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KING COUNTY
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CASE #: 26-2-10264-3 SEA

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

KALSHIEX, LLC,

Defendant.

NO. 26-2-10264-3 SEA

ORDER GRANTING PLAINTIFF
STATE OF WASHINGTON'S
AMENDED MOTION FOR
PRELIMINARY INJUNCTION

THIS MATTER, was before the Court on Plaintiff State of Washington's Amended Motion for Preliminary Injunction against Defendant KalshiEX, LLC (Kalshi). The Court reviewed the following materials directly related to the matter at issue:

1. The State of Washington's Amended Motion for Preliminary Injunction;
2. The Declaration of Ben Brysacz and attached exhibits;
3. The Declaration of Eric Peters and attached exhibits;
4. Defendant's Opposition to Plaintiff's Motion for Preliminary Injunction;
5. The Declaration of Matthew J. Laroche and attached exhibits;
6. The State of Washington's Reply in Support of the Amended Motion for Preliminary Injunction;
7. The Declaration of Ben Bryacz in Support of the Reply with supportive exhibits; and
8. A Notice of Supplemental Authority from the Defendant submitted after oral argument held on July 10, 2026.

1 The Court familiar with the records and files herein, and being otherwise fully
2 advised after well-presented oral argument, hereby enters the following Findings of
3 Fact, Conclusions of Law, and Order.

4 **I. FINDINGS OF FACT**

5 1. Plaintiff is the State of Washington (State), by and through the Consumer
6 Protection Division of the Washington State Attorney General's Office.

7 2. Defendant Kalshi operates an online platform where users can place bets
8 on the outcome of various events, categorized under multiple different topics including
9 Elections, Politics, Sports, Culture, Crypto, Commodities, Climate, Economics,
10 Mentions, Finance, and Tech & Science. Kalshi makes its betting platform available
11 nationwide, and it specifically targets Washington consumers in its advertising and
12 marketing.

13 3. Kalshi is a Delaware limited liability company with its principal place of
14 business located at 594 Broadway, Suite 407, New York, NY 10012. Kalshi is a wholly
15 owned subsidiary of Kalshi, Inc. Kalshi is not licensed by the Washington State Gambling
16 Commission to conduct online gambling. Kalshi is not registered to conduct business
17 in Washington.

18 4. The State's Attorney General is authorized to commence this action
19 pursuant to RCW 19.86.080, RCW 19.86.140, and RCW 43.10.030 to address practices
20 that violate Washington's Consumer Protection Act (CPA), Gambling Act, and the
21 Recovery of Money Lost at Gambling Act (RMLGA), and to vindicate the rights of the
22 public. RCW 9.46.010, .0213, .0269, .038, .0368, .903.

23 5. This Court has personal jurisdiction over Kalshi. Kalshi has purposefully
24 availed itself of the privileges and benefits of conducting business in King County and
25 elsewhere in the State of Washington by engaging in the conduct set forth in the
26

1 Complaint, including but not limited to offering online gambling activities—which Kalshi
2 refers to as a “prediction market”—in King County.

3 6. This Court has subject matter jurisdiction over this action pursuant to
4 RCW 19.86.080 and RCW 19.86.140.

5 7. Venue is proper in King County pursuant to RCW 4.12.020 and RCW
6 4.12.025, and Court Rule 82 because the causes of action arose, in part, in King County
7 and Kalshi transacted business in King County.

8 8. Washington has tightly regulated gambling since its founding in 1889.
9 Washington’s Legislature has consistently recognized a public policy interest in
10 protecting the health, welfare, and safety of Washington residents by restricting
11 gambling activity. In 2006, the Legislature effectively banned all online gambling in
12 Washington. In 2020, the Legislature authorized a limited exception for sports wagering
13 that takes place on tribal lands pursuant to a tribal gaming compact.

14 9. Kalshi operates an online betting platform that it advertises as a
15 “prediction market” and that allows consumers to bet on thousands of topics ranging
16 from sports, political elections, entertainment, popular culture, and whether public
17 figures will utter specific words or phrases (“mentions”). Kalshi’s website and mobile
18 application (app), which is available to both Android and iOS users, are available in
19 Washington.

20 10. On Kalshi, consumers place bets on the outcome of various issues by
21 purchasing a “yes” or “no” bet. If the consumer wagers correctly, they receive a payout.
22 If the consumer wagers incorrectly, they forfeit the money they wagered. Kalshi earns
23 a transaction fee on each bet placed. Each bet risks money, relies in part on chance,
24 and promises a payout to winners.

25 11. Kalshi’s offerings also include so-called “mention markets” that allow
26 users to bet on whether public figures will say certain words during public appearances.

1 12. Kalshi knowingly accepts and receives money from Washington
2 consumers through its online betting platform. By facilitating wagers and collecting fees,
3 Kalshi profits from its betting platform.

4 13. Kashi's website and app provide information about wagers, real-time
5 odds, and match users for wagers. Kalshi transmits gambling information on the internet
6 and maintains the equipment to do so.

7 14. Kalshi's advertisements that it offers "legal betting" in Washington state
8 are likely to mislead a reasonable consumer that such gambling activities are legal
9 under state law.

10 15. Kalshi continues to offer illegal gambling, sports wagering, and
11 bookmaking, and continues to advertise to Washington consumers.

12 16. On December 9, 2025, the Washington Gambling Commission issued a
13 notice that "[o]ffering events-based contracts or participating in these markets is not
14 authorized in Washington State."

15 17. Kalshi has not ceased offering events-based contracts in Washington. At
16 the same time, Kalshi has also opposed state regulation and oversight in other states,
17 and is subject to a preliminary injunction in Nevada.

18 18. As the Washington Legislature has found, "some individuals in this state
19 are negatively impacted by problem gambling and gambling disorder." RCW 9.46.071.
20 Similarly, the Washington Supreme Court has observed that "[g]ambling addicts and
21 underage gamblers have greater accessibility to on-line gambling—able to gamble from
22 their homes immediately and on demand, at any time, on any day, unhindered by in-
23 person regulatory measures." *Rousso v. State*, 170 Wn.2d 70, 82, 239 P.3d 1084
24 (2010).

25 19. Gambling addiction is a recognized public health problem. According to
26 the 2021 Washington State Adult Problem Gambling Prevalence Study, among

1 Washington adults who gambled, 3.5% would likely be diagnosed with gambling
2 disorder (1.5% of all adults), and 17% were at an increased risk for problem gambling
3 (7.5% of all adults). The Washington State Adult Problem Gambling Prevalence Study
4 further found that the prevalence of moderate-to-severe problem gambling was
5 substantially higher among “online gamblers” (10.3%) compared to all gamblers (3.5%).
6 Additionally, “online gamblers” were almost four times as likely to experience problem
7 gambling compared to gamblers who only gambled at brick-and-mortar venues such as
8 Washington’s tribal casinos where sports gambling is legal in Washington (10.3% as
9 compared to 2.6%). See Washington State Health Care Authority, 2021 Washington
10 State Adult Problem Gambling Prevalence Study Results: Report to the Legislature
11 (June 30, 2022), at iv-vii, [www.evergreencpg.org/wp-content/uploads/2022/12/wa-](http://www.evergreencpg.org/wp-content/uploads/2022/12/wa-state-adult-problem-gambling-prevalence-study-final-2021.pdf)
12 [state-adult-problem-gambling-prevalence-study-final-2021.pdf](http://www.evergreencpg.org/wp-content/uploads/2022/12/wa-state-adult-problem-gambling-prevalence-study-final-2021.pdf).

13 20. Gambling disorders also negatively affect spouses, partners, children,
14 and others besides the person experiencing the disorder. Studies show for example
15 that gambling disorders are associated with higher rates of domestic and intimate
16 partner violence. See Nerilee Hing et al., An integrative review of research on gambling
17 and domestic and family violence: Fresh perspectives to guide future research, 13
18 *Frontiers Psych.*, Oct. 2022, <https://doi.org/10.3389/fpsyg.2022.987379>.

19 21. Some researchers have noted that prediction markets share “structural
20 and functional similarities” with online gambling, and “pose harms beyond traditional
21 gambling” because they “operate under limited regulation while carrying social and
22 commercial legitimacy.” Nizan Geslevich Packin and Sharon Rabinovitz, Prediction
23 markets as a public health threat, 392 *Nature* 6795, Apr. 2026,
24 [ttps://www.science.org/doi/10.1126/science.aee3932](https://www.science.org/doi/10.1126/science.aee3932).

II. CONCLUSIONS OF LAW

1
2 1. Kalshi transacts business in King County by offering, operating,
3 conducting, marketing, promoting, and/or distributing unlicensed and illegal gambling
4 activities, including, without limitation, illegal gambling games, bookmaking, and
5 professional gambling with respect to betting on sports, elections, politics,
6 entertainment, culture, and mentions markets (collectively, Illegal Gambling Activities).

7 2. The Supremacy Clause sets out a “fundamental principle of the
8 Constitution” that “Congress has the power to preempt state law.” *Crosby v. Nat’l*
9 *Foreign Trade Council*, 530 U.S. 363, 372 (2000); U.S. Const. art. VI, cl. 2. Express
10 preemption “exists when Congress expresses a clear intent to pre-empt state law in the
11 language of the statute.” *Bibbo v. Dean Witter Reynolds, Inc.*, 151 F.3d 559, 562 (6th
12 Cir. 1998); see *City of Seattle v. Burlington N. R.R. Co.*, 105 Wn. App. 832, 835-836,
13 22 P.3d 260 (2001). F

14 3. The Commodity Exchange Act (CEA) does not preempt Washington State
15 gambling law. While 7 U.S.C. § 2(a)(1)(A) grants the Commodities Futures Trading
16 Commission (CFTC) “exclusive jurisdiction” over certain transactions on designated
17 contract markets (DCMs). This grant of exclusive jurisdiction was not added to exclude
18 state regulation, but to “separate the functions of the [CFTC] from those of the [SEC]
19 and other regulatory agencies” and “consolidate federal regulation of commodity futures
20 trading in” one agency. *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Curran*, 456 U.S.
21 353, 386-87 (1982); see also *KalshiEx, LLC v. Schuler*, 2026 WL 1295806, at *4 (6th
22 Cir. Apr. 24, 2026).

23 4. 7 U.S.C. § 2(a)(1)(A) does not contain express preemption language.
24 Kalshi’s cited authorities are not to the contrary. *Mississippi v. Louisiana*, 506 U.S. 73
25 (1992), concerned the statutory grant of exclusive jurisdiction over controversies
26 between states to the Supreme Court; *Hughes v. Talen Energy Mktg., LLC*, 578 U.S.

1 150 (2016), concerned the Federal Power Act and held that the Federal Energy
2 Regulatory Commission had exclusive jurisdiction over the sale of electric energy at
3 wholesale in interstate commerce; and *Bache Halsey Stuart Shields, Inc. v. Erdos*, 35
4 Wn. App. 225, 232 (1983), concerned “the CEA’s preemption of federal and state
5 security laws”—consistent with *Curran* (emphasis added).

6 5. The “exclusive jurisdiction” provision within 7 U.S.C. § 2(a)(1)(A) contains
7 savings clauses for state “regulatory authorities” and state court jurisdiction. These
8 clauses provide at relevant parts as follows:

9 *Except as hereinabove provided, nothing contained in this section shall (l)*
10 *supersede or limit the jurisdiction at any time conferred on the Securities*
11 *and Exchange Commission or other regulatory authorities under the laws*
of the United [States](#) or of any [State](#)...

12 *Nothing in this section shall supersede or limit the jurisdiction conferred*
13 *on courts of the United [States](#) or any [State](#).*

14 The language referenced above indicates that Congress did not intend to supersede or
15 limit States in regulating gambling or in superseding or limiting the jurisdiction of any
16 court of any State in addressing such regulation.

17 6. As to field preemption, while the CEA preempts the field of regulating on
18 DCMs, it does not preempt the State of Washington’s enforcement of gambling law
19 under RCW 9.46.

20 7. Conflict preemption occurs (1) when it is impossible to comply with both
21 federal and state regulation, or (2) where the state law stands as an obstacle to the
22 purposes and objectives of Congress. *Inlandboatmen’s Union of the Pacific v. Dept. of*
23 *Transportation*, 119 Wn.2d 697, 707 (1992).

24 8. Regulation of gambling and regulation of futures markets are different
25 fields of regulation. Allowing for continued State regulation of activities that fit within the
26

1 legal framework of gambling in the State of Washington under RCW 9.46 does not
2 subvert the purpose of the CEA to uniformly regulate actual futures trading. Regulation
3 sought by the State of Washington is solely as to enforcement of gambling laws under
4 RCW 9.46 and as to application of Washington's Consumer Protection Act (CPA), RCW
5 19.86, and the Recovery of Money Lost at Gambling Act (RMLGA), RCW 4.24.
6 Complying with Washington law would not prevent Kalshi from complying with
7 applicable Federal law.

8 9. Federal law requires DCMs like Kalshi to provide "impartial access" to its
9 markets per 17 C.F.R. § 38.151(b). 17 C.F.R. § 38.151(b) provides in relevant part as
10 follows:

11 **§ 38.151 Access requirements.**

12 (a) ***Jurisdiction.*** Prior to granting any member or market participant
13 access to its markets, a designated contract market must require that
14 the member or market participant consent to its jurisdiction.

15 (b) ***Impartial access by members, persons with trading privileges***
16 ***and independent software vendors.*** A designated contract market
17 must provide its members, persons with trading privileges, and
18 independent software vendors with impartial access to its markets and
19 services, including:

20 (1) Access criteria that are impartial, transparent, and applied in a non-
21 discriminatory manner; and

22 (2) Comparable fee structures for members, persons with trading
23 privileges and independent software vendors receiving equal access to,
24 or services from, the designated contract market.

25 The operative language of this regulation means providing its members, persons with
26 trading privileges, and independent software vendors with impartial access to its
markets and services. An anticipated inability to match Washington traders with other
traders nationwide is not discrimination in providing access on the part of Kalshi.

Moreover, [7 U.S.C. § 7a-2\(c\)\(5\)\(C\)\(i\)\(I\)](#), the Special Rule for review and approval of event contracts and swaps contracts within the CEA suggests that certain contracts may be listed in some state markets but not others. This is evident in the language below referencing activity that is “unlawful under any Federal or State law.”

[7 U.S.C. § 7a-2\(c\)\(5\)\(C\)\(i\)\(I\)](#) provides as follows:

a. C) Special rule for review and approval of event contracts and swaps contracts

b. (i) Event contracts

In connection with the listing of agreements, contracts, transactions, or swaps in excluded commodities that are based upon the occurrence, extent of an occurrence, or contingency (other than a change in the price, rate, value, or levels of a commodity described in section 1a(2)(i) ² of this title), by a designated contract market or swap execution facility, the Commission may determine that such agreements, contracts, or transactions are contrary to the public interest if the agreements, contracts, or transactions involve-

- (I) activity that is unlawful under any Federal or State law;
- (II) terrorism;
- (III) assassination;
- (IV) war;
- (V) gaming; or
- (VI) other similar activity determined by the Commission, by rule or regulation, to be contrary to the public interest.

While one may argue that the “Special Rule” supports the contention that Federal preemption occurs because it allows the CFTC to determine that certain agreements, contracts or transactions, including those involving gaming, are contrary to the public interest, this provision of authority is not enough to expressly direct Federal preemption. The language referencing “activity that is unlawful under State law” demonstrates that State’s retain the authority to determine what is unlawful under applicable State law. The CFTC may then determine whether such unlawful activity may be contrary to the public interest. Regardless of a contrary to public interest determination, certain types of contracts and transactions may be allowed in some states and not in others.¹

¹ This determination is further supported by the language of [17 C.F.R. § 40.11\(a\)\(1\)](#) which also references activities determined to be unlawful under any State or Federal law. [17 C.F.R. § 40.11\(a\)\(1\)](#) at relevant part is set forth below:

1 Required compliance with the law of the State of Washington as to gambling is not
2 unlawful denial of access.

3 10. The impartial access rule does not require Kalshi to violate state law.
4 Rather the rule requires DCMs to use “access criteria that are impartial, transparent,
5 and . . . non-discriminatory” and “comparable fee structures” for members. 7 C.F.R. §
6 38.151(b)(1) (2) is a non-discrimination provision.

7 11. Kalshi’s conduct in the State of Washington does not constitute
8 participation in “bona fide business transactions valid under the law of contracts for the
9 purchase or sale at a future date of securities or commodities” such that Kalshi is
10 excluded from compliance with the Washington State Gambling Act under Chapter 9.46
11 of the Revised Code of Washington.

12 12. Kalshi’s provision, marketing, and advertising of illegal gambling activities
13 constitute unfair and/or deceptive acts or practices in trade or commerce under RCW
14 19.86.020.

15 13. Kalshi is engaged in trade or commerce within the meaning of RCW
16 19.86.020 because it offers illegal gambling activities to Washington consumers and
17 solicits bets from Washington consumers on its platform. For example, Kalshi
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19
20 **§ 40.11 Review of event contracts based upon certain excluded commodities.**

21 (a) *Prohibition.* A registered entity shall not list for trading or accept for clearing
22 on or through the registered entity any of the following:

23 (1) An agreement, contract, transaction, or swap based upon an excluded
24 commodity, as defined in Section 1a(19)(iv) of the Act, that involves, relates to, or
25 references terrorism, assassination, war, gaming, or an activity that is unlawful under
26 any State or Federal law; or

(2) An agreement, contract, transaction, or swap based upon an excluded
commodity, as defined in Section 1a(19)(iv) of the Act, which involves, relates to, or
references an activity that is similar to an activity enumerated in § 40.11(a)(1) of this
part, and that the Commission determines, by rule or regulation, to be contrary to the
public interest.

1 specifically solicited online gambling bets from Washington consumers by advertising
2 that they could “bet on the NFL even though [they] live in Washington.”

3 14. Kalshi’s conduct affects the public interest within the meaning of
4 RCW 19.86.020 because Kalshi solicits its services to and solicits bets from all
5 Washington consumers over the age of eighteen.

6 15. Illegal gambling and the recovery of money lost at gambling is a matter of
7 public concern. RCW 9.46.010; *Rousso v. State*, 170 Wn.2d 70, 82, 239 P.3d 1084
8 (2010); *see also O’Neil v. Crampton*, 18 Wn.2d 579, 583-84, 140 P.2d 308 (1943)
9 (holding basis for RMLGA is not only protection of the individual but “also a protection
10 to the public, which is even more important”).

11 16. The State has shown a likelihood of success on the merits of its claims
12 that Kalshi’s conduct constitutes (1) unfair and/or deceptive acts or practices, (2) in
13 trade or commerce, (3) affecting the public interest, in violation of the CPA. *State v.*
14 *Kaiser*, 161 Wn. App. 705, 719, 254 P.3d 850 (2011).

15 17. The State has shown a likelihood of success on the merits of its claims
16 that Kalshi’s conduct violates the RMLGA, RCW 4.24.070.

17 18. The State has shown a likelihood that Kalshi’s conduct violates multiple
18 provisions of the Washington Gambling Act, including that Kalshi:

19 a. Operates, develops, manages, finances, and/or profits from Illegal
20 Gambling Activities in Washington, and continues to engage in these
21 activities, including, among other things, unlicensed online
22 sports wagering.

23 b. Engaged and continues to engage in professional gambling, including by
24 engaging in bookmaking, in violation of Washington law. RCW 9.46.220-
25 .222; RCW 9.46.0269(d).

1 c. Engaged and continues to engage in online gambling activity in violation
2 of Washington law. RCW 9.46.240.

3 d. Offered and continues to offer gambling on its platform in violation of
4 Washington's gambling laws and/or regulations.

5 19. Based on the declarations and exhibits presented, the State has
6 demonstrated a well-grounded fear of immediate invasion of consumers' legal rights.
7 *See Rabon v. City of Seattle*, 135 Wn.2d 278, 284, 957 P.2d 621 (1998). Kalshi has
8 willfully ignored a Washington State Gambling Commission notice stating that offering
9 event-based contracts is not authorized in Washington state.

10 20. The State has also shown a likelihood of actual and substantial injury to
11 Washington consumers from illegal gambling activities should an injunction not issue.

12 21. The Court took referenced significant compliance costs and lost profits for
13 Kalshi into consideration in reaching its decision. The public interests at stake and
14 potential harm to consumers in the continued operation of Kalshi's online gambling
15 activities in the State of Washington outweigh harm to Kalshi.

16 22. Pursuant to CR 65(c) and RCW 4.92.080, no security or other bond shall
17 be required of the State prior to the issuance of the preliminary injunction.

18 III. ORDER

19 It is therefore ORDERED that the State of Washington's Motion for Preliminary
20 Injunction is GRANTED.

21 IT IS FURTHER ORDERED that:

22 (1) Defendant shall preserve all records reasonably related to Washington
23 consumers and any event contracts or other contacts, instruments, or products on
24 Defendant's platform accessible in Washington, including logs, communications,
25 geolocation/location determinations, and marketing/targeting data, until further order of
26 the Court.

1 (2) As to other terms, the Court intends to enter an ORDER as part of the
2 granting of the Preliminary Injunction laying out other specific terms of the Preliminary
3 Injunction by **August 5, 2026**. The Court would have included complete order
4 directives today in line with those requested by the State, however, counsel for Kalshi
5 requested an opportunity to confer with counsel for the State as to the language and
6 scope of the Order derived from the Court's decision. The Court will allow the parties
7 to confer with the hope that Kalshi, through experience with other States, may provide
8 insight into effective ways to protect Washingtonians as the State seeks to do. The
9 parties are to submit agreed terms to the extent possible, and/or proposed terms with
10 briefing believed necessary to support respective positions by **noon on August 3,**
11 **2026**. The Court intends to consider submissions without oral argument.

12
13 DATED this ____ day of _____ 2026.

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15 _____
16 JUDGE JOHN F. MCHALE
17 KING COUNTY SUPERIOR COURT
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**King County Superior Court
Judicial Electronic Signature Page**

Case Number: 26-2-10264-3 SEA
Case Title: STATE OF WASHINGTON VS KALSHIEX LLC

Document Title: Order

Date Signed: 07/17/2026



Judge: John McHale

Key/ID Number: *393878041*

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