Gary Kalbaugh Quoted in Bloomberg on Insider Trading Enforcement in Prediction Markets

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CahillNXT partner Gary Kalbaugh was quoted in a *Bloomberg* Deep Dive examining a federal prosecution case that could help shape the application of insider trading law to prediction markets.

The article examines a New York federal court's denial of a motion to dismiss criminal charges against a U.S. soldier accused of using classified information to profit on a prediction market platform. Gary discussed the significance of applying a theory familiar from securities law to alleged fraud under the Commodity Exchange Act. "To my knowledge, this is the first court in a prediction market case to decide that the Commodity Exchange Act's antifraud provision imports the misappropriation theory we know from securities law," Gary said.

Gary described the ruling as a "meaningful result" consistent with the position of the Commodity Futures Trading Commission, while noting that it comes from a district court at the pleading stage. He also highlighted a potential path for prosecutors independent of whether the event contracts qualify as swaps, explaining that "recognizing that classified military information can be government property gives prosecutors a path that does not depend on the swap question."

Gary also distinguished the case from broader litigation involving sports and election prediction markets, noting that the court had expressly distinguished those disputes and that no court has squarely addressed geopolitical event contracts like those at issue.

Read the full *Bloomberg* Deep Dive: "Soldier Prediction Markets Insider Case Tests US Prosecution"

Attorney

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Practices

- CahillNXT – Digital Assets, AI, and Frontier Technology
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