

Congress of the United States

Washington, DC 20515

May 12, 2026

The Honorable Todd Blanche
Acting Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Acting Attorney General Blanche:

We write to express serious concerns about potential insider trading on prediction market platforms. Federal anti-fraud and market manipulation laws apply to these platforms, just as they do to traditional financial markets. We urge the Department of Justice (DOJ) to further prioritize criminal investigations and civil actions targeting abuses in prediction markets to protect U.S. financial markets, investors, and the public from fraudulent conduct.

Recent suspected violations implicate significant geopolitical, sporting, and cultural events and risk creating perverse incentives for persons with access to confidential or classified information. For example, one anonymous trader has made nearly \$1 million from dozens of suspiciously timed and accurate bets on military actions the U.S. has taken against Iran.¹ Another trader with the username “Magamyman” made more than \$550,000 from placing bets that Iran’s Supreme Leader would be removed, just before his assassination.² In addition, ahead of the Super Bowl LX halftime show, unusually large trades were placed on Polymarket and Kalshi predicting that Lady Gaga and Ricky Martin would perform before there was any public confirmation.³ One social media user estimated that these suspected insiders made up to \$3 million across multiple platforms.⁴ Lastly, the Nobel Institute is investigating a bet placed by a newly-created account on Venezuelan opposition leader María Machado winning the Nobel Peace Prize hours before the announcement, resulting in a profit of more than \$50,000.⁵

Trading on confidential, non-public information is illegal in traditional financial markets when it involves fraud, deception, or breach of duty. Failure to enforce these laws in the context of prediction markets risks creating a regulatory gap that rewards bad actors, incentivizes misconduct, and undermines confidence in the integrity of U.S. markets.

The DOJ has pursued several insider trading cases, including in coordination with U.S. financial market regulators, and criminally prosecuted individuals under federal wire fraud statutes. These cases include charging

¹ “Exclusive: Trade made nearly \$1 million on Polymarket with remarkably accurate Iran bets,” 24 Mar. 2026, https://edition.cnn.com/2026/03/24/politics/iran-war-bets-prediction-markets?source=sub_web_wall-exc.

² “Prediction market trader ‘Magamyman’ made \$553,000 on death of Iran’s supreme leader,” 1 Mar. 2026, <https://www.npr.org/2026/03/01/nx-s1-5731568/polymarket-trade-iran-supreme-leader-killing>.

³ “Insider Trading Claims Rock Super Bowl Halftime Markets, Prompt Calls for Action,” 9 Feb. 2026, <https://defirate.com/news/insider-trading-claims-hit-super-bowl-prediction-markets/>.

⁴ @NathanMeininger, 9 Feb. 2026, <https://x.com/NathanMeininger/status/2020735992609874335>.

⁵ “A Mystery Trader Scored With Prescient Bets on the Nobel Peace Prize.” 10 Oct. 2025, https://www.wsj.com/finance/stocks/polymarket-nobel-peace-prize-bets-c34ee0c8?st=EwLUU6&reflink=desktopwebshare_permalink.

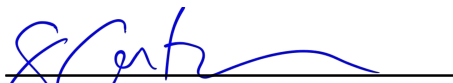
a Coinbase employee for tipping off others with insider information in order to trade cryptocurrencies,⁶ prosecuting Biotech’s CEO for misleading investors and engaging in insider trading in connection with Covid-19 and HIV drugs,⁷ and bringing charges against individuals who participated in an alleged insider trading scheme involving cancer treatment companies.⁸ The DOJ is poised to play an important role in addressing insider trading on prediction markets platforms, while U.S. financial regulators continue to divert their resources towards litigating against states and leave these abuses largely unaddressed.

U.S. Attorney for the Southern District of New York Jay Clayton has stated that just “because it’s a prediction market, [it] doesn’t insulate you from fraud.”⁹ We appreciate that the DOJ recently took action against a U.S. soldier for allegedly using classified information to make profitable prediction market bets related to the U.S. mission that captured Venezuela’s leader.¹⁰


At the same time, reports that the DOJ dropped its criminal investigation into Polymarket in July 2025, regarding whether the platform had been illegally serving U.S. customers, raise concerns about consistency in enforcement.¹¹ Polymarket had previously been banned from the U.S. for operating as an unregistered platform and paid a \$1.4 million civil penalty under a 2022 settlement agreement.¹² Taken together, these developments risk undermining confidence in the DOJ’s commitment to also holding companies accountable for breaking the law.

We understand that this Administration is increasingly focused on gains in the U.S. stock market.¹³ That performance depends on integrity and accountability. We therefore urge the DOJ to continue to take decisive action against individuals who exploit prediction markets using nonpublic information for personal gain, and to rigorously enforce corporate compliance by ensuring that platforms implement effective safeguards to detect and prevent illegal activity.

Sincerely,



Sean Casten
Member of Congress



Ted W. Lieu
Member of Congress

⁶ “Three Charged In First Ever Cryptocurrency Insider Trading Tipping Scheme,” 21 Jul. 2022, <https://www.justice.gov/usao-sdny/pr/three-charged-first-ever-cryptocurrency-insider-trading-tipping-scheme>.

⁷ “Biotech CEO Sentenced in Securities Fraud Scheme,” 26 Jan. 2026, <https://www.justice.gov/usao-md/pr/biotech-ceo-sentenced-securities-fraud-scheme>.

⁸ “Six Individuals Charged in \$41 Million Insider Trading and Market Manipulation Scheme Involving Cancer Drug and Opioid Treatment Companies,” 19 Dec. 2025, <https://www.justice.gov/usao-nj/pr/six-individuals-charged-41-million-insider-trading-and-market-manipulation-scheme>.

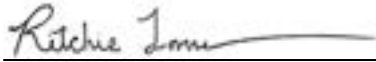
⁹ “Keynote Q&A Discussion with U.S. Attorney Jay Clayton,” 9 Feb. 2026, <https://www.youtube.com/watch?v=EaWlqPlebDI&t=1148s>.

¹⁰ “U.S. Soldier Charged With Using Classified Information To Profit From Prediction Market Bets,” 23 Apr. 2026, <https://www.justice.gov/opa/pr/us-soldier-charged-using-classified-information-profit-prediction-market-bets>.

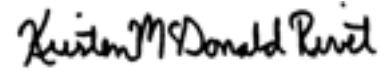
¹¹ “The Wild Markets Behind Polymarket’s ‘Truth Machine’,” 1 Feb. 2026, <https://www.wsj.com/finance/regulation/polymarket-prediction-markets-kalshi-dd4702d6>.

¹² “CFTC Orders Event-Based Binary Options Markets Operator to Pay \$1.4 Million Penalty,” 3 Jan. 2022, <https://www.cftc.gov/PressRoom/PressReleases/8478-22>.

¹³ “Bondi touts stock exchange numbers while defending Trump at House hearing,” 11 Feb. 2026, <https://www.nbcnews.com/now/video/bondi-touts-stock-exchange-numbers-while-defending-trump-at-house-hearing-257518149829>.



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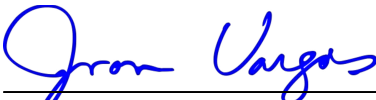
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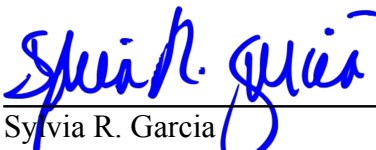
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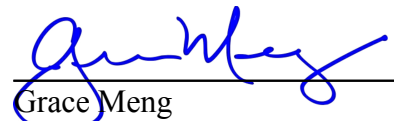
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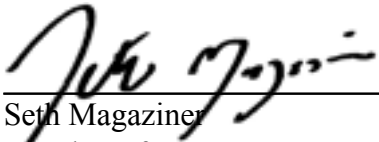
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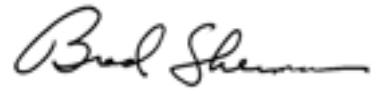
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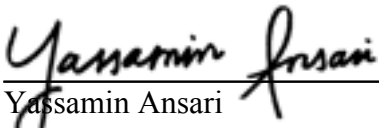
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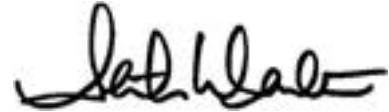
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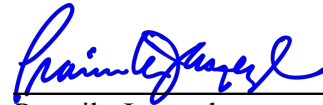
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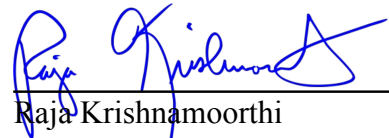
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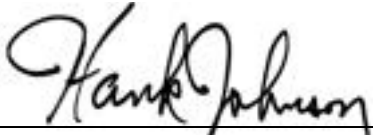
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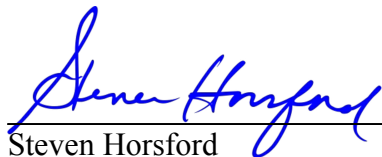
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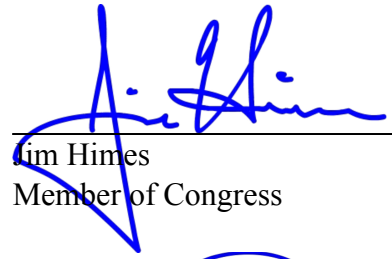
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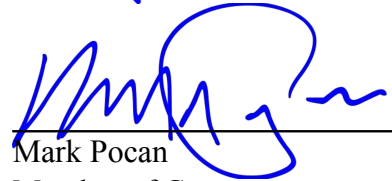
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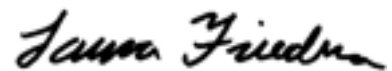
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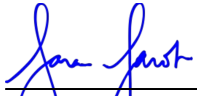
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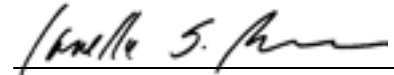
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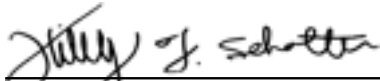
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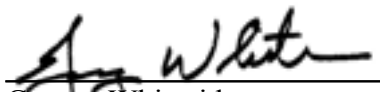
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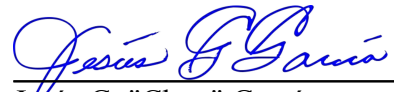
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