other traders on an exchange. Kalshi has no interest in whether any given trade is successful or not; it charges a fee for each trade, which is set by a publicly disclosed formula. It does not ban or limit successful traders. It allows traders to exit their position (at the prevailing market price) at any time before a contract settles, including by placing limit orders.

35. As a designated contract market, Kalshi has the authority to cancel trades when necessary to mitigate market-disrupting events caused by malfunctions on its platform or errors in orders submitted by traders. However, due to the fully collateralized and short-term nature of trading on Kalshi, the circumstances in which this authority may be exercised are limited, and there is generally no cancellation or adjustment of an erroneous trade except in extraordinary circumstances.

36. A closing of open positions at this magnitude could cause Kalshi to suffer staggering financial harm, not to mention the financial harm to its users, because Kalshi may be unable to compensate all of its Utah traders for the cancelled trades. Pursuant to the CEA, Kalshi operates through federally regulated clearinghouses that collateralize open positions. 7 U.S.C. § 7a-1. But Kalshi is fully collateralized with the understanding that every event contract between two

users will pay out $1 in total, and there are situations in which users' buying and selling of contracts causes the value of a given contract to exceed $1.

37. If Kalshi were required to close all open positions held by Utah residents on event contracts, as an exchange, it would need to declare a market emergency and restore all the involved users to their original position. But there is a significant risk that Kalshi will be unable to restore all Utah residents who have entered into event contracts to their original position.

38. The following example is illustrative. USER A buys a contract from USER B. USER A pays 90 cents, and USER B pays 10 cents. Then the contract changes in value. USER B sells his side to USER C, and USER C pays 90 cents for it. USER B cashes out his 80-cent profit. There is currently $1 in collateral in the clearinghouse (which will satisfy the ultimate $1 obligation to USER A or USER C at the conclusion of the contract period), but closing the open positions to their original value would mean that Kalshi owes USER A and USER C 90 cents each, or $1.80 total.

39. Because Kalshi is fully collateralized up to $1 per contract, and any given contract may exceed $1 in value as the market's prediction on an event fluctuates before the event occurs (as illustrated in the preceding paragraph), Kalshi would be financially liable for any excess value above $1---in the example above, 80 cents per contract. However, Kalshi may lack sufficient funds to cover that difference in value, which could be substantial. As such, Kalshi would be forced to take on a significant (and unrecoverable) financial liability, and the forced exit of the positions (some of which would be more valuable at present than the opening price they would be cashed out at, causing a loss to traders) would severely damage Kalshi's reputation among users as a trustworthy and secure exchange, and could also lead to significant litigation claims.

40. Kalshi, moreover, would want to give its users reasonable notice to allow them to exit their positions voluntarily if they so choose. But the immediate threat of criminal liability from Utah state authorities raises serious questions about whether Kalshi could even engage in that basic diligence.

b. Irreparable Harms to Kalshi's Users

41. Ceasing operations and voiding event contracts in Utah would impose irreparable harm on Kalshi's existing user base.

i. Voiding Contracts

42. Voiding Utah-based contracts on Kalshi would subject users to irreparable harm. This would require Kalshi to refund the original cost of their existing positions on their respective open contracts. Unilaterally settling traders' positions based on the original cost of the positions could lead to significant losses for users. A trader who bought a contract during a market dip and is forced to exit at the original contract price would not be able to realize any gains that he earned over his holding period for the contract.

43. By the same token, immediately voiding Utah-based users' contracts would disrupt the market for out-of-state users by causing a false signal in the market. Event contract markets respond to market fluctuations. For Kalshi to remove its contracts from the state, it would need to void existing transactions, which would require Kalshi to liquidate the entire market for both Utah and non-Utah users by settling prices at the original contract price. This would be prohibitively expensive and likely occasion the end of our federally regulated company simply to stave off potential criminal liability.

44. Voiding positions would also cause a massive disruption to users' investment-based expectations. Financial traders on Kalshi have taken positions based on their expectations for

future events, and, like investors in other markets, expect to be able to alter their investments as facts on the ground change. Due to the unique market sensitivity of event contracts and the ease with which exchanges allow traders to place positions, traders capitalize on the opportunity to enter and exit their positions during the pendency of the contract. Traders also deploy well-recognized strategies like limit orders and portfolio-wide loss mitigation strategies. Investors may invest in a contract expecting to sell if the contract price falls below a certain value or expecting to reinvest more if the investment proves especially sound. And while some contracts operate on short timelines, many of the contracts that Kalshi offers are long-term. For example, one of Kalshi's event contracts allows traders to place positions on whether the electric vehicle market share will rise above 30% by 2030. Traders who have placed a position on this contract may be mitigating their risk on other investments by placing a position that effectively balances out the investment portfolio. As the market for electric vehicles changes, so does the price of the event contract. A trader may make an investment at 45 cents on the electric vehicle contract and institute a limit order to sell the contract when the price dips below 30 cents because 30 cents is the break-even point on the investment.

45. Traders are constantly engaged in the practice of ascertaining risk. As facts on the ground change, so do traders' strategies. Indeed, traders often do not place a position on a contract with the intent of seeing that contract through to its expiration date and risking the full amount of the entry price. Instead, they monitor market fluctuations during the lifetime of the event contract to determine when to cash out. In other words, traders do not necessarily value event contracts based on the ultimate value of the contract at its expiration date. They also value the flexibility that event contracts provide as a financial tool to mitigate risk in real time. But immediately voiding all contracts would upend that expectation

46. Voiding all Utah-based trades would completely upend this investment strategy and destroy traders' expectations. If Kalshi were to void all trades in Utah, traders would no longer be able to take action on their existing contracts in accordance with their investment models. The flexible investment opportunity on which Kalshi users relied when entering into these contracts would be lost, and they may be forced to incur a loss even if their ultimate evaluation of the event was correct. A Kalshi user that entered into a contract on "Will the Fed have an emergency meeting in 2026," for example, would not be able to exit that contract even if facts on the ground change dramatically in the meantime. This is an economics-based event contract that is currently offered through the Kalshi exchange, and as of the date of this submission, values the odds of an emergency meeting at slightly over 17%.[4] But if trades are voided and a meeting does occur, trades with a "yes" position will have been cashed out at a level significantly below the ultimate value of the contract.

47. Voiding all Utah-based trades also would not solely affect Utah-based users and transactions; it would wreak havoc on the entire Kalshi exchange ecosystem. Again, exchanges do not operate like sportsbooks where gamblers bet against the house. Instead, exchanges facilitate contracts between individual traders on the market. Traders on either side of a contract are often from different states, given that Kalshi does not distinguish between the geographic location of traders. If traders in Utah have their positions voided, then their trading counterparts in other states will likewise be limited in whether and how often they can enter and exit their positions on the Kalshi exchange. Traders in California, for example, may expect to rely on traders in Utah on contracts related to water availability in the American Southwest. But if the

[4] KalshiEX, *Will the Fed have an emergency meeting in 2026?*, https://kalshi.com/markets/kxfedmeet/fed-emergency-meeting/kxfedmeet-27

Utah-based traders and transactions are all of a sudden restricted on the platform, that will have an equal and opposite effect on the market for traders in other states. Pausing transactions in Utah would thus disrupt users' positions on the exchange nationwide, which they placed in reliance on their ability to flexibly enter and exit. This could wreak havoc on the approximately $570 million in open interest currently on the exchange from open transactions.

ii. Refunding Balances on Kalshi

48. Refunding all user deposits on Kalshi would also harm users, who can earn 3.25% APY interest on deposited funds and open positions on the exchange, and would lose the ability to earn that interest.[5]

iii. Pausing Positions

49. Defendants would require Kalshi to cease offering event contracts and void all pending event contracts, but even less extreme measures would harm Kalshi. Rather than voiding all contracts, other states have demanded that Kalshi pause trading within their states. But even pausing current Utah-based positions on Kalshi prior to pending the outcome of the event at issue would cause irreparable harm by denying traders access to their property and threatening their economic expectations.

c. Harms to Kalshi Resulting from the Risk of CFTC Decertification

50. Ceasing to offer event contracts in Utah would jeopardize Kalshi's status as a CFTC-designated contract market. It is difficult to overstate how harmful this would be to Kalshi.

51. As the Head of Markets at Kalshi, I oversee the entire regulatory review process for Kalshi's contract markets. In that role, I am responsible for ensuring that each of Kalshi's contracts complies with the nearly two dozen CFTC Core Principles that govern event contracts

[5] https://help.kalshi.com/navigating-the-exchange/your-portfolio/apy-on-kalshi

traded on CFTC-regulated exchanges. Complying with Defendants' demands could be understood to put Kalshi out of compliance with these Core Principles, imperiling Kalshi's designation as a contract market under the CFTC's purview.

52. CFTC Core Principle 4 charges designated contract markets with the "responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process." 17 C.F.R. § 38.250. Immediately liquidating or pausing traders' positions could be understood to lead to the very sort of price distortion and market manipulation that the CFTC regulations guard against. Pausing trades could cause "disruption[ ] of the delivery or cash-settlement process" and immediate liquidation could cause "price distortion."

53. CFTC Core Principle 2 requires that designated contract markets provide their "members, persons with trading privileges, and independent software vendors with impartial access to its markets and services." 17 C.F.R. § 38.151(b). Pursuant to this regulation, "[a]ccess criteria" must be "impartial, transparent, and applied in a non-discriminatory manner." *Id.* Discrimination based on geographic location would conflict with this requirement, but that is exactly what Kalshi would have to do to comply with the Defendants' demands. Traders who execute positions in Utah would be barred from accessing Kalshi's exchange and placing positions on Kalshi's contracts, whereas traders in any other state would have unlimited access to the platform.

54. Violation of these Core Principles could subject Kalshi to the panoply of enforcement mechanisms that the CFTC has at its disposal. Those tools range from civil monetary penalties to restitution to criminal liability.

55. Violating these principles could even jeopardize Kalshi's federal-contract-market status with the CFTC. The CFTC is authorized to suspend or revoke Kalshi's designation if

Kalshi fails to comply with federal regulations. Kalshi has spent the better part of the last decade working to gain federal registration as a contract market under the CFTC and has scrupulously endeavored to comply with CFTC regulations to maintain that registration. Losing our federal license would be catastrophic for the company, even if Kalshi were to ultimately succeed in this suit against the state authorities in the long term.

56. CFTC enforcement is not a mere theoretical risk. Several years ago, a CFTC-regulated exchange was charged with offering contracts on a discriminatory basis because it only allowed sportsbooks to trade on its platform. Discriminating on the basis of state residence could likewise subject Kalshi to federal repercussions. It is inconceivable, for example, to imagine a CFTC-designated contract market like the Chicago Mercantile Exchange abruptly closing its exchange to users in a particular state without serious federal repercussions. Yet that is what compliance with Utah anti-gambling laws as interpreted by Defendants would require of Kalshi.

57. The CFTC reaffirmed this view in a recent amicus brief in the Ninth Circuit. The CFTC stated that DCMs are "required" to "provide 'impartial access' to all eligible participants nationwide,"—a mandate impossible to fulfill "[i]f a state ban[s Kalshi's] contracts. *N. Am. Derivatives Exch., Inc. v. Nevada*, No. 25-7187, ECF No. 38-2 (9th Cir.).

58. Compliance with Utah law thus places Kalshi in a regulatory Catch-22: Either it complies with Utah law and risks CFTC sanctions, or it continues operations in Utah and subjects itself to state criminal liability.

d. Economic and Reputational Harms to Kalshi

59. Compliance with the cease-and-desist would also cause economic and reputational harm to Kalshi. Losses on both fronts would be irreparable even if Kalshi ultimately wins this case.

60. Kalshi has more than 32,000 verified users in Utah with more than $1 million invested on the exchange. The market uncertainty created by abruptly closing its contracts in Utah could lead many users to leave the platform—even users outside of Utah. Traders must have confidence in the integrity of the market to invest in it, but market confidence would be deeply shaken by complying with Utah's demand and the prospect other states may follow suit. Even if Kalshi were to prevail in this lawsuit, regaining that market confidence would be difficult. Kalshi has expended enormous resources to advertise its platform, onboard traders, and maintain their business. Losing those traders—who Utah would have Kalshi expel from the platform by not only voiding their trades but refunding any money deposited with Kalshi—would mean that many of those efforts were for naught. Thus, compliance would impose significant and irrevocable economic harm on the company.

61. The threat of state litigation also endangers Kalshi's established partnerships and relationships. One of Kalshi's banner partners, Robinhood, has already chosen not to list Kalshi's event contracts in some states because of state cease-and-desist letters that make similar demands to Utah's threatened enforcement here. This is a massive disruption for Kalshi given Robinhood had agreed to list Kalshi's contracts to its millions of active users, but chose to deviate from that plan in direct response to demands similar to the ones Utah issued here. Other partners that help us comply with CFTC regulations by facilitating our digital investment platform and helping detect improper trading behavior may also seek to limit their exposure given the uncertainty of the application of state law to Kalshi.

62. The effects of Utah's threats are not limited to the state but instead threaten to open a Pandora's box of regulation for the 49 other states that may wish to impose their local laws on Kalshi's exchange. In the absence of a temporary restraining order and preliminary injunction,

partners and users alike will be hesitant to engage with Kalshi given this potential for state litigation.

* * *

63. Statements suggesting imminent enforcement of Utah law imposes irreparable harms that Kalshi cannot avoid. If Kalshi does not comply with Utah's demands, the company faces criminal liability. But if Kalshi attempts to comply with Utah's demands, it would incur massive costs, its users would be harmed, its federal registration would be imperiled, and user confidence in the integrity of its market would be shaken. All of these harms are compounded by the real risk that other states will be emboldened to follow Utah's lead and Kalshi will have the possibility of being subjected to multiple, inconsistent regulatory schemes. And there are serious questions about whether Kalshi could implement the technical solutions on an expedited timeline. Kalshi has spent years cultivating its reputation and developing its user base. Compliance with Utah's demands would lead to economic and reputational harm that will be difficult to regain.

64. Pursuant to 28 U.S.C. § 1746, I certify under penalty of perjury that the foregoing is true and correct.

At New York, New York, this 25th day of February, 2026.

/s/ Xavier Sottle*

Xavier Sottile
*e-signed by counsel with permission on 2/25/2026