

May 21, 2025

Sent Via U.S. Mail

Kalshi

Tarek Mansour
Chief Executive Officer
KalshiEX LLC
594 Broadway, Suite 407
New York, NY 10012

Re: Cease and Desist – Kalshi Online Gaming

Dear Mr. Mansour,

It has come to the attention of the Arizona Department of Gaming (the “Department”) that you, Kalshi EX LLC (“Kalshi”), are enabling the purchase of “contracts” in Arizona on future events including sports. Whether a contract will pay its buyer depends on whether that person correctly predicted the result of the event and bought a contract for the correct outcome. This amounts to Kalshi taking wagers, defined in A.R.S. § 5-1301(23)(a) as “a sum of money or thing of value risked on an uncertain occurrence.”

“Event wagering” is defined in Arizona to mean, “accepting wagers on sports events or other events . . . by any system or method of wagering, including in person or over the Internet through websites and on mobile devices.” A.R.S. § 5-1301(4)(a). The operation of event wagering in Arizona is allowed only if conducted pursuant to A.R.S. §§ 5-1301 et seq., which requires, among other things, licensure. See e.g., A.R.S. § 5-1303(A). Kalshi is not licensed and its operation of event wagering in Arizona is illegal.

The Department recognizes Kalshi’s attempt to legitimize its conduct by labeling it as an “innovation” regulated by the Commodity Futures Trading Commission. In fact, there is no meaningful difference between buying one of your offered contracts and placing a bet with any other sportsbook. And, Kalshi is avoiding regulatory requirements in Arizona to include licensing and background investigations, the prohibition on wagers by persons under twenty-one (21) years of age, and requirements relating to integrity monitoring and problem gambling.

Given the lack of licensure and compliance with Arizona statutes and regulations related to event wagering, online gambling as operated by Kalshi in Arizona, whether through the website <https://kalshi.com>, the Kalshi mobile applications, or otherwise, is illegal. For example, absent some exception (none of which apply to Kalshi), it is a crime in Arizona to engage in the business of accepting wagers “with respect to the result or purported result of any race, sporting event, contest or other game of skill or chance or any other unknown or contingent future event or occurrence whatsoever.” A.R.S. § 13-3305(A).

The Department requires that Kalshi cease gambling operations in Arizona and desist from engaging in those activities in the future. Failure to do so is further evidence of your ongoing knowing and willful violation of the law. Note that, among other things, Kalshi is subject to a potential restitution award for those who lost money, and an action forfeiting all monies it acquired, because of its illegal conduct. See e.g., A.R.S. §§ 13-804 and 13-2314.

The statutes and criminal violations referred to in this letter are not exhaustive. This letter is intended only to place you on notice that the Department is aware of Kalshi's conduct and to direct you to take immediate steps to comply with Arizona law. Future actions may include the filing of criminal charges or a civil action against Kalshi and/or its principals or employees.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas Jensen', with a long horizontal flourish extending to the right.

Douglas Jensen
Chief Law Enforcement Officer
Arizona Department of Gaming