

The Honorable Bill Hagerty
Chair
Subcommittee on Financial Services
and General Government
Senate Committee on Appropriations

The Honorable Jack Reed
Ranking Member
Subcommittee on Financial Services
and General Government
Senate Committee on Appropriations

June 24, 2026

Dear Chair Hagerty and Ranking Member Reed,

We write to urge you to prohibit the Commodity Futures Trading Commission (CFTC) from using federal funding to prevent states and Tribes from enforcing their gambling laws and gaming compacts with respect to online prediction markets. Recent lawsuits filed by the CFTC against states regulating online prediction markets will only fuel a gambling public health crisis and interfere with states' and Tribes' longstanding prerogative to regulate or even restrict gambling.

Online prediction markets, which have rapidly grown in popularity, are drastically different from the original intent of event contracts, which those companies claim to offer. Serving to hedge against financial risks, event contracts were largely limited to the agricultural sector and economic matters. Prediction markets, however, have distorted this purpose and infiltrated the world of sports, politics, and even foreign affairs. It can be hardly argued that wagers, like betting over the Super Bowl, serve the same hedging function as traditional event contracts. Further, as prediction markets have sought to circumvent state safeguards, their products have led to underage gambling,¹ gambling addiction,² and serious financial losses.³

¹ Contessa Brewer, "College Students and Teens Could Be Fueling the Prediction Markets Boom," CNBC, January 15, 2026, <https://www.cnbc.com/2026/01/15/prediction-markets-college-students-teens-could-be-fueling-the-boom.html>.

² Jay Cohen and Cora Lewis, "Addicts Say Prediction Markets Pose the Same Risk as Sports Gambling," AP News, April 30, 2026, <https://apnews.com/article/kalshi-polymarket-prediction-markets-45ffa90f68402461fcad768ce54caf6d>.

³ Caitlin Ostroff, Katherine Long, and Neil Mehta, "Why Almost Everyone Loses—except a Few Sharks—on Prediction Markets," The Wall Street Journal, May 3, 2026, <https://www.wsj.com/finance/investing/polymarket-kalshi-betting-profits-prediction-markets-eb23ac11>.

States and Tribes, in their longstanding capacity as the primary regulators of gambling, have brought legal action⁴ or are considering new laws, rightfully identifying that online prediction markets offer services that are no different than gambling. However, these efforts have been stymied by the CFTC, which is attempting to assert exclusive jurisdiction over online prediction markets by suing those states that are enforcing their laws. To date, the CFTC has sued Connecticut, Illinois, Arizona, Wisconsin, New York, Minnesota, Rhode Island, and New Mexico. Further, the CFTC sought to block Arizona from enforcing its criminal and gambling laws against online prediction markets. Through engaging in this campaign of litigation and intimidation, the CFTC risks becoming an instrument and enabler of online prediction markets' efforts to bypass states' consumer protections and oversight, creating a race-to-the-bottom in gambling.

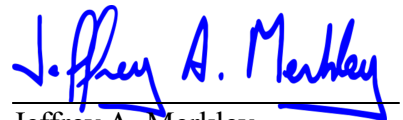
As leaders of the Financial Services and General Government (FSGG) Appropriations Subcommittee, which exercises jurisdiction over the CFTC, you serve as an important check against abuses of the CFTC's regulatory authority. Given the significant societal consequences resulting from the CFTC's interference in state gambling laws, we encourage you to prohibit the CFTC in the Fiscal Year 2027 FSGG Appropriations Act from using its appropriated funds to sue states and Tribes to stop them from enforcing their gambling laws or gaming compacts with respect to online prediction markets.⁵

Thank you for your attention to this matter.

Sincerely,



Richard Blumenthal
United States Senator



Jeffrey A. Merkley
United States Senator

⁴ Similar to states, Tribes in Wisconsin, California, and New Mexico have sued online prediction markets for violating the Indian Gaming Regulatory Act and their respective gaming compacts.

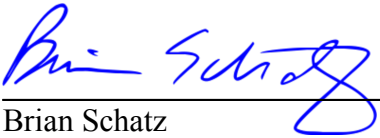
⁵ Such language could include "The Committee prohibits the U.S. Commodity Futures Trading Commission from using funds in this Act for the purposes of intervening, including through litigation, in state and tribal gambling laws and their enforcement with respect to event contracts," which was submitted by Senator Blumenthal. Other approaches could restrict the CFTC's role with respect to events contacts related to sports, war, securities benchmarks, and other matters.



Catherine Cortez Masto
United States Senator



Tina Smith
United States Senator



Brian Schatz
United States Senator



Jacky Rosen
United States Senator



Adam B. Schiff
United States Senator



Maria Cantwell
United States Senator



Alex Padilla
United States Senator



Christopher S. Murphy
United States Senator



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Ben Ray Luján
United States Senator



Martin Heinrich
United States Senator



John Hickenlooper
United States Senator



Sheldon Whitehouse
United States Senator



Mazie K. Hirono
United States Senator



Richard J. Durbin
United States Senator