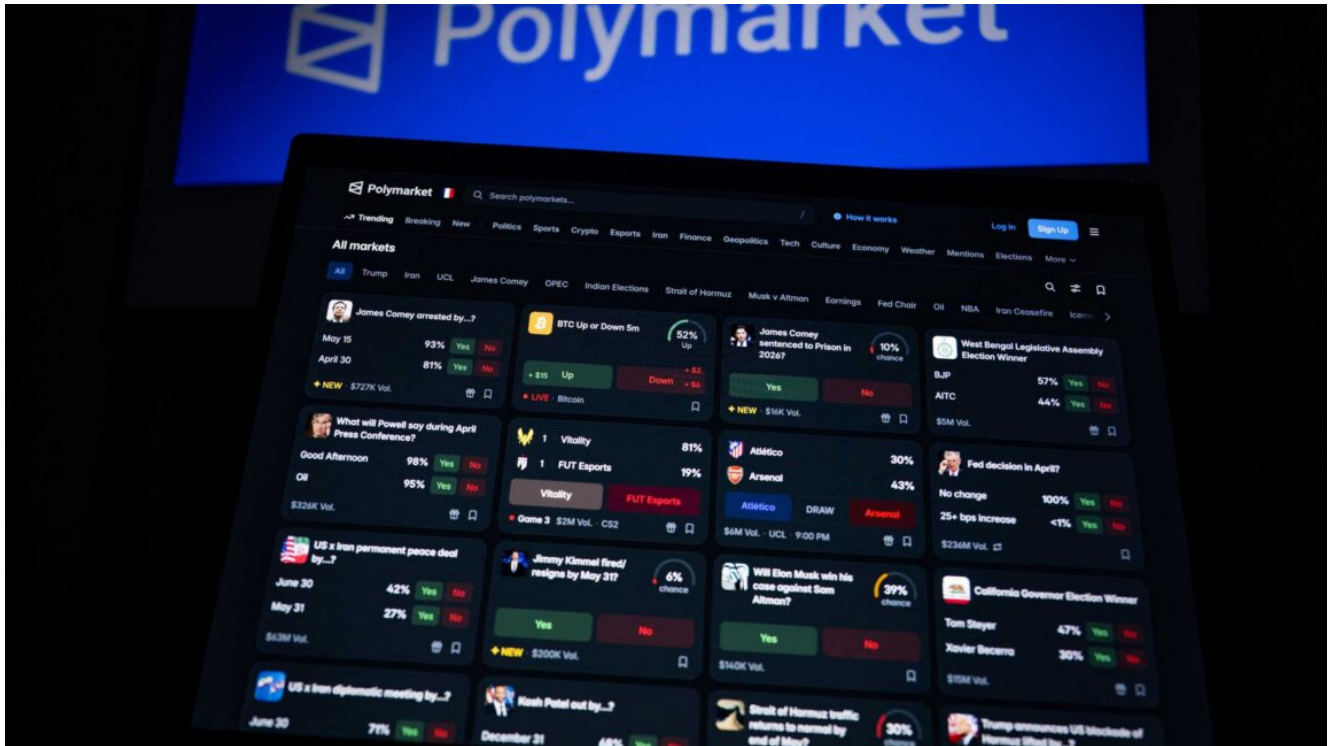


Hegseth warns prediction market bets warp military judgment, endanger troops



“All Department of War personnel are prohibited from engaging in financial transactions using nonpublic information, either directly or indirectly through a third party... Violations may result in administrative, disciplinary, and, where appropriate, criminal action under the Uniform Code of Military Justice and/or applicable federal law,” Hegseth wrote.

The memo said betting on military matters related to a person’s job can warp one’s judgment. “Beyond operational security, financial stakes can warp judgment,” he wrote. “A logistician with money riding on a strike date has an interest in that date. An analyst with a position on an outcome has an interest in that outcome.”

Kalshi and Polymarket both prohibit insider trading. But criminal charges of the sort described by Hegseth are sure to

be a bigger deterrent than being banned from the Kalshi or Polymarket platforms.

White House issued warning after suspicious bets

This was not the first warning issued internally by the Trump administration, The Associated Press wrote yesterday.

“A group of new accounts on Polymarket made highly specific, well-timed bets on whether the US and Iran would reach a ceasefire just before President Donald Trump announced it in April, resulting in hundreds of thousands of dollars in profits for the new customers,” the AP wrote. “The White House warned staff against using private information to trade on prediction markets the same day the report came out.”

In another incident, a Trump teleprompter aide reportedly made \$100,000 on Kalshi by betting on what Trump would say in prepared remarks.

Prediction markets have flourished under the Trump administration’s light-touch approach to regulation. The Trump administration is also trying to stop state governments from regulating the markets, arguing that state laws are preempted by the Commodity Futures Trading Commission’s exclusive jurisdiction. Courts have reached different conclusions, and state governments want the Supreme Court to uphold their right to impose restrictions on prediction-market gambling.

<https://arstechnica.com/tech-policy/2026/10/pentagon-memo-on-prediction-markets-says-insider-bets-put-troops-lives-at-risk/>