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# Wagers On U.S. Elections May Follow Same Path As Sports Betting

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**Federal appeals court sides with PredictIt over election betting**

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**Kalshi seeks approval to accept wagers on congressional races**

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**Alarmed U.S. senators urge federal agency to block election wagering**

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It looked like it was all over last year for the U.S. election betting market when the federal government ordered a company taking wagers on political races to close its business for good by a deadline of February 15, 2023.

But PredictIt, a New Zealand-based [online prediction market](#) that has been called “a stock market for politics,” responded to the August 4, 2022 demand of the Commodity Futures Trading Commission (CFTC) by suing the CFTC in federal court.

In a 2-1 ruling on July 24, Judge Kyle Duncan of the Fifth U.S. Circuit Court of Appeals said the CFTC’s shutdown order was “likely arbitrary and capricious because the agency gave no reasons for it.”

The CFTC previously authorized PredictIt to offer prediction markets on political elections, on a non-profit basis, for eight years in the United States before abruptly telling the company to cease operations.

“And the agency’s attempts to retroactively justify the revocation after oral argument — and in the face of our injunction — only underscore why [PredictIt is] likely to prevail,” Duncan wrote in a [26-page opinion](#).

The ruling sends PredictIt’s lawsuit back to a federal district court in West Texas for further consideration.

Meanwhile, PredictIt continues to take bets on the 2024 presidential election, as well as other political races.

The New Yorker magazine reported last November that PredictIt has about 80,000 active users and almost \$150m passed through its markets ahead of the 2020 elections.

Researchers around the world have used PredictIt's data and the company has sometimes created markets at the request of scholars.

PredictIt is not the only website aspiring to follow in the footsteps of sports betting, which is now live or regulated in 35 states and the District of Columbia since a landmark [U.S. Supreme Court](#) decision lifted a federal ban on May 14, 2018.

Another company is Kalshi (which means "everything" in Arabic), a global online platform whose unabashed goal is to take bets on practically any event which may occur in the world.

Headquartered on Broadway in New York City, Kalshi is seeking permission from the CFTC to accept multi-million-dollar wagers on whether Democrats or Republicans will control the U.S. House of Representatives and the Senate following elections in November 2024.

Such a betting escalation is unacceptable to six progressive Democrats in the U.S. Senate who signed an [August 2 letter](#) asking CFTC chairman Rostin Behnam to reject Kalshi's proposal.

"This is a clear threat to our democracy and elections," Senators Dianne Feinstein of California, Edward Markey and Elizabeth Warren of Massachusetts, Jeffrey Merkley of Oregon, Chris Van Hollen of Maryland and Sheldon Whitehouse of Rhode Island, wrote.

Requests by VIXIO GamblingCompliance for comments from the six senators, Kalshi and the CFTC did not receive a response.

Experts are unconvinced that enabling wagering on elections poses such a threat, however.

"If one thinks that people would want to manipulate elections to make money in prediction markets, they would already want to do it to make money on the stock market which provides a much larger financial opportunity," said Koleman Strumpf, an economics professor at Wake Forest University who has written extensively about election markets and sports betting.

There already is widespread betting on political races in the UK where betting operators already offer markets on state and national elections in the United States, according to Leighton Vaughan Williams, an economics professor and director of the betting research unit at Nottingham Trent University in England.

“There has never been any seriously sourced suggestion that [betting] has compromised the integrity of any of these elections,” Williams told VIXIO in an email.

Back in the U.S., Nevada is expected to be a key state once again in next year’s presidential election and one of its two U.S. senators, Democrat Jacky Rosen, is running for re-election in what should be a tight race.

But Michael Green, an associate professor of history at the University of Nevada, Las Vegas, said he doubts lawmakers in the state capital of Carson City are ready to legalize betting on elections.

“I hope they would think [legalizing bets on elections] would be a bridge too far,” Green said.

## Jurisdictions

**United States**

## Sectors

**Online Gambling**