

Trump admin sues Utah to save Kalshi from the state's total ban on gambling

Shelby determined the text of US law makes it clear that state regulation is not forbidden. US law states that CFTC jurisdiction does not “supersede or limit the jurisdiction conferred on courts of the United States or any State,” and “explicitly provides for State regulation of its gaming laws in all but a few specified cases,” he wrote.

“Congress is aware that some States permit gambling while others do not, and the CEA explicitly provides for State jurisdiction,” Shelby wrote.

Most states in US want Supreme Court to rule

Kalshi is now appealing its loss to the US Court of Appeals for the Tenth Circuit but was unable to obtain an injunction preventing enforcement of the state gambling ban while that litigation continues. On September 8, Tenth Circuit judges denied Kalshi's emergency motion for an injunction pending appeal. Utah filed its lawsuit seeking a shutdown of Kalshi about six weeks later.

The CFTC lawsuit against Utah makes arguments similar to the ones already rejected by the district court, although some other courts have ruled otherwise.

“Utah is not the first State that has attempted to invade the Commission's exclusive jurisdiction over swaps,” the CFTC

lawsuit said. “Already, several federal courts—including the Third Circuit—have swiftly responded by issuing or affirming temporary restraining orders and preliminary injunctions barring the States from enforcing their gambling laws against CFTC-regulated exchanges that offer sports-related or other event contracts.”

The Third Circuit appeals court ruled that New Jersey cannot regulate sports bets on prediction markets. But Kalshi lost similar cases in the Sixth Circuit and Ninth Circuit in rulings that went in favor of Ohio, Tennessee, and Nevada.

Because circuit appeals courts are divided on the issue, it is likely that the Supreme Court will take up the case and determine whether states can apply their gambling laws to prediction markets. New Jersey petitioned the Supreme Court to resolve the circuit split, and 39 other states and the District of Columbia filed a brief supporting New Jersey’s petition.

<https://arstechnica.com/tech-policy/2026/10/trump-admin-sues-utah-to-save-kalshi-from-the-states-total-ban-on-gambling/>