

THE STATE OF RHODE ISLAND by and
through ATTORNEY GENERAL PETER F.
NERONHA,

Plaintiff,

v.

C.A. No. PC-2026-

KALSHIEX LLC.; QCX, LLC d/b/a
POLYMARKET US

Defendants.

PETITION FOR DECLARATORY JUDGMENT

Pursuant to R.I. Gen. Laws § 9-30-1 et seq., R.I. Super. Ct. R. Civ. P. 57, and the legal and equitable powers of this Court, the State of Rhode Island, by and through Attorney General Peter F. Neronha, petitions this Court for a declaration confirming that by offering to Rhode Islanders sports-related “event contracts” on “prediction markets,” Kalshi and Polymarket are facilitating gambling that is subject to Rhode Island’s constitutional, statutory, and regulatory requirements.

INTRODUCTION

1. Under the Tenth Amendment to the Constitution of the United States, the individual states possess general police powers to protect the health, safety, welfare, and morals of their citizens.

2. Historically and through the present, state regulation of gambling—traditionally defined as any activity involving the elements of consideration, chance, and prize—is one

straightforward example of the exercise of state police power, as has been repeatedly and consistently recognized by state and federal courts in Rhode Island and elsewhere.¹

3. State regulation of gambling serves a number of compelling public interests, including revenue generation, protecting consumers from fraud, and safeguarding vulnerable populations, such as minors and those susceptible to addiction, from the risks of problem gambling by ensuring the existence of appropriate controls.

4. In Rhode Island, gambling, including sports betting, is subject to layers of constitutional, statutory, and regulatory restrictions and safeguards, through which the State itself retains and exercises operational control over permissible gambling operations.²

5. At present, with few limited exceptions, legal gambling in Rhode Island is operated by the State principally through the State licensed and operated casinos at Bally's Twin River in Lincoln Casino Resort in Lincoln, RI and Bally's Tiverton Casino and Hotel in Tiverton, RI (collectively, "Twin River"), under the chief regulatory authority of the State Lottery Division ("Rhode Island Lottery" or "RILOT"). Since 2018, when states recovered the ability to legalize and regulate sports betting at the state level, this has included all wagering on sports.

6. In 2019, the General Assembly further authorized RILOT to operate and regulate "online sports wagering," defined as "the placing of wagers" on sports events or individual athletic

¹ See, e.g., *In re Advisory Opinion to Governor*, 856 A.2d 320, 323 (R.I. 2004) ("the General Assembly has plenary power to legislate on all matters pertaining to gambling in this state"); *Allendale Leasing, Inc. v. Stone*, 614 F. Supp. 1440, 1454 (D.R.I. 1985) ("It cannot be gainsaid that a state government may lawfully prohibit gambling in the exercise of its police power"); *Ah Sin v. Wittman*, 198 U.S. 500, 505-06 (1905) (Regulation of gambling is "concededly within the police powers of a state").

² See *Harrop v. The Rhode Island Div. of Lotteries*, PC-2019-5273, 2020 WL 3033494, at *8 (R.I. Super. Ct. June 01, 2020) (J. Stern) (finding "that sports wagering is a type of Class III gaming, Class III gaming is a form of casino gaming, and through the Casino Gaming Acts, the voters approved casino gaming").

performance online or through RILOT-approved mobile applications (“apps”). R.I. Gen. Laws § 42-61.2-1(27).

7. Since that time, the exclusive State-approved platform for online sports wagering in Rhode Island is Sportsbook Rhode Island® (“Sportsbook RI”). Bets placed through Sportsbook RI are, like all other forms of permitted gambling in Rhode Island, subject to the State’s operational decisions, the State’s allocation of revenue to the State’s selected vendors, RILOT’s rules and regulations, and all other applicable Rhode Island legal requirements.

8. Recently, however, non-resident Defendants Kalshi and Polymarket (“Defendants”) have begun to advertise and offer to Rhode Islanders a form of betting completely outside of the State’s tightly-regulated gambling framework: so-called “event contracts” on “prediction markets.”³

9. Online and through their apps, Kalshi and Polymarket allow Rhode Islanders to place wagers on the outcome of real-world events, including sports matches, with those who guess (or predict) the correct outcomes winning monetary awards. Bearing the classic hallmarks of consideration (the wager), chance (the “prediction” or bet), and prize (the award)—not to mention a host of other features designed to resemble a sportsbook—Kalshi and Polymarket’s sports-related “event contracts” are no different from traditional sports betting.

10. Kalshi and Polymarket, however, lack any of the necessary prerequisites to carrying out a legal gambling operation in Rhode Island—such as the constitutionally-mandated voter approvals and the required relationship with the Rhode Island Lottery, including but not limited to

³ The State uses the term “event contract” throughout this complaint to refer to the wagers that Defendants advertise and make available to Rhode Islanders through their platforms, even though Defendants may at times refer to their offerings by other names, such as “shares,” “futures,” “swaps,” or “derivatives.”

a license and State oversight by the Rhode Island Lottery. Ignoring these requirements, Kalshi and Polymarket maintain through both their actions and public statements that their platforms are “legally” available to Rhode Islanders.

11. Through this action, the State seeks a ruling from the Court confirming that Kalshi and Polymarket’s sports-related “event contracts” are indeed subject to Rhode Island’s constitutional, statutory, and regulatory restrictions on gambling.

PARTIES

12. Plaintiff is the State of Rhode Island, represented by Attorney General Peter F. Neronha, who brings this action as the State’s chief law enforcement officer and attorney for the State in accordance with his constitutional, statutory, and common law authority.

13. Defendant KalshiEX LLC (“Kalshi”) is a Delaware limited liability company with its principal place of business in New York, New York. Kalshi is a wholly owned subsidiary of Kalshi Inc. Through its website and mobile application (“app”), Kalshi offers sports-related “event contracts” on a “prediction market” to Rhode Island residents.

14. Defendant QCX LLC d/b/a Polymarket US (“Polymarket”) is a Delaware limited liability company with its principal place of business in New York, New York. Through its website and mobile app, Polymarket offers sports-related “event contracts” on a “prediction market” to Rhode Island residents.

JURISDICTION AND VENUE

15. This Court has subject-matter jurisdiction over this case under the Uniform Declaratory Judgments Act, R.I. Gen. Laws § 9-30-1 *et seq.*

16. The Court has personal jurisdiction over non-resident Defendants under R.I. Gen. Laws § 9-5-33(a) because, among other things, Defendants advertise and offer to Rhode Islanders sports-related “event contracts” on “prediction markets.”

17. Venue in this Court is proper as the State is the plaintiff and has its principal offices in Providence County. R.I. Gen. Laws § 9-4-3.

**THE STATE’S CONSTITUTIONAL AND STATUTORY AUTHORITY TO OPERATE
AND REGULATE GAMBLING**

A. Rhode Island’s Well-Established Legal Framework for Permissible Gambling

18. The prohibition and regulation of gambling stands at the heart of the State’s historic police powers and its fundamental duty to protect the health, welfare, safety, and morals of its citizens.

19. The history of state regulation over gambling predates our nation’s founding. In 1638, for example, the Massachusetts Bay Colony enacted idleness laws that barred people from possessing cards, dice, or other gambling devices. George C. Fenich, *A Chronology of (Legal) Gaming in the U.S.*, 3 UNLV Gaming Rsch. & Rev. J. 65, 66 (1996).

20. By the time of the American Revolution, the colonies sought to regulate gambling as a matter of wartime civic virtue. In October 1774, in response to the punitive “Intolerable Acts” imposed on the colonies by the British, the First Continental Congress (to which Rhode Island belonged) adopted the Articles of Association, which, in addition to embracing a boycott of British goods and an end to the slave trade, pledged to “discountenance and discourage every species of extravagance and dissipation, especially all horse-racing and all kinds of games, cock fighting,” and other activities.

21. Rhode Island soon followed with an early form of our centuries-old tradition of state prohibition and regulation of gambling: in 1777, the General Assembly passed an “Act to Prevent Horse Racing,” which provided for the forfeiture of horses used in races and authorized proceedings by information. *See* 1777 R.I. Acts & Resolves 7 (Sept. Adjourned Session).

22. To this day, the same basic exercise of the state’s police power over gambling is reflected in several provisions of the Rhode Island Constitution.

23. Since its ratification in 1842, the Rhode Island Constitution has contained a broad prohibition on all “lotteries” in the state. In 1973, the General Assembly amended that provision—what is now Article 6, Section 15—to specifically allow only “lotteries operated by the state” and “those previously permitted by the general assembly prior to the adoption of this section,” and subjected them “to the proscription and regulation of the general assembly.” As a result of this amendment, in 1974, the General Assembly passed legislation creating RILOT and the Rhode Island Lottery.⁴ R.I. Gen. Laws § 42-61-1 *et seq.*

24. The Supreme Court of Rhode Island has interpreted Article 6, Section 15 broadly to extend to any “scheme or plan having three essential elements: consideration, chance, and prize.” *In re Advisory Opinion to the Governor*, 856 A.2d 320, 327 (R.I. 2004) (quoting *Roberts v. Comms. Investment Club of Woonsocket*, 431 A.2d 1206, 1211 (R.I. 1981)). Under this section, it is illegal for non-state actors to operate any “scheme or plan” that rewards bets or wagers placed on outcomes determined primarily by chance.

25. Article 6, Section 22 of the Rhode Island Constitution, first enacted in 1994 and later amended in 2014, additionally requires statewide and local referenda before expanding “the types or locations of gambling” within the State.

26. The Supreme Court of Rhode Island has interpreted the Constitution’s term “gambling” even more broadly than “lottery,” explaining that “gambling” includes bets or wagers

⁴ Between 1842 and 1974, Rhode Island maintained a near-total prohibition on state-sanctioned gaming. This restriction was partially lifted in 1934, when Rhode Island voters approved a measure to legalize pari-mutuel betting, which first extended to horse racing at Narragansett Park in Pawtucket, and later to dog racing in Lincoln and jai alai in Newport.

on activities that depend primarily on skill or judgment, *as well as* lotteries, which depend primarily on chance. *In re Advisory Opinion*, 856 A.2d at 333-34. In other words, whether bettors are wagering on games of chance or skill, the Rhode Island Constitution mandates that they may do so legally in Rhode Island only upon the approval of Rhode Island voters in state and local referenda.

27. The General Assembly, exercising its plenary authority to regulate gambling, has enacted a statutory scheme authorizing and outlawing certain gambling activities in the state, including in our criminal code. Under that scheme, it is a felony to offer any form of gambling beyond those authorized in Chapter 19 of Title 11 (the “Gambling and Lotteries” chapter of Rhode Island’s criminal code) or Chapters 61 (establishing the State Lottery) or 61.2 (the Casino Gaming Acts) of Title 42. R.I. Gen. Laws § 11-19-1.

28. Likewise, the General Assembly has deemed it a crime punishable by up to a year in prison to engage (except as permitted under the state’s pari-mutuel betting system or authorized by the Rhode Island Lottery) in “pool selling or bookmaking,” or (among other activities) to “record or register bets or wagers . . . upon the result of any trial or contest of skill, speed, or power of endurance of man or beast, or upon the result of any political nomination, appointment, or election . . . or [to] keep, exhibit, or employ any device or apparatus for the purpose of recording bets or wagers . . . or [to] receive, register, record, forward . . . within or outside this state, any money, thing, or consideration of value bet or wagered . . . upon the speed or endurance of any man or beast[.]” *Id.*, § 11-19-14.

29. In 2011, the General Assembly significantly expanded legal gambling in Rhode Island when it authorized “state-operated casino gaming” at Twin River-Lincoln, conditioned on

the voter-approval requirements of Article 6, Section 22, and subject to the state’s “full operational control” through RILOT, in satisfaction of Article 6, Section 15. *Id.* § 42-61.2-2.1.

30. The General Assembly defined “casino gaming” broadly to include “any and all table and casino-style games . . . or any other game or device included within the definition of Class III gaming as that term is defined in Section 2703(8) of Title 25 of the United States Code.” *Id.*, § 42-61.2-1(2).

31. Rhode Island courts have recognized that Class III gaming is a “catchall phrase” that encompasses all forms of gambling that are not “social and traditional games played for prizes of minimal value” (Class I) or “bingo-like games” (Class II). *Harrop v. Rhode Island Div. of Lotteries*, PC-2019-5273, 2020 WL 3033494, at *8 (R.I. Super. Ct. June 1, 2020) (Stern, J.) (quoting *In re Advisory Opinion*, 956 A.2d at 329 n.4).

32. The 2011 Twin River-Lincoln statute was subsequently approved by Rhode Island voters in state and local referenda in 2012.

33. The next year, in 2013, the General Assembly established a criminal law enforcement structure specifically for “casino gaming,” by creating the Gaming Enforcement Unit of the Rhode Island State Police, R.I. Gen. Laws § 42-61.3-1, and granting it the authority to “monitor and investigate criminal violations relating to casino gaming activities consistent with chapter 61.3,” *Id.*, § 42-61.2-2.1(f).

34. In addition to a host of new criminal prohibitions intended to prevent cheating and protect the basic integrity of “casino gaming” in Rhode Island, the General Assembly declared it a felony to “[c]onduct a gaming operation, or attempt to conduct a gaming operation, where wagering is used . . . without a licensed issued by . . . [RILOT].” *Id.* § 42-61.3-2(b)(18). “Gaming operation” in this context refers to “casino gaming” as defined in § 42-61.2-1. “Wager” means a

sum of money or representative of value that is risked on an occurrence for which the outcome is uncertain.” *Id.*, § 42-61.3-2(a)(7).

35. In 2016, the General Assembly authorized (and Rhode Island voters subsequently approved) the expansion of “state-operated casino gaming” to Twin River in Tiverton, again subject to RILOT’s “full operational control.” R.I. Gen. Laws § 42-61.2-2.3.

B. Sports Betting Must Be State-Operated and—Like All Other Forms of Permissible Gambling in Rhode Island—Is Subject to Strict State Control

36. In May 2018, the Supreme Court of the United States struck down as unconstitutional the Professional and Amateur Sports Protection Act (PASPA), the federal statute that had prohibited states from authorizing sports betting. *See Murphy v. Nat’l Collegiate Athletic Ass’n*, 584 U.S. 453 (2018).

37. Just a month later, the General Assembly passed legislation that legalized sports betting in Rhode Island and brought it within the State’s existing operational and regulatory framework. Specifically, the General Assembly authorized RILOT to “implement, operate, conduct, and control sports wagering at” Twin River, once more with “full operational control” vested in RILOT. R.I. Gen. Laws § 42-61.2-2.4.

38. The General Assembly broadly defined sports wagering as “the business of accepting wagers on sporting events or a combination of sporting events, or on the individual performance statistics of athletes in a sporting event or combination of sporting events, by any system or method of wagering. The term includes, but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets, and the term includes the placement of such bets and wagers.” *Id.* § 42-61.2-1(39).

39. In 2019, the General Assembly further expanded the availability of sports betting in Rhode Island by authorizing “online sports wagering,” defined as “engaging in the act of sports

wagering by the placing of wagers on sporting events or a combination of sporting events, or on the individual performance statistics of athletes in a sporting event or a combination of sporting events, over the internet through computers, mobile applications on mobile devices or other interactive devices approved by [RILOT].” *Id.*, § 42-61.2-1(27).

40. Again, the General Assembly specified that “online sports wagering” would be subject to strict state control, including statutorily-imposed revenue sharing and geo-location requirements. Under § 42-61.2-5(a)(1), the state receives 51% of all in-person and online sports wagering revenues. The servers that support “online sports wagering” must be physically located within a “restricted area” at Twin River, and any “online sports wagering” vendor must also “employ a mechanism to detect the physical location of a player at the time the player is wagering” to ensure he or she is located within Rhode Island. *Id.*, § 42-61.2-16.

41. Additionally, the General Assembly authorized RILOT to promulgate rules and regulations applicable to online sports wagering, *id.* § 42-61.2-3.3, and to “enter into contracts for the provision of server-based gaming systems, facilities, and related technology necessary or desirable for the state-operated online sports wagering,” *id.* § 42-61.2-4(5).

42. RILOT has since promulgated rules and regulations applicable to online sports wagering.⁵ These regulations impose on any online sports wagering “service provider” a host of additional requirements, including identity and age verification and “know your customer” (KYC) controls, monitoring and reporting of suspicious gambling activity, and responsible gaming protocols such as deposit limits, wager limits, time limits, and player self-exclusion.

⁵ R.I. State Lottery Div., Rules and Regulations (Feb. 20, 2026), *available at* https://www.rilot.com/content/dam/interactive/ilottery/pdfs/about-us/RIlotteryRules_2026.pdf.

43. From 2019 until the present, RILOT has exclusively contracted with service provider International Game Technology (IGT) (in coordination with Twin River) for the delivery of “online sports wagering” in Rhode Island, through the technology platform called “Sportsbook Rhode Island®,” which is available to Rhode Islanders in web browser and mobile app formats.

KALSHI AND POLYMARKET FACILITATE GAMBLING IN RHODE ISLAND

A. Kalshi and Polymarket Offer “Event Contracts” on “Prediction Markets” to Rhode Islanders

44. “Prediction markets” like the ones offered to Rhode Islanders by Kalshi and Polymarket allow users to place online wagers on the outcome of future events. In this context, the wagers are in the form of so-called “event contracts” that users buy and sell (or “trade”) on “prediction markets,” based on the perceived likelihood of a given event occurring or not occurring.

45. As Kalshi explains on its website, its platform “allows traders to buy and sell contracts on the outcomes of real-world events. Whether you’re interested in forecasting economic indicators, political outcomes, sports results, or cultural milestones, Kalshi is a regulated venue where you can put your predictions – and your money – where your mouth is.”⁶

46. Likewise, Polymarket, which advertises itself as “the world’s largest predication market,” states that its platform is “where people can bet on the outcome of future events. By buying and selling shares in the outcomes, participants can collectively forecast the likelihood of events such as sports results, political elections, or entertainment awards.”⁷

47. Like gambling more generally, these prediction markets—and the speculative betting they facilitate—have grown like wildfire in the United States, consuming more and more

⁶ <https://news.kalshi.com/p/what-is-kalshi-f573>

⁷ <https://help.polymarket.com/en/articles/13364272-what-is-a-prediction-market>

of Americans' time, attention, and money. One estimate holds that the industry expanded nearly 200-fold in 2025, hitting \$44 billion in trade volume, and could reach a trillion dollars in annual volume by 2030.

48. Kalshi and Polymarket dominate the present market for these platforms: of the approximately \$44 billion in “prediction market” trade volume in 2025, Polymarket facilitated around \$21.5 billion in trades, while Kalshi facilitated roughly \$17.1 billion—together totaling around \$38.6 billion, or 87%, of all prediction market trading.

49. Kalshi and Polymarket allow users to place wagers on a broad, and seemingly ever-expanding, array of topics, ranging from local and national politics, to the prices of commodities like oil and gas and precious metals, to the outcome of professional, amateur, and collegiate sports matches.

50. Kalshi and Polymarket explain that the pricing of “event contracts” is “dynamic” and reflective of the likelihood that the given event (the subject of the contract) occurs.

51. According to Kalshi, “[t]hese event contracts work through a straightforward pricing system. Each contract is priced between one cent and 99 cents, with the price reflecting the market’s collective assessment of the probability that an event will occur. For example, if a contract asking ‘Will the government shut down by February 31?’ is trading at 30 cents for ‘Yes,’ the market believes there’s roughly a 30% chance of that outcome. When you purchase a contract, you’re essentially buying a position on a specific outcome. If your prediction proves correct when the event resolves, each contract pays out one dollar. If you bought a ‘Yes’ contract at 30 cents and the event occurs, you profit 70 cents per contract. Conversely, if the event doesn’t happen, you lose your initial stake.”⁸

⁸ <https://news.kalshi.com/p/what-is-kalshi-f573>

52. Polymarket similarly states that “Market Prices = Probabilities: The price of shares in a prediction market represents the current probability of an event happening. For example, if shares of an event are trading at 20 cents, it indicates a 20% chance of that event occurring . . . If the event occurs, each share becomes worth \$1, yielding a profit.”⁹

53. Kalshi and Polymarket profit from the trading of these “event contracts” through the assessment of “transaction” or “trading” fees.

54. Kalshi states that it “facilitates [the] transactions and generates revenue through small transaction fees on each trade,”¹⁰ with its standard fee for “most markets” ranging from 0.07 cents to \$1.75 per 100 contracts.¹¹

55. According to Polymarket, it also charges “trading fees,” but only for “certain markets.” Whereas “geopolitical and world events” are “completely fee-free,” Polymarket states, trading on sports-related events (referred to as “Polymarket Sports markets”) are subject to a recently “updated fee structure with a peak effective fee of 0.75% at the 50/50 price point.”¹²

B. Defendants’ Sports-Related “Event Contracts” Allow Users to Place Wagers on Match Outcomes and the Performance of Individual Athletes

56. Kalshi and Polymarket offer event contracts on the outcomes of sports-related events across literally dozens of kinds of sports and similar activities, ranging (depending on the time of year) from basketball, baseball, soccer, and hockey, to chess, table tennis, and sumo wrestling.¹³

57. Kalshi and Polymarket make available such sports-related “event contracts” to Rhode Islanders both online and through their mobile apps.

⁹ <https://help.polymarket.com/en/articles/13364272-what-is-a-prediction-market>

¹⁰ <https://news.kalshi.com/p/what-is-kalshi-f573>

¹¹ <https://kalshi.com/fee-schedule>

¹² <https://help.polymarket.com/en/articles/13364478-trading-fees>

¹³ <https://kalshi.com/category/sports/other>; <https://polymarket.com/sports/live>

58. The business of “trading” sports-related “event contracts” on “prediction markets” comes right at a time when sports betting has exploded in popularity in the United States. By one recent estimate, nearly 50% of American men aged 18-49 years old have an active account with at least one online sportsbook.¹⁴

59. It is no surprise, then, that sports have quickly come to dominate “trading” activity on Kalshi and Polymarket: in 2025, *the very first year* that Defendants offered sports-related wagering on their platforms, sports represented roughly 85% of Kalshi’s trade volume, as well as 39% of Polymarket’s total volume—more than any other “trading” category on its platform.¹⁵

60. The growing prevalence and use of such “prediction markets” to wager on sports is especially concerning, given the well-documented harms associated with problem gambling, ranging from increased debt and financial pressures to extreme mental health risks and even suicide.

61. Kalshi and Polymarket’s sports-related “event contracts” allow bettors to wager on both the outcome of sports matches and the performance of individual players in those matches.

62. For example, in connection with the NBA playoff matchup between the Philadelphia 76ers and the New York Knicks on May 6, 2026, Kalshi invited wagers (or “event contracts”) on both the winning team as well as a number of individual player statistics (labeled “player props”):

¹⁴<https://sri.siena.edu/2025/02/18/22-of-all-americans-half-of-men-18-49-have-active-online-sports-betting-account/>

¹⁵ <https://keyrock.com/prediction-markets-the-next-frontier-of-financial-markets/>.

Kalshi - Match Outcome



MARKETS LIVE 20 SOCIAL TRUST RESEARCH

Trade on anything

Trending Elections Politics Sports Culture Crypto Commodities Climate Economics Mentions Companies



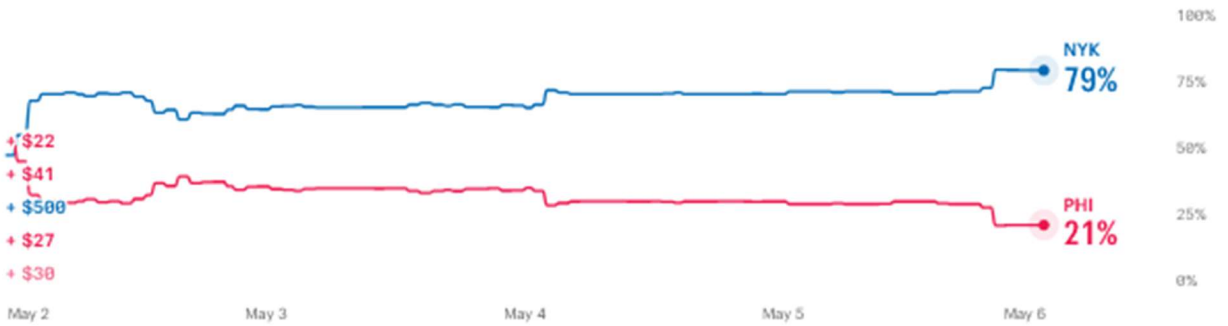
SPORTS · BASKETBALL · PRO BASKETBALL (M)

Game 2: 76ers vs Knicks



Begins in 1h 57m 23s · May 6, 7:00pm EDT

Kalshi



\$3,754,973 vol

1D 1W 1M ALL

Chance



New York

79% ▲ 9

Yes 80¢

No 21¢

Philadelphia

21% ▼ 9

Yes 21¢

No 80¢

Kalshi – Player Performance

Game Lines **Player Props** Events

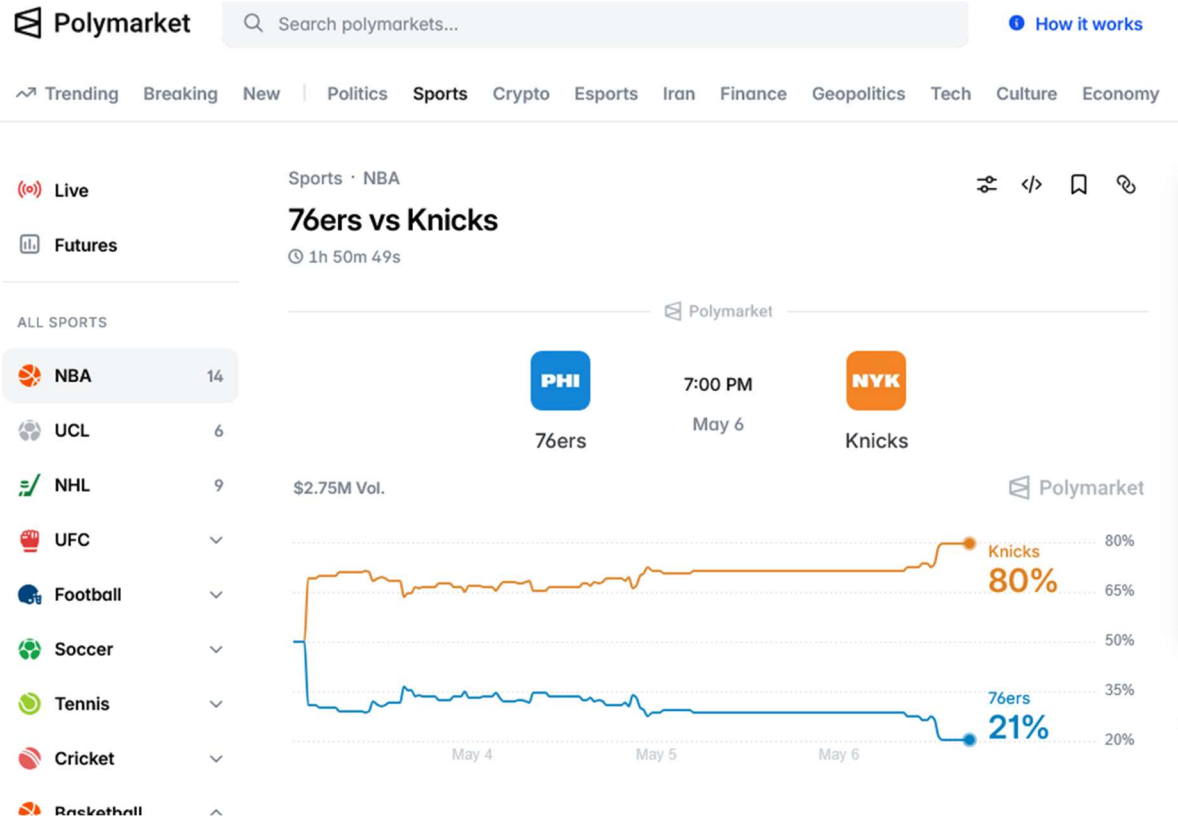
Player Points
Player Assists
Player Rebounds
Player Threes
Player Steals
Player Blocks
Double >

Q Search
Player Points

Mikal Bridges: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	66% ▲ 3	Yes 66¢
Jalen Brunson: 25+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 25+ 30+ 35+ > </div>	64% ▲ 1	Yes 64¢
OG Anunoby: 15+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 15+ 20+ 25+ > </div>	67% ▲ 1	Yes 68¢
Mitchell Robinson: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	15%	Yes 15¢
Karl-Anthony Towns: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	96% ▲ 1	Yes 96¢
Josh Hart: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	65% ▼ 1	Yes 65¢
VJ Edgecombe: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	85% ▲ 15	Yes 86¢
Tyrese Maxey: 15+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 15+ 20+ 25+ > </div>	96%	Yes 96¢
Kelly Oubre Jr.: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	72% ▲ 9	Yes 73¢
Joel Embiid: 20+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 20+ 25+ 30+ > </div>	Outcome to be determined	
Paul George: 10+ <div style="border: 1px solid #ccc; border-radius: 15px; padding: 2px; display: flex; justify-content: space-between; width: 100%;"> < 10+ 15+ 20+ > </div>	93% ▲ 8	Yes 93¢

63. Polymarket offered nearly identical wagers for the same May 6 matchup, using a strikingly similar layout:

Polymarket – Match Outcome



Polymarket – Player Performance

Game Lines 1st Half Points Assists Rebounds

Kelly Oubre Jr. \$34 Vol.	O 2.5 98¢	U 2.5 88¢
Mikal Bridges \$37 Vol.	O 2.5 96¢	U 2.5 57¢
VJ Edgecombe \$112 Vol.	O 2.5 98.8¢	U 2.5 39.7¢
Josh Hart \$11 Vol.	O 2.5 94¢	U 2.5 88¢
Paul George \$2.4K Vol.	O 14.5 71¢	U 14.5 34¢

C. **Kalshi and Polymarket’s Sports-Related “Event Contracts” Resemble Traditional Gambling in Myriad Other Ways**

64. Beyond the basics of allowing bettors to place wagers on the outcomes of games and individual player performances, Kalshi and Polymarket’s sports-related “event contracts” resemble traditional sports betting in other significant ways that make their products function, look, and feel even more like gambling.

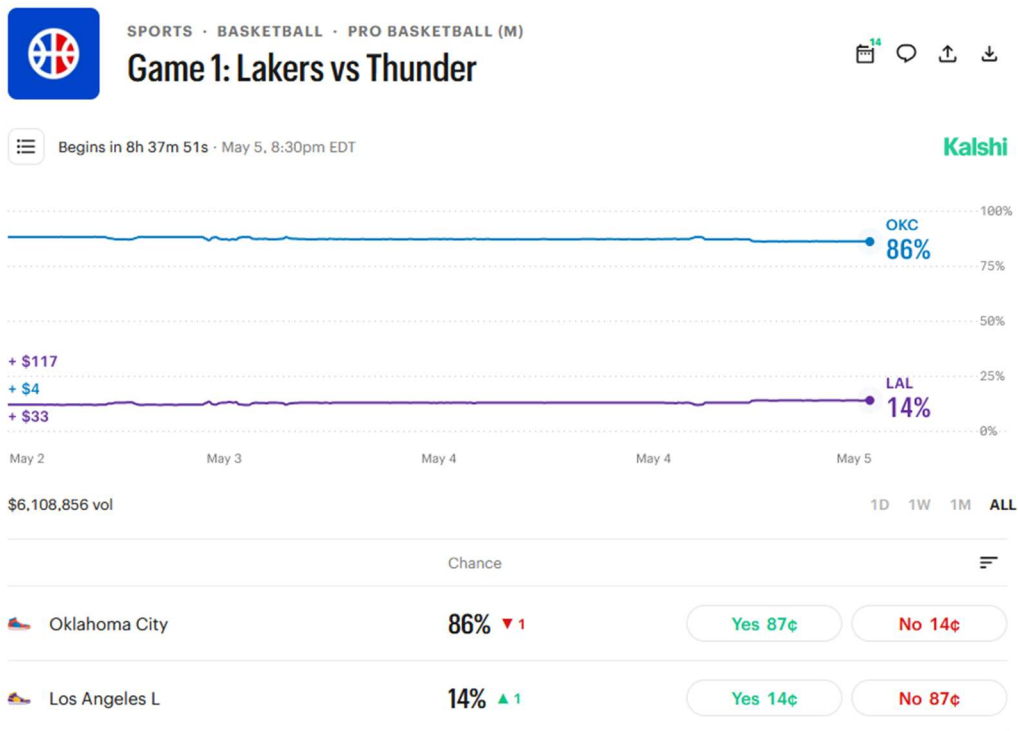
65. First, Kalshi and Polymarket each offer sports-related “event contracts” in forms that mimic traditional forms of sports betting.

66. These include the “moneyline” (which team wins the game) and the “over under” (whether the final combined score in a game will be higher or lower than the set line)—both of which the General Assembly specifically referenced when first defining the term “sports wagering” under Rhode Island law in 2018, *see* R.I. Gen. Laws § 42-61.2-1(39). They also include

the “point spread” (or “spread”) (whether a team will win or lose by a certain number of points) as well as proposition (or “prop”) bets (additional wagers that are independent of the outcome of the match, including individual player performances).

67. For example, in connection with the May 5, 2026 NBA playoff matchup between the Los Angeles Lakers and the Oklahoma City Thunder, Kalshi offered “event contracts” that were based on each of these traditional sports betting categories:

Kalshi - Moneyline



Kalshi – Point Spread

Spread and Total

Oklahoma City wins by over 16.5 points

< 22.5 19.5 **16.5** 13.5 10.5 >

47% ▼ 2

Yes 47¢

No 55¢

Over 213.5 points scored

< 207.5 210.5 **213.5** 216.5 219.5 >

51%

Yes 51¢

No 50¢

Kalshi – Over-Under

Team Totals

Oklahoma City over 115.5 points scored

< 109.5 112.5 **115.5** 118.5 121.5 >

52% ▲ 10

Yes 54¢

No 51¢

Los Angeles L over 97.5 points scored

< 91.5 94.5 **97.5** 100.5 103.5 >

54% ▼ 6

Yes 54¢

No 51¢

Kalshi – “Prop” Bets (Player Points)



Game 1: Lakers vs Thunder



Game Lines Player Props Events

Player Points

Player Assists

Player Rebounds

Player Threes

Player Steals

Player Blocks

Double >

Search

Player Points

Points

Isaiah Hartenstein: 10+

< 10+ 15+ 20+ >

41% ▲ 1

Yes 41¢

Luguentz Dort: 10+

< 10+ 15+ 20+ >

30% ▼ 2

Yes 30¢

Cason Wallace: 10+

< 10+ 15+ 20+ >

30% ▲ 1

Yes 30¢

Shai Gilgeous-Alexander: 25+

< 25+ 30+ 35+ >

86% ▲ 4

Yes 87¢

68. Polymarket offered the same traditional sports bets for the Lakers-Thunder matchup on its own platform:

Polymarket – Moneyline, Point Spread, Over-Under

Sports · NBA



Lakers vs Thunder

🕒 Starts in 5h 12m 52s

Polymarket

LAL **Lakers** **8:30 PM** **May 5** **OKC** **Thunder**

\$2.90M Vol.

Polymarket



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Game Lines 1st Half Points Assists Rebounds

Moneyline
\$3M Vol.

LAL 15¢ OKC 86¢

Spreads
\$464K Vol.

LAL +15.5 51¢ OKC -15.5 50¢

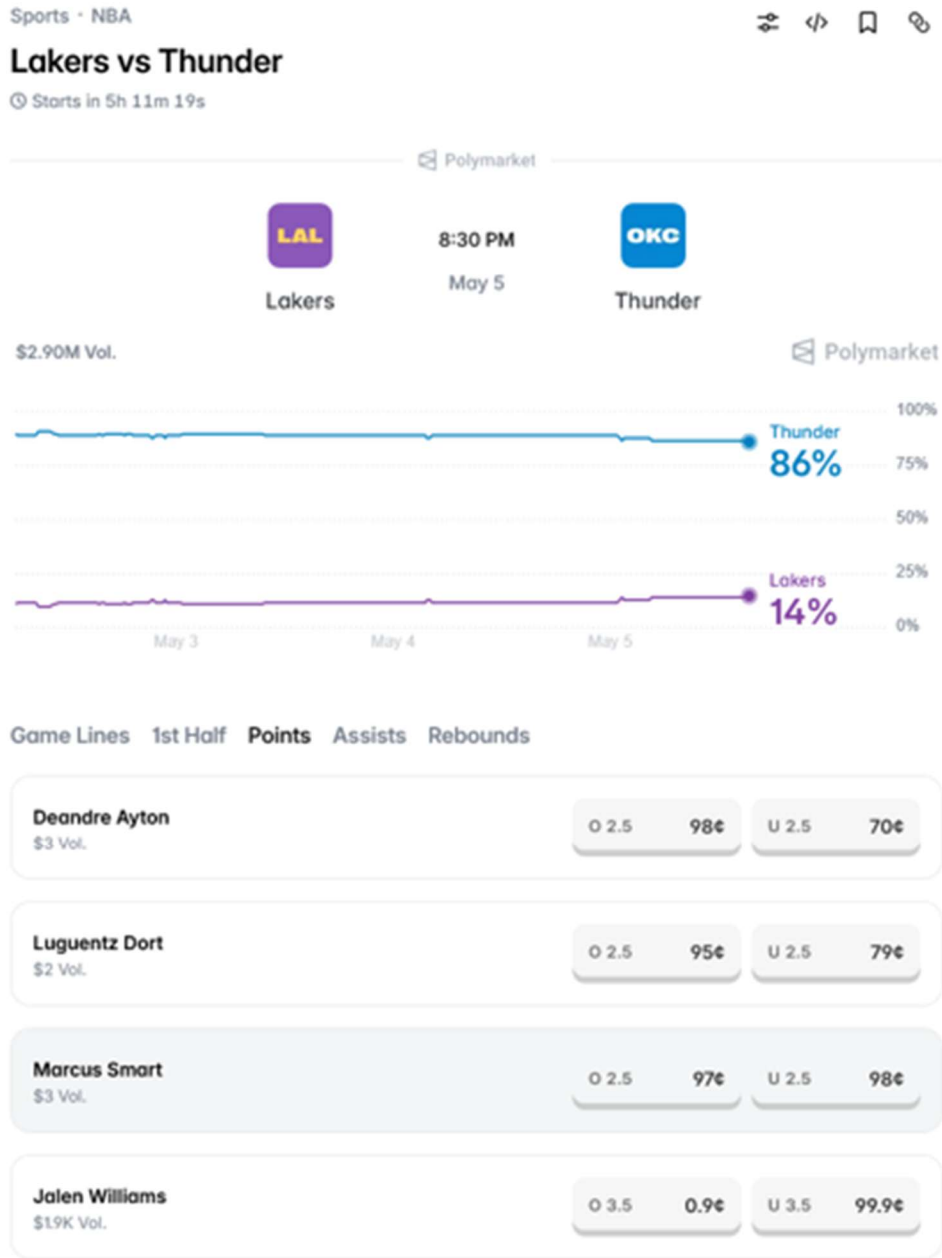
14.5 **15.5** 16.5

Totals
\$294K Vol.

O 214.5 49¢ U 214.5 52¢

213.5 **214.5**

Polymarket – “Prop” Bets (Player Points)



69. These very same traditional sports bets on the Lakers-Thunder playoff matchup on May 5, 2026—the moneyline, point spread, over under, and a host of player “prop” bets—were also available to Rhode Island bettors through the only state-operated, licensed, and approved online sports wagering platform, Sportsbook RI:

Sportsbook RI – Moneyline, Point Spread, Over-Under

Sportsbook Home
Live Events
Mobile App
Promotions

LA Lakers

05 MAY | 8:30 PM

Oklahoma City

4x12 Min	1	2	3	4	T
LAL	-	-	-	-	-
OKC	-	-	-	-	-

Oklahoma City, OK | Paycom Center

18,203 | Capacity

Redick, JJ
Head coach

Daigneault, Mark
Head coach

Popular Parlays
↑

SGP
Los Angeles Lakers @ Oklah...
+2930

5 SELECTIONS

- **Under 16.5**
CHET HOLMGREN - POINTS
- **Over 6.5**
LEBRON JAMES - REBOUNDS
- **Los Angeles Lakers**
MONEY LINE
- **Under 1.5**
ALEX CARUSO - THREE MADE
- [View 1 more leg](#)

Add to Bet Slip
 \$10 WAGER WINS \$293.03

SGP
Los Angeles Lakers @ Oklah...
+2833

5 SELECTIONS

- **Under 3.5**
JAYLIN WILLIAMS - REBOUNDS
- **Over 2.5**
MARCUS SMART - ASSISTS
- **Los Angeles Lakers**
MONEY LINE
- **Under 2.5**
AUSTIN REAVES - THREE MADE
- [View 1 more leg](#)

Add to Bet Slip
 \$10 WAGER WINS \$283.25

SGP
Los Angeles Lakers @ Oklah...

5 SELECTIONS

- **Under 3.5**
JAYLIN WILLIAMS - REBOUNDS
- **Over 1.5**
MARCUS SMART - THREE MADE
- **Oklahoma City Thunder**
MONEY LINE
- **Over 0.5**
RUI HACHIMURA - ASSISTS
- [View 1 more leg](#)

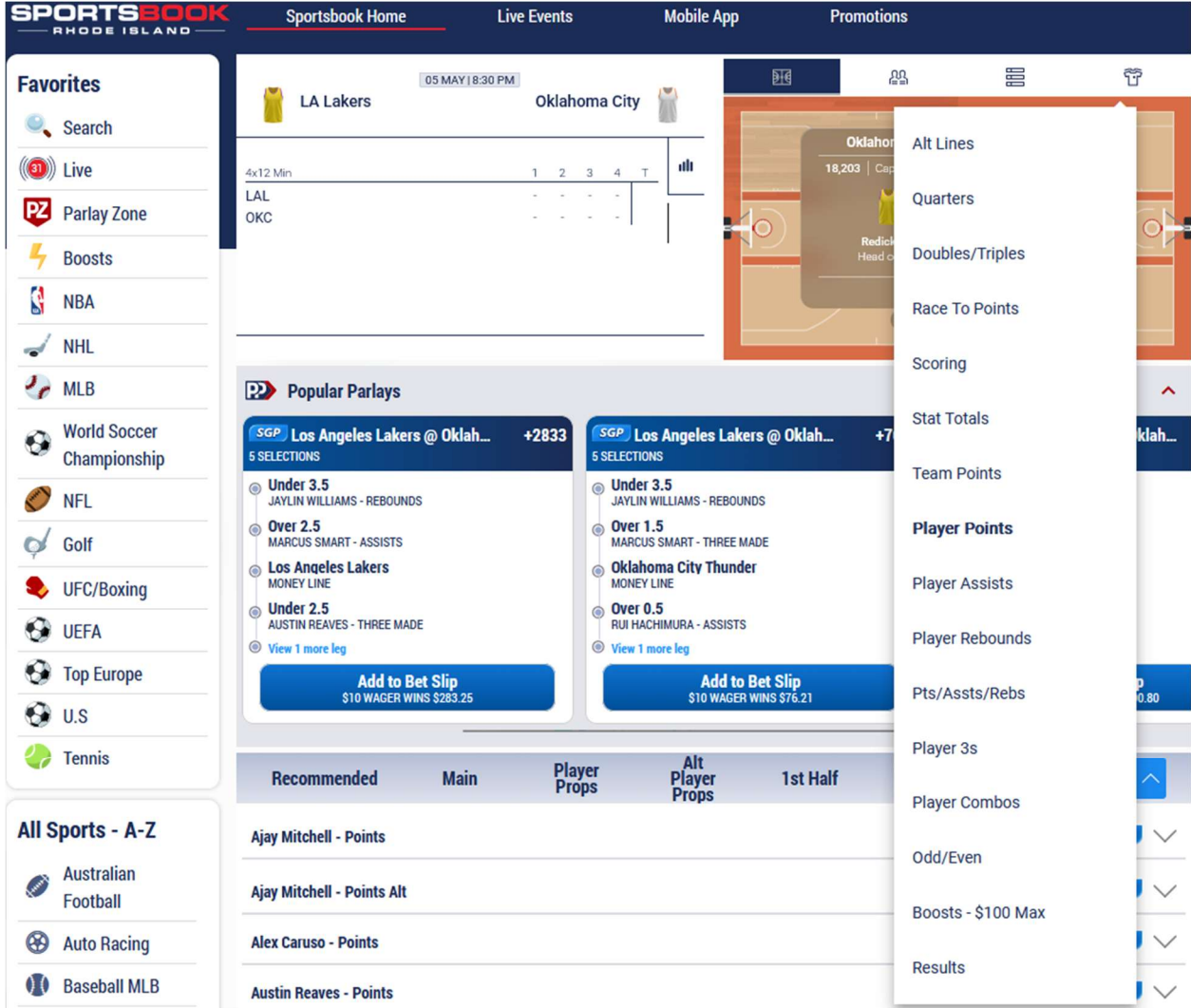
Add to Bet Slip
 \$10 WAGER WINS \$76.21

Recommended
Main
Player Props
Alt Player Props
1st Half
2nd Half
More

GAME LINES
SGP

	SPREAD	MONEY	TOTAL
Los Angeles Lakers	+15.5 -110	+650	O 214 -110
Oklahoma City Thunder	-15.5 -110	-1000	U 214 -110

Sportsbook RI – “Prop” Bets (Player Points)



70. Of course, any such bets placed through Sportsbook RI were subject to all applicable Rhode Island laws, including statutorily required revenue sharing (under which the state retains 51% of sports-wagering and online sports-wagering revenues), as well as RILOT rules and regulations, including its responsible gambling requirements.

71. Kalshi and Polymarket maintain that the very same wagers—if placed on their platforms in the form of “event contracts,” rather than as bets on betting slips—do not constitute sports wagering.

72. Still other features of Defendants’ platforms resemble traditional gambling and sports betting as well. For instance, Kalshi and Polymarket allow users to create accounts, deposit funds into those accounts, and use account funds to wager on “event contracts”, much as one would purchase “chips” to place bets at Twin River, or place bets on the Sportsbook RI app. And any return on a successful wager will remain in a bettor’s account on Kalshi or Polymarket until the bettor chooses to withdraw those funds—just as winnings from successful bets remain in a user’s account until withdrawal on Sportsbook RI.

73. Additionally, Kalshi operates an affiliated entity that functions much like the “house” would in a classic gambling operation, by acting as a “market maker.” Kalshi Trading LLC provides liquidity by placing both buy and sell orders for event contracts, ensuring that bettors can wager at nearly all times. By taking opposing positions, Kalshi Trading LLC absorbs imbalances in bettor demand and profits from price movements.

74. Likewise, Kalshi has an affiliated clearinghouse that finalizes and settles event contract wagers. Kalshi Klear LLC is responsible for determining outcomes, issuing payouts, and processing the movement of funds between bettors once an event has “resolved.” It functions entirely within Kalshi’s corporate structure and does not serve as an independent intermediary. This arrangement allows Kalshi to control each stage of the wager: Kalshi writes the rules for the contract, determines the basis for settlement, and oversees the payment process.

75. By using its own clearing agent, Kalshi reveals how such “prediction markets” are not merely third-party trading markets but rather closed-loop wagering operations that create the games, handle the bets, and pay the winners.

76. By no coincidence, Kalshi and Polymarket employ additional design features that encourage impulsive engagement, exploit awards anticipation, and diminish users' perception of financial risk, via methods familiar in the gambling psychology literature.

77. Kalshi, for example, bombards users with a constant flow of updates on what wagers other users are placing across the platform, a design mechanism known to trigger gambling behavior. Kalshi users see a flurry of bets in a live ticker-tape stream displayed prominently on its homepage, alongside lists of "Trending" and "Top Movers" wagers.

78. Likewise, when Kalshi users are ready to place their own bets, they are prompted to pursue other contracts that "people are also trading."

79. Kalshi further displays leaderboard rankings based on profits and volume on a daily, weekly, monthly, and all-time basis in a manner that promotes high-risk behavior and rewards betting success with community recognition. Certain leaderboards are time limited with a countdown clock to further increase pressure and encourage impulsive betting behaviors.

80. Polymarket employes similar features on its platform.

81. These updates, prompts, and leaderboards are all examples of mechanisms that behavioral scientists have long associated with addictive gambling behaviors, as observed with slot machines and other traditional gambling methods.

82. There is only one conclusion to be drawn from these similarities: Kalshi and Polymarket function, look, and feel like gambling because they *are* gambling. As such, they are rightly subject to Rhode Island's gambling laws.

D. Kalshi and Polymarket Have Described Their "Event Contracts" As "Bets"

83. Kalshi and Polymarket have even repeatedly made public statements referring to the sports-related "event contracts" on their platforms as "bets."

84. Prior to April 2026, Kalshi constantly referred to itself in advertisements as a “sports betting platform” that offered “bets” on various real-world events.

85. Kalshi’s own “Press” page on its website still includes various news stories where Kalshi and its CEO refer to its offerings as “bets.”¹⁶

86. Kalshi has also argued in federal court that sports-related event contracts are “gaming,” that “‘gaming’ (in the sense of betting on games) is a form of ‘gambling,’” and that such activities belong in the same category as “casino gambling.” Appellee’s Br. 41, 47, 50, *KalshiEx LLC v. Commodity Futures Trading Comm.*, No. 24-5205, 2024 WL 4802698 (D.C. Cir. Nov. 15, 2024).

87. Similarly, in past X (formerly Twitter) advertisements, Polymarket claimed that “[l]egal sports betting on the world’s largest prediction market is coming to all 50 states.”

88. Polymarket has made similar statements elsewhere. For example, on its website, under the heading “What is Polymarket?,” Polymarket says that it offers “betting on future events across various topics.”¹⁷

89. Likewise, on its website’s FAQ page, Polymarket defines “a prediction market as a platform where people can *bet* on the outcome of future events.”¹⁸

90. User comments on Kalshi and Polymarket’s sports-related “event contracts” frequently refer to the purchasing of such “event contracts” as “bets,” revealing that Defendants’ own customers, much like Defendants themselves, recognize that “trading” sports-related “event contracts” on “prediction markets” is simply another form of sports betting.

¹⁶ <https://news.kalshi.com/press>

¹⁷ <https://help.polymarket.com/en/articles/13364060-what-is-polymarket>

¹⁸ <https://help.polymarket.com/en/articles/13364272-what-is-a-prediction-market> (emphasis added).

KALSHI AND POLYMARKET ASSERT THAT THEY OPERATE LEGALLY IN R.I.

91. Even though Kalshi and Polymarket operate completely independent of the state-run operations at Twin River, and outside of RILOT’s regulation and control—in other words, in total defiance of Rhode Island’s existing legal framework for permissible gambling in the state—Kalshi and Polymarket publicly maintain that their platforms are “legally” available to Rhode Islanders.

92. This presents an actual controversy between the State and the Defendants that is ripe for adjudication under the Uniform Declaratory Judgments Act.

93. For example, Kalshi has repeatedly and widely publicized the purported legality of its “event contracts” through its mobile app, website, social media, and other forms of advertising.

94. Kalshi’s “App Store” thumbnails (i.e., small images featuring the app) have made statements such as “legal in all 50 states.”

95. Kalshi’s Instagram profile currently states that users can “[t]rade on anything in all 50 states: politics, sports, entertainment, crypto, weather, and so much more.”

96. Likewise, the KalshiSports Instagram profile currently reads, “[t]rade on anything in all 50 states: baseball, football, basketball, and so much more.”

97. On January 24, 2025, the KalshiNews blog announced the headline, “Game on: Kalshi brings 100% legal trading to all 50 states.”¹⁹

98. Polymarket has repeatedly made similar statements on its mobile app, website, social media, and other forms of advertising.

99. For instance, a September 3, 2025, Polymarket advertisement on X claims that “Legal sports betting on the world’s largest prediction market is coming to all 50 states.”

¹⁹ <https://news.kalshi.com/p/game-on-kalshi-sports-trading-is-now-100-legal-in-all-50-states-2>

100. In a Facebook advertisement around September 20, 2025, Polymarket claimed: “Polymarket is coming home,” and that it “delivers the biggest payouts, instant cashout, and full access across all 50 states.”

101. In similar Facebook advertisements in January and February 2026, Polymarket advertised that users can “Trade Legally in All 50 States.”

102. Though Polymarket’s website states that it is “not available to . . . persons located in the United States,” users are able to access the U.S. version of Polymarket by signing up for an account through its mobile app. On its United States-based website, <https://polymarket.com/usa>, Polymarket advertises that “Polymarket is back” and offers users the chance to join a waitlist: “Polymarket’s U.S. app is now being rolled out to those on the waitlist. Provide your phone number to secure your spot & be notified when it’s your turn.”

**KALSHI AND POLYMARKET’S SPORTS-RELATED “EVENT CONTRACTS” MEET
RHODE ISLAND LEGAL DEFINITIONS FOR GAMBLING**

103. Kalshi and Polymarket facilitate gambling (specifically sports wagering) in Rhode Island by allowing bettors to place wagers on the outcome of sports matches and individual player performances, under the guise of “trading” “event contracts” on “prediction markets.”

104. These “event contracts” are, in all relevant respects, identical to the sports wagers that eligible Rhode Islanders may legally place either in person through the sportsbook at Twin River, or online through Sportsbook RI.

105. By facilitating the same kinds of sports wagering in Rhode Island on their platforms, Kalshi and Polymarket render themselves subject to Rhode Island’s gambling laws and regulations.

106. Even though Defendants’ sports-related “event contracts” amount to sports wagering, Defendants operate in Rhode Island outside of the State’s control and in the absence of

the requisite voter approvals, in violation of Sections 15 and 22 of Article 6 of the Rhode Island Constitution.

107. Kalshi and Polymarket’s sports-related “event contracts” likewise qualify as “casino gaming” as that term is defined in § 42-61.2-1(2). “Casino gaming” in Rhode Island includes any “game or device included within the definition of Class III gaming as that term is defined Section 2703(8) of Title 25 of the United States Code[.]” *Id.* As our Superior Court has already recognized, “sports wagering is a type of Class III gaming.” *Harrop*, PC-2019-5273, 2020 WL 3033494, at *8 (citing 25 C.F.R. § 502.4).

108. Since the establishment of “casino gaming” in Rhode Island, the General Assembly has specified—and Rhode Island voters have repeatedly confirmed in state and local referenda—that all such “casino gaming” is limited to the state-run operations at Twin River, subject to RILOT’s “full operational control.” Kalshi and Polymarket currently offer sports wagering to Rhode Islanders entirely independent of Twin River and RILOT, defying Rhode Island law and the will of Rhode Island voters.

109. Likewise, by offering to Rhode Islanders sports-related “event contracts” on “prediction markets,” Kalshi and Polymarket are engaged in “online sports wagering” under R.I. Gen. Laws § 42-61.2-1(27). Specifically, Kalshi and Polymarket facilitate “the act of sports wagering by the placing of wagers on sporting events” as well as “individual performance statistics of athletes in a sporting event, over the internet through computers” and “mobile applications on mobile devices[.]” *Id.*

110. But neither Kalshi nor Polymarket possesses a license or contract from RILOT to offer such “online sports wagering” to Rhode Islanders.

111. Furthermore, by facilitating sports wagering in Rhode Island outside of the state's legal framework, and in the absence of a contract or license from RILOT, Kalshi and Polymarket are also in violation of R.I. Gen. Laws § 42-61.3-2(b)(18), among other state criminal laws that target unlawful gambling operations.

PRAYER FOR RELIEF

WHEREFORE, the State respectfully requests that the Court grant the following relief under its authority granted by the Uniform Declaratory Judgments Act, R.I. Gen. Laws § 9-30-1, *et seq.*:

112. Determine and declare, as a matter of law, that Defendants' offering of sports-related "event contracts" is subject to the constitutional requirements of R.I. Const. art. 6 §§ 15 and 22;

113. Determine and declare, as a matter of law, that Defendants' offering of sports-related "event contracts" constitutes "casino gaming" as defined by R.I. Gen. Laws § 42-61.2-1(2);

114. Determine and declare, as a matter of law, that Defendants' offering of sports "event contracts" constitutes "online sports wagering" as defined by R.I. Gen. Laws § 42-61.2-1(27);

115. Determine and declare, as a matter of law, that "casino gaming" and "online sports wagering" in the State of Rhode Island are restricted to the operations under the full operational control and regulation of RILOT, as set out in R.I. Gen. Laws §§ 42-61.2-2.1, -2.2, and -2.3;

116. Determine and declare, as a matter of law, that Defendants' operations in Rhode Island constitute unauthorized gambling in violation of R.I. Gen. Laws §§ 42-61.2-2.1, -2.2, and -2.3;

117. Permanently enjoin Defendants from offering sports-related "event contracts" on "prediction markets" within the State of Rhode Island;

118. Require restitution and disgorgement;

119. Such other and further relief as this Court deems just and equitable in accordance with the facts of this case.

Dated: May 21, 2026

Respectfully submitted,

THE STATE OF RHODE ISLAND

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RHODE ISLAND ATTORNEY GENERAL

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