FILED
2026 AUG 12 03:47 PM
KING COUNTY
SUPERIOR COURT CLERK
E-FILED
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 AMENDED AND UPDATED 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;
8. A Notice of Supplemental Authority from the Defendant submitted after oral argument held on July 10, 2026;

9. Defendant's Motion to Stay Preliminary Injunction Pending Appeal;
10. Defendant's Notice of Supplemental Authority in Support of Defendant's Motion to Stay;
11. The state of Washington's Opposition to Defendant's Motion to Stay
12. The Declaration of Julia Doyle in Support of the State of Washington's Opposition to Defendant's Motion to Stay;
13. The Parties' Joint Submission Re: Order Granting Plaintiff State of Washington's Motion for Preliminary Injunction;
14. Defendant's Reply in Support of its Motion to Stay Preliminary Injunction Pending Appeal;
15. The State of Washington's Notice of Supplemental Authorities; and
16. The State of Washington's Notice of Supplemental Authority Re: Commissioner's Ruling Denying Motion to Stay.

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

I. FINDINGS OF FACT

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

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

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

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

5. This Court has personal jurisdiction over Kalshi. Kalshi has purposefully availed itself of the privileges and benefits of conducting business in King County and elsewhere in the State of Washington by engaging in the conduct set forth in the Complaint, including but not limited to offering online gambling activities—which Kalshi refers to as a "prediction market"—in King County.

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

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

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

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

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

11. Kalshi's offerings also include so-called "mention markets" that allow users to bet on whether public figures will say certain words during public appearances.

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

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

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

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

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

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

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

19. Gambling addiction is a recognized public health problem. According to the 2021 Washington State Adult Problem Gambling Prevalence Study, among Washington adults who gambled, 3.5% would likely be diagnosed with gambling disorder (1.5% of all adults), and 17% were at an increased risk for problem gambling (7.5% of all adults). The Washington State Adult Problem Gambling Prevalence Study further found that the prevalence of moderate-to-severe problem gambling was substantially higher among "online gamblers" (10.3%) compared to all gamblers (3.5%). Additionally, "online gamblers" were almost four times as likely to experience problem gambling compared to gamblers who only gambled at brick-and-mortar venues such as Washington's tribal casinos where sports gambling is legal in Washington (10.3% as compared to 2.6%). *See* Washington State Health Care Authority, 2021 Washington State Adult Problem Gambling Prevalence Study Results: Report to the Legislature

(June 30, 2022), at iv-vii, www.evergreencpg.org/wp-content/uploads/2022/12/wa-state-adult-problem-gambling-prevalence-study-final-2021.pdf.

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

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

II. CONCLUSIONS OF LAW

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

2. The Supremacy Clause sets out a "fundamental principle of the Constitution" that "Congress has the power to preempt state law." Crosby v. Nat'l Foreign Trade Council, 530 U.S. 363, 372 (2000); U.S. Const. art. VI, cl. 2. Express preemption "exists when Congress expresses a clear intent to pre-empt state law in the language of the statute." Bibbo v. Dean Witter Reynolds, Inc., 151 F.3d 559, 562 (6th

Cir. 1998); see City of Seattle v. Burlington N. R.R. Co., 105 Wn. App. 832, 835-836, 22 P.3d 260 (2001). F

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

4. 7 U.S.C. § 2(a)(1)(A) does not contain express preemption language. Kalshi's cited authorities are not to the contrary. *Mississippi v. Louisiana*, 506 U.S. 73 (1992), concerned the statutory grant of exclusive jurisdiction over controversies between states to the Supreme Court; *Hughes v. Talen Energy Mktg., LLC*, 578 U.S. 150 (2016), concerned the Federal Power Act and held that the Federal Energy Regulatory Commission had exclusive jurisdiction over the sale of electric energy at wholesale in interstate commerce; and *Bache Halsey Stuart Shields, Inc. v. Erdos*, 35 Wn. App. 225, 232 (1983), concerned "the CEA's preemption of federal and state security laws"—consistent with *Curran* (emphasis added).

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

> *Except as hereinabove provided, nothing contained in this section shall (I) supersede or limit the jurisdiction at any time conferred on the Securities and Exchange Commission or other regulatory authorities under the laws of the United States or of any State…*

> *Nothing in this section shall supersede or limit the jurisdiction conferred on courts of the United States or any State.*

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

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

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

8. Regulation of gambling and regulation of futures markets are different fields of regulation. Allowing for continued State regulation of activities that fit within the legal framework of gambling in the State of Washington under RCW 9.46 does not subvert the purpose of the CEA to uniformly regulate actual futures trading. Regulation sought by the State of Washington is solely as to enforcement of gambling laws under RCW 9.46 and as to application of Washington's Consumer Protection Act (CPA), RCW 19.86, and the Recovery of Money Lost at Gambling Act (RMLGA), RCW 4.24. Complying with Washington law would not prevent Kalshi from complying with applicable Federal law.

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

§ 38.151 Access requirements.

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

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

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

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

The operative language of this regulation means providing its members, persons with 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] Required compliance with the law of the State of Washington as to gambling is not unlawful denial of access.

10. The impartial access rule does not require Kalshi to violate state law.

[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:

§ 40.11 Review of event contracts based upon certain excluded commodities.

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

(1) An agreement, contract, transaction, or swap based upon an excluded commodity, as defined in Section 1a(19)(iv) of the Act, that involves, relates to, or references terrorism, assassination, war, gaming, or an activity that is unlawful under 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.

Rather the rule requires DCMs to use "access criteria that are impartial, transparent, and . . . non-discriminatory" and "comparable fee structures" for members. 7 C.F.R. § 38.151(b)(1) (2) is a non-discrimination provision.

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

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

13. Kalshi is engaged in trade or commerce within the meaning of RCW 19.86.020 because it offers illegal gambling activities to Washington consumers and solicits bets from Washington consumers on its platform. For example, Kalshi specifically solicited online gambling bets from Washington consumers by advertising that they could "bet on the NFL even though [they] live in Washington."

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

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

16. The State has shown a likelihood of success on the merits of its claims that Kalshi's conduct constitutes (1) unfair and/or deceptive acts or practices, (2) in

trade or commerce, (3) affecting the public interest, in violation of the CPA. *State v. Kaiser*, 161 Wn. App. 705, 719, 254 P.3d 850 (2011).

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

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

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

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

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

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

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

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

21. The Court took referenced significant compliance costs and lost profits for Kalshi into consideration in reaching its decision. The public interests at stake and

potential harm to consumers in the continued operation of Kalshi's online gambling activities in the State of Washington outweigh harm to Kalshi.

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

III. ORDER

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

IT IS FURTHER ORDERED that:

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

(2) By no later than August 19, 2026 Kalshi will implement IP address and residency based geofencing, and by no later than September 2, 2026, Kalshi will implement a multi-source geofencing solution provided through GeoComply, designed to prevent anyone located within the geographic boundaries of the State of Washington from purchasing any event contract, or other contract, instrument or product in violation of the preliminary injunction. Kalshi will not prohibit users from exiting positions they already hold. The State reserves, and does not waive, the right to seek recovery for fees and losses incurred by Washington consumers on or after September 2, 2026.

In the event Kalshi fails to complete implementation with GeoComply of the geofencing solution by September 2, 2026, Kalshi will either (i) pay to the State $120,000.00 each day thereafter until the implementation is complete, or (ii) submit to the Court a sworn affidavit of a Kalshi and/or GeoComply representative explaining why implementation of the geofencing solution remains incomplete, whereupon, if (after the State of Washington is afforded an opportunity to be heard) the Court determines that Kalshi failed to show that it acted with sufficient diligence in implementing the GeoComply solution, Kalshi may be subject to penalties in an amount to be determined by the Court.

Kalshi will provide the State of Washington with the same information and updates regarding its implementation of the GeoComply geofencing solution as it provides to the State of Michigan and the State of Nevada and will permit the State of Washington to discuss, together with counsel for Kalshi, the solution with GeoComply.

(3) Kalshi shall cease marketing, advertising, promoting, conducting, operating, facilitating, distributing, offering, or accepting event contracts, or other contracts, instruments, or products in Washington, related to sports, elections, politics, entertainment, culture, tech and science, or mentions, including but not limited to those listed in the “Sports,” “Elections,” “Politics,” “Culture,” “Tech and Science,” and “Mentions” tabs on Defendant’s platform. This does not include bets in the following categories, “Commodities,” “Climate,” Economics,” and “Finance.”

The prohibition on marketing and advertising set forth above applies to Kalshi locally advertising and marketing that is targeted to Washington or Washington residents. In addition, Kalshi shall make good faith efforts to exclude Washington from nationwide advertising or marketing campaigns to the extent it is technologically feasible to do so.

(4) Kalshi shall maintain the status quo with respect to funds that it obtained from consumers who identified or self-reported as Washingtonians, as a result of transaction fees for activity prohibited by this Order. Nothing in the Order shall prohibit Kalshi from allowing Washington, identified or self-reported consumers to close or deactivate their Kalshi accounts and withdraw funds.

DATED this ____ day of ______ 2026.

JUDGE JOHN F. MCHALE
KING COUNTY SUPERIOR COURT

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:	08/12/2026

Judge: John McHale

Key/ID Number:	*402609605*
Page Count:	This document contains 15 page(s) plus this signature page.