

**UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE**

KALSHIEX LLC,

Plaintiff,

vs.

WILLIAM ORGEL, in his official capacity as
Chairman of the Tennessee Sports Wagering Council;
MARY BETH THOMAS, in her official capacity as the
executive director of the Tennessee Sports Wagering
Council; TENNESSEE SPORTS WAGERING
COUNCIL; and JONATHAN SKRMETTI in his
official capacity as Attorney General of Tennessee

Defendants.

Case No.: 3:26-cv-00034

Judge Aleta A. Trauger

AFFIDAVIT OF NICOLE D. VALENTE

I, Nicole D. Valente, an attorney duly admitted to practice law in the courts of the State of New York, hereby affirm under penalty of perjury, as follows:

1. I am an attorney at the law firm Milbank LLP, counsel to Plaintiff KalshiEX LLC ("Kalshi") in the above-captioned action. I submit this affidavit in support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction.

2. Attached hereto as **Exhibit 1** is a true and correct copy of a letter from Mary Beth Thomas, Executive Director of the Tennessee Sports Wagering Council, to Kalshi, dated January 9, 2026.

3. Attached hereto as **Exhibit 2** is a true and correct copy of email correspondence between Kalshi's counsel and Defendants, dated January 9, 2026.

4. Attached hereto as **Exhibit 3** is a true and correct copy of an email from the Tennessee Attorney General's Office (the "AGO") to Kalshi's counsel, dated January 11, 2026.

5. Attached hereto as **Exhibit 4** is a true and correct copy of the U.S. Commodity

Futures Trading Commission's Order of Designation for KalshiEX LLC, dated November 3, 2020.

6. Attached hereto as **Exhibit 5** is a true and correct copy of an email from Kalshi's counsel to the AGO, dated December 31, 2025.

7. Attached hereto as **Exhibit 6** is a true and correct copy of email correspondence between the AGO and Kalshi's counsel, dated January 6, 2026.

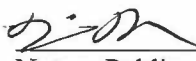
I certify under penalty of perjury that the foregoing is true and correct.

Dated: January 12, 2026.



Nicole D. Valente

Sworn to me on this 12th day
of January, 2026



Notary Public
My commission expires: 10/10/2029

NICOLAS MADON
Notary Public, State of New York
No. 01MA0042844
Qualified in New York County
Commission Expires October 10, 2029

CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served this 12th day of January, 2026, via U.S.

Mail and e-mail upon counsel for defendants as listed below:

Michael N. Wennerlund
Jonathan M. Shirley
James P. Urban
Timothy Simonds
Assistant Attorney General
Financial Division
P.O. Box 20207
Nashville, TN 37202
Michael.wennerlund@ag.tn.gov
Jonathan.shirley@ag.tn.gov
James.urban@ag.tn.gov
Timothy.simonds@ag.tn.gov

/s/ Britt K. Latham

Britt K. Latham

EXHIBIT 1



Tennessee **Sports Wagering Council**

312 Rosa Parks Avenue, 8th Floor
Nashville, Tennessee 37243

January 9, 2026

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

Via Email to tarek@kalshi.com and Federal Express Standard Overnight.

RE: Demand to Cease and Desist Offering Sports Events Contracts in Tennessee

Dear Mr. Mansour:

The Tennessee Sports Wagering Council (the “SWC”) is the regulator of sports wagering in the State of Tennessee and is responsible for enforcing and supervising compliance with the laws and rules relating to wagering on sporting events in this state.¹ In Tennessee, it is a taxable privilege to offer sports wagering pursuant to a license issued in accordance with the Tennessee Sports Gaming Act (the “Act”).²

In Tennessee, “Interactive sports wagering” means “placing a wager on a sporting event via the internet, a mobile device, or other telecommunications platform”.³ Interactive sports wagering may only be offered in Tennessee pursuant to a license issued by the SWC.⁴ The Act defines “Sporting event” as “any professional sporting or athletic event, including motorsports and e-sports, any collegiate sporting or athletic event, or any Olympic sporting or athletic event sanctioned by a national or international organization or association. ‘Sporting event’ does not include horse racing.” The Act further defines “Wager” as “a sum of money that is risked by a bettor on the unknown outcome of one (1) or more sporting events, including, but not limited to, the form of fixed-odds betting, a future bet, live betting, a money line bet, pari-mutuel betting, parlay bet, pools, proposition bet, spread bet, or in any other form or manner as authorized by rule

¹ Tenn. Code Ann. § 4-49-106(a).

² Tenn. Code Ann. § 4-49-104(a).

³ Tenn. Code Ann. § 4-49-102(14).

⁴ Tenn. Code Ann. § 4-49-117.

promulgated by the council”.⁵ Therefore, a person or entity that accepts a sum of money risked on the outcome of a sporting event without a valid license issued by the SWC violates the Act.

KalshiEX LLC (“Kalshi”) is registered with the Commodities Futures Trading Commission as a designated contract market and currently lists sports events contracts on its exchange, all of which can be accessed by individuals located within the borders of the State of Tennessee. These sports events contracts give consumers the option to purchase contracts corresponding to one of two outcomes of an event. For example, a consumer may purchase a contract that reflects which team they believe will win or lose the matchup. The ultimate result is money being won or lost based on the outcome of a game. Accordingly, the sports events contracts offered on Kalshi’s exchange are Wagers under the Act and are being offered illegally in violation of Tennessee law and regulations.

The Tennessee Legislature has put in place many laws and regulations with which Licensees must comply that are designed to protect the public interest of Tennessee. Among other protections, individuals under the age of twenty-one are not permitted to wager in Tennessee.⁶ The Act also lists persons or categories of persons who are ineligible to place a wager in Tennessee.⁷ The Act and SWC rules contain specific anti-money laundering controls required of Licensees.⁸ The Act requires that Licensees offer various forms of responsible gaming protections, including the ability for an individual to exclude themselves completely from the ability to wager on the Licensee’s platform, as well as offering limits on the time spent betting and amounts wagered.⁹

The sports events contracts offered on Kalshi’s exchange are not compliant with these protections (and many others) and are an immediate and significant threat to the public interest of Tennessee. Even if it did offer these protections, Kalshi does not have the required license issued by the SWC and does not pay the privilege tax mandated by statute.

To that end, the SWC demands that Kalshi cease offering sports events contracts to customers in Tennessee *immediately*, void all pending sports events contracts that were entered into by any person located in Tennessee, and refund all funds on deposit to any person located in Tennessee no later than January 31, 2026.

Failure to comply with the SWC’s demand will result in the imposition of fines pursuant to the Act, which states that the SWC *shall* impose a fine against any person offering wagers in Tennessee without a license in the amount of \$10,000 for the first offense; \$15,000 for a second offense; and \$25,000 for a third or subsequent offense.¹⁰ Moreover, failure to comply with the SWC’s demand will result in the SWC seeking injunctive relief in accordance with Tenn. Code Ann § 4-49-129.

In addition, unless an exception applies, Tennessee gambling statutes broadly prohibit any kind of gambling and provide: “‘Gambling’ is contrary to the public policy of this state and means

⁵ Tenn. Code Ann. § 4-49-102(39).

⁶ Tenn. Code Ann. § 4-49-118(a); Tenn. Code Ann. § 4-49-102(19).

⁷ Tenn. Code Ann. § 4-49-112.

⁸ Tenn. Code Ann. § 4-49-110; Tenn. Comp. R. & Regs. 1350-03-.08.

⁹ Tenn. Code Ann. § 4-49-119.

¹⁰ Tenn. Code Ann. § 4-49-127(b)(2).

risking anything of value for a profit whose return is to any degree contingent on chance, or any games of chance associated with casinos, including, but not limited to slot machines, roulette wheels and the like.”¹¹ The definition of “gambling” has certain exceptions, one of which is “[l]awfully accepting or placing a wager on a sporting event in accordance with the Tennessee Sports Gaming Act, compiled in title 4, chapter 49.”¹² As stated above, Kalshi is not lawfully accepting wagers in accordance with the Act because it is not a licensed operator under the Act.

The Tennessee gambling statutes further provide that: “A person commits an offense who knowingly induces or aids another to engage in gambling, and: (1) Intends to derive or derives an economic benefit other than personal winnings from the gambling.”¹³ This offense, gambling promotion, is a Class B misdemeanor.¹⁴ In addition,

- (a) A person commits an offense who knowingly invests in, finances, owns, controls, supervises, manages or participates in a gambling enterprise.
- (b) For purposes of this section, ‘gambling enterprise’ means two (2) or more persons regularly engaged in gambling promotion as defined in § 39-17-503.
- (c) The offense of aggravated gambling promotion is a Class E felony.¹⁵

Thus, Kalshi’s failure to comply with the SWC’s demand will also result in the referral of Kalshi’s illegal gambling operation to law enforcement for further investigation.

The SWC looks forward to Kalshi’s immediate and unqualified compliance with its demand. For questions, you may call me at 615-770-3947 or e-mail at Mary.Beth.Thomas@tn.gov.

Sincerely,



Mary Beth Thomas
Executive Director

CC: The Honorable Jonathan Skrmetti
Attorney General and Reporter for the State of Tennessee

Billy Orgel
Chairman
Tennessee Sports Wagering Council

¹¹ Tenn. Code Ann. § 39-17-501(2).

¹² *Id.*

¹³ Tenn. Code Ann. § 39-17-503(a).

¹⁴ Tenn. Code Ann. § 39-17-503(b).

¹⁵ Tenn. Code Ann. § 39-17-504.

EXHIBIT 2

Subject: FW: Correspondence
Attachments: Kalshi Complaint.pdf

From: Porter, Andrew

Sent: Friday, January 9, 2026 3:23 PM

To: 'Stephanie.S.Maxwell@tn.gov' <Stephanie.S.Maxwell@tn.gov>; 'Mary.Beth.Thomas@tn.gov' <Mary.Beth.Thomas@tn.gov>; 'jonathan.skrmetti@ag.tn.gov' <jonathan.skrmetti@ag.tn.gov>; 'Lacey.Mase@ag.tn.gov' <Lacey.Mase@ag.tn.gov>; 'billy@towerventures.com' <billy@towerventures.com>

Cc: Sterling, Josh <jsterling@milbank.com>; Havemann, Will <whavemann@milbank.com>; Mainland, Grant <GMainland@milbank.com>; Valente, Nicole <nvalente@milbank.com>; Latham, Britt <blatham@bassberry.com>; Cooper, Robert E. <bob.cooper@bassberry.com>; Hunter, Courtney A. <courtney.hunter@bassberry.com>

Subject: Re: Correspondence

All,

On behalf of our client KalshiEx, LLC ("Kalshi"), please see the attached complaint, which was filed this afternoon in the United States District Court for the Middle District of Tennessee.

Kalshi intends to seek both a temporary restraining order, and a preliminary injunction, barring SWC and the Tennessee Attorney General from enforcing preempted state laws against Kalshi. To avoid burdening the Court and parties with unnecessary motion practice, please inform us as soon as possible, and in all circumstances prior to **12:00 p.m. on January 11, 2026**, if SWC and the Tennessee Attorney General will agree not to seek enforcement against Kalshi either while the newly-filed action is pending (avoiding the need for Kalshi to seek both a temporary restraining order and preliminary injunction), or while Kalshi's motion for a preliminary injunction is pending (avoiding the need for Kalshi to seek a temporary restraining order).

Additionally, please tell us who future correspondence on this matter should be directed to. If helpful, we are happy to arrange a call with the appropriate individuals to discuss.

Best,
Andrew

Andrew Porter | [Milbank](#) | Partner
55 Hudson Yards | New York, NY 10001-2163
T: +1 212.530.5361
APorter@milbank.com | milbank.com

From: Stephanie S. Maxwell <Stephanie.S.Maxwell@tn.gov>

Date: Friday, January 9, 2026 at 1:01 PM EST

Subject: Correspondence

To: <tarek@kalshi.com>

Cc: Mary Beth Thomas <Mary.Beth.Thomas@tn.gov>, Billy Orgel <billy@towerventures.com>, Jonathan Skrmetti <jonathan.skrmetti@ag.tn.gov>

On behalf of Mary Beth Thomas, please see attached correspondence.

Stephanie Maxwell

Deputy Director and General Counsel

Tennessee Sports Wagering Council

312 Rosa L Parks Ave., 8th Floor

Nashville, TN 37243

stephanie.s.maxwell@tn.gov

(615) 770-5431 (office)

(615) 476-3967 (cell)

EXHIBIT 3

Subject: FW: Kalshi v. Orgel et al.

From: Michael N. Wennerlund <Michael.Wennerlund@ag.tn.gov>

Sent: Sunday, January 11, 2026 11:31:37 AM

To: Porter, Andrew <APorter@milbank.com>

Cc: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>; James P. Urban <James.Urban@ag.tn.gov>; Timothy Simonds <Timothy.Simonds@ag.tn.gov>; bob.cooper@bassberry.com <bob.cooper@bassberry.com>; Sterling, Josh <jsterling@milbank.com>; Havemann, Will <whavemann@milbank.com>; Mainland, Grant <GMainland@milbank.com>; Valente, Nicole <nvalente@milbank.com>; blatham@bassberry.com <blatham@bassberry.com>; courtney.hunter@bassberry.com <courtney.hunter@bassberry.com>

Subject: [EXT] Kalshi v. Orgel et al.

Good morning Andrew,

I am writing in response to your January 9th email requesting a stay of enforcement against Kalshi either (a) for the entire pendency of the case that was initiated by complaint last Friday (1/8), or (b) while your forthcoming motion for preliminary injunction is pending. We will not be staying enforcement pursuant to your request.

I will be lead counsel on this matter on behalf of the named defendants, but please copy all of the parties on this email who are part of my office on any future correspondence related to this matter, whether electronic or otherwise, directed at my office. Along those lines, please specify to whom our communications need to be directed in the future.

Should you have any additional requests at this time, please note that I will not be available for the next 5-6 hours, but should become available again late-afternoon, central standard time.

Regards,

Michael N. Wennerlund | Assistant Attorney General

Financial Division

Office of Tennessee Attorney General

500 Dr. Martin L. King Jr. Blvd.

Nashville, TN 37243

Mailing Address:

P.O. Box 20207, Nashville, TN 37202

Tele: (615) 741-8950

Michael.Wennerlund@ag.tn.gov



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EXHIBIT 4

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application
of KalshiEX LLC for
Designation as a Contract Market

ORDER OF DESIGNATION

KalshiEX LLC (“Kalshi”) has submitted to the Commodity Futures Trading Commission (“Commission”), pursuant to Section 5(a) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 7(a), and Commission Regulation 38.3(a), 17 C.F.R. § 38.3(a), an application for designation as a contract market, which includes submissions dated December 30, 2019 through September 17, 2020. Having reviewed Kalshi’s application, the Commission makes the following findings and rulings:

WHEREAS Commission staff reviewed Kalshi’s application for designation as a contract market, including Kalshi’s rules, and conducted a technical evaluation of Kalshi’s operational capabilities to evaluate whether Kalshi was in compliance with the core principles and corresponding regulations in accordance with Section 5(d) of the Act, 7 U.S.C 7(d)(1).

WHEREAS based on its review, staff concludes that Kalshi’s application, including all amendments thereto and representations made by Kalshi, demonstrates compliance with the applicable requirements of the Act and the Commission’s regulations for designation as a contract market.

The Commission FINDS that Kalshi has demonstrated, as required by Section 6(a) of the Act, 7 U.S.C. § 8(a), and Regulation 38.3(a), 17 C.F.R. § 38.3(a), that Kalshi complies with the provisions set forth in the Act and the Commission's regulations thereunder applicable to designation as a contract market and provides a sufficient assurance that it will continue to comply with the requirements of the Act and the Commission's regulations.

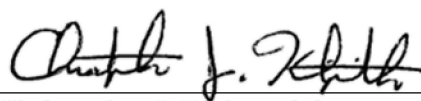
Therefore:

IT IS HEREBY ORDERED, pursuant to Sections 5 and 6(a) of the Act, that the application of Kalshi for designation as a contract market is approved, subject to the terms and conditions specified herein:

- (1) Kalshi shall comply with all representations and submissions made by Kalshi in support of its application for designation as a contract market, as shown in the application record;
- (2) Kalshi shall comply with all provisions of the Act and all requirements set forth in the Commission's regulations, as may be amended or adopted from time to time, that are applicable to designated contract markets; and
- (3) Kalshi may not permit any futures commission merchant to intermediate any transactions or carry accounts for customers executing trades on, or pursuant to the rules of, the contract market unless the Kalshi Order of Designation has been amended to permit futures commission merchants to carry customer accounts.

Issued in Washington, D.C., this 3rd day of November, 2020.

By the Commission,



Christopher J. Kirkpatrick
Secretary of the Commission

EXHIBIT 5

From: Cooper, Robert E.
Sent: Wednesday, December 31, 2025 11:12 AM
To: lacey.mase@ag.tn.gov
Subject: Kalshi Inc.

Lacey – I am reaching out to you on behalf of Kalshi Inc., a web-based prediction market platform. Kalshi is aware of the enforcement issues raised by the Tennessee Sports Wagering Council in its letter earlier this year to the Commodity Futures Trading Commission and by the Tennessee Attorney General office's recent issuance of cease-and-desist letters to online sweepstakes casinos. Kalshi would appreciate an opportunity to open a line of communication with your office about these issues as they affect Kalshi. Would you be open to a call with Kalshi's national counsel? I appreciate your consideration of this request. Thanks, and best wishes for the new year. Bob

BASS BERRY  SIMS

Robert E. Cooper, Jr.
Member

Bass, Berry & Sims PLC
21 Platform Way South, Suite 3500 • Nashville, TN 37203
615-742-7835 phone
bob.cooper@bassberry.com • www.bassberry.com
[map](#)

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EXHIBIT 6

From: Lacey E. Mase <Lacey.Mase@ag.tn.gov>
Sent: Tuesday, January 6, 2026 6:02 PM
To: Cooper, Robert E.
Cc: Austin Watkins
Subject: RE: Kalshi

Bob,

Happy new year! Appreciate your patience. I spent the last week of 2025 enjoying my family and out of the office.

Andy Cook from Orrick reached out with the same question on behalf of Kalshi about a month ago. As I told Andy, I don't have anything to share with Kalshi at this time. If circumstances change, we'll certainly be open to a call.

Have a great evening!

Lacey E. Mase
Chief Deputy Attorney General
Office of the Attorney General & Reporter
615-532-5983
lacey.mase@ag.tn.gov



From: Cooper, Robert E. <bob.cooper@bassberry.com>
Sent: Tuesday, January 6, 2026 4:50 PM
To: Lacey E. Mase <Lacey.Mase@ag.tn.gov>
Subject: Kalshi

Lacey,

I hope you had a good holiday season. I am writing to follow up on my voicemail last Tuesday and my follow-up email on Wednesday, December 31, concerning my client Kalshi. As you are probably aware, Kalshi is in litigation with a number of other states—including three cases that are in federal Courts of Appeal (3rd, 4th, 9th Circuits). It is our understanding that Tennessee may be contemplating a related action, and we would appreciate the opportunity to have a dialogue with the AG's Office before any litigation is filed. Alternatively, if the state is not considering bringing an action, we would appreciate confirmation of that. Kalshi has had productive discussions with authorities in a number of other states, several of which have opted to take a wait-and-see approach as the current litigation plays out. Please let us know your availability for a call.

Best regards,
Bob



Robert E. Cooper, Jr.

Member

Bass, Berry & Sims PLC

21 Platform Way South, Suite 3500 • Nashville, TN 37203

615-742-7835 phone

bob.cooper@bassberry.com • www.bassberry.com

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