DEMAND PROGRESS

PREDICTION MARKETS' BET ON INFLUENCE

How the industry has built its influence operation in Washington amid mounting scrutiny

NOVEMBER 2026

I. INTRODUCTION

Prediction markets have faced mounting scrutiny over insider trading, betting on public events including elections and "death bets," and their role in undermining state gambling laws. Amidst mounting scrutiny, the industry has built up its influence operation in Washington. Concerns over the platforms' impacts have driven members of Congress to introduce over two dozen federal bills concerning prediction markets in 2026; as of September 2026, Congress has failed to enact any meaningful legislation on the matter.[1]

Prediction markets have shown they are willing to spend millions to avoid strict regulation by the Commodity Futures Trading Commission (CFTC), an agency that, under Donald Trump, has aligned itself with the industry's goals. Of particular importance to prediction markets is preventing states from treating bets on sports contracts as gambling. Sports contracts make up the bulk of betting on platforms such as Kalshi, and by avoiding state gambling laws, the companies can skirt taxation and compliance with consumer protection rules.[2] Demand Progress has previously called attention to prediction markets' role in expanding access to gambling.[3]

[1] Drew Harwell, "Bettors wagered $54 million on Khamenei's death. Now they're not getting paid," The Washington Post, Mar. 4, 2026; Mark Alfred, "Kalshi's Clout in Washington Grows as New Regulatory Efforts Languish," NOTUS, Sept. 3, 2026.
[2] Davis Giangiulio and Justin Papp, "Prediction Markets and Their Opponents Are Spending More to Influence Congress in 2026," CNBC, July 21, 2026; "Coalition for Prediction Markets Makes Case to CFTC as Comment Period Ends," Legal Sports Report, Apr. 30, 2026; Gabrielle Gurley, "The Scourge of Online Sports Betting," The American Prospect, Feb. 4, 2026; Dave Michaels, "Kalshi's Embrace of Sports Betting Tests Rules for Prediction Markets," The Wall Street Journal, Sept. 24, 2026.
[3] "Billboard Tells CFTC: Prediction Markets Are Gambling," Demand Progress Education Fund, July 8, 2026.

II. A MULTIMILLION-DOLLAR LOBBYING OPERATION

In January 2026, Kalshi opened a D.C. office, hired its inaugural head of federal government relations, and surrounded its in-house team with well-connected K Street lobbying firms.[4] In the first half of 2026 alone, Kalshi reported $990,000 in federal lobbying.[5] In combination with an estimated total of $790,000 paid to six firms on its behalf, Kalshi's lobbying operation in the first half of 2026 came to $1.8 million. In the first three quarters of 2026, Polymarket's parent company Blockratize Inc. spent $270,000 on lobbying operations.[6] In the same period, the Coalition for Prediction Markets spent $190,000 on federal lobbying.[7] Taken together, this exceeds $2 million in federal lobbying as of October 2026. It represents a rapid escalation since 2025, when Kalshi and Polymarket spent a total of $615,000 and $360,000 on federal lobbying, respectively.

These numbers do not even capture the true scale of prediction markets' spending on building influence in D.C.[8] The creation of the Coalition for Prediction Markets shows that prediction markets are growing adept at building industry-wide coalitions to resist accountability. The group's members include Kalshi, betting platform Underdog, as well as crypto-related firms Robinhood, Crypto.com, and Coinbase.[9] Though Polymarket is not formally a member of the coalition, it actively maintains its own lobbying operation. This coalition explicitly works to combat state efforts to regulate prediction markets, which it claims is overreach. Instead, it seeks a "strong federal standard" for regulation, one crafted by the CFTC under chair Michael Selig, seen as an ally of the industry.[10] The group argues that sports contracts should fall under federal swaps rules, which it claims are broad enough to encompass sports-related contracts. This classification would allow prediction markets' sports contracts to bypass state licensing, tax, and consumer protection laws.

---

[4] Caitlin Oprysko and Daniel Barnes, "Kalshi Opens a DC Office," Politico Influence, Jan. 26, 2026.
[5] LD-1 & LD-2 Reports, Registrations & Quarterly Activity, Kalshi, LDA.gov, accessed Oct. 13, 2026.
[6] LD-1 & LD-2 Reports, Registrations & Quarterly Activity, Blockratize, LDA.gov, accessed Oct. 29, 2026.
[7] LD-1 & LD-2 Reports, Registrations & Quarterly Activity, Coalition for Prediction Markets, LDA.gov, accessed Oct. 29, 2026.
[8] Davis Giangiulio and Justin Papp, "Prediction Markets and Their Opponents Are Spending More to Influence Congress in 2026," CNBC, July 21, 2026; "Kalshi Inc: Hired Firms, 2026," OpenSecrets, updated July 23, 2026; Dan Bernstein, "Coalition for Prediction Markets Seeks California Influence," Sportico, Aug. 25, 2026; Mark Alfred, "Kalshi's Clout in Washington Grows as New Regulatory Efforts Languish," NOTUS, Sept. 3, 2026.
[9] The Coalition for Prediction Markets, "Industry Leaders Launch The Coalition for Prediction Markets to Promote Fair, Safe, and Open Access," The Coalition for Prediction Markets, Dec. 11, 2025.
[10] Michael J. Bologna, "Prediction Market Tax Proposals Gain Momentum in State Houses," Bloomberg Tax, Apr. 8, 2026.

The Coalition has used its growing Washington presence to attack state efforts to regulate and tax prediction markets. It accused lawmakers in Kentucky and Iowa of "unlawful state overreach" and claimed their tax proposals would "force legitimate, regulated platforms to shut down."[11] The charge makes the Coalition's objective clear: displace state gambling rules with a single federal regime more favorable to its members. One analyst noted that companies benefit from regulatory paralysis and congressional inaction more generally, arguing, "If you're these companies, you really don't want Congress to do anything. And right now, Congress isn't doing anything. So they seem to be on the winning side of this lobbying fight."[12]

III. A BIPARTISAN BENCH OF INSIDERS

Like tech companies and crypto firms, prediction markets have bet on building a bipartisan team of Washington insiders to ensure they avoid regulation. Kalshi's lobbying and policy ranks include former agency and congressional officials with experience in the bodies responsible for commodities, banking and financial regulation.[13]

Stephanie Cutter, a well-known former Obama official, joined Kalshi as a policy advisor.[14] John Bivona, a former Biden administration and congressional staffer, signed on as Kalshi's head of federal government relations.[15] Tony Hanagan, a former senior Republican floor staffer, was chosen as Kalshi's head of congressional affairs as it navigates the current Republican-controlled congressional landscape.[16] Hanagan's hiring was considered notable given it was announced days after Rep. James Comer, chair of the House Oversight Committee, announced its investigation into suspiciously timed trades on the platform.

[11] Michael J. Bologna, "Prediction Market Tax Proposals Gain Momentum in State Houses," Bloomberg Tax, Apr. 8, 2026.
[12] Davis Giangiulio and Justin Papp, "Prediction Markets and Their Opponents Are Spending More to Influence Congress in 2026," CNBC, July 21, 2026.
[13] Mark Alfred, "Kalshi's Clout in Washington Grows as New Regulatory Efforts Languish," NOTUS, Sept. 3, 2026.
[14] "Stephanie Cutter Joins Kalshi as Policy Advisor," Kalshi, Apr. 2, 2026.
[15] Caitlin Oprysko and Daniel Barnes, "Kalshi Opens a DC Office," Politico Influence, Jan. 26, 2026.
[16] Legis1 Editorial, "Kalshi Adds Lobbyist Amid Trading Investigation," Legis1, June 11, 2026.

Kalshi's Team of Insiders: OpenSecrets identified six outside firms working for the company in the first half of 2026, receiving a combined $790,000

Lobbying Operation	First-half 2026 compensation	Selected Washington ties
Miller Strategies	$240,000	Led by Jeff Miller, finance chair of the 2025 Trump-Vance inaugural committee[17]
Squire Patton Boggs	$180,000	Firm's team includes Tommy Andrews (former Trump White House liaison) and Caren Street (former Congressional Black Caucus executive director)[18]
Lincoln Policy Group	$120,000	Led by former Sen. Blanche Lincoln, who helped craft key commodities law that regulates Kalshi[19]
Resolution Public Affairs	$120,000	Firm's team includes Heather McHugh, former legislative director for Chuck Schumer[20]
Intersection	$90,000	Firm's team includes Matt McNally, former chief of staff to Rep. Sean Patrick Maloney, as well as former Biden Commerce official Curtis Doster[21]
Dow Solutions	$40,000	De'Ana Dow, formerly of CME Group and Ogilvy Government Relations, had worked for over 22 years at the Commodity Futures Trading Commission[22]

[17] "Who We Are," Miller Strategies, accessed Oct. 13, 2026.
[18] "Our People," Squire Patton Boggs, accessed Oct. 13, 2026.
[19] "Senator Blanche Lincoln," Lincoln Policy Group, accessed Oct. 13, 2026; Jon Brodkin, "A senator tried to ban gambling on prediction markets—now she's a Kalshi lobbyist," Ars Technica, Oct. 8, 2026.
[20] "About Us," Resolution Public Affairs, accessed Oct. 14, 2026.
[21] "Matt McNally," Intersection Government Relations, accessed Oct. 14, 2026; "Curtis Hubert Doster, Jr.," Intersection Government Relations, accessed Oct. 14, 2026.
[22] "De'Ana H. Dow," Financial Services Professionals, accessed Sept. 16, 2026.

Additional lobbyists for Kalshi include Jed Bhuta, a former Democratic congressional staffer.[23] The Coalition for Prediction Markets hired former Democratic Rep. Sean Patrick Maloney as president, with Patrick McHenry, a former Republican House Financial Services Committee chair, as its senior adviser.[24] Maloney's joining the coalition is notable given that its funding is partially from crypto firms Coinbase and Crypto.com: upon his 2024 nomination as ambassador to the Organisation for Economic Co-operation and Development, he pledged to not accept employment, board service, or pay from a crypto company or group for four years after leaving his role.[25]

Polymarket has taken a similar approach, hiring former Trump campaign advisor David Urban as a lobbyist on its behalf.[26] Donald Trump Jr. currently holds a paid advisory role with Kalshi, and received Kalshi equity valued at over $300,000 when he first joined the company.[27] After he took this position, Trump Media announced plans for its own prediction-market product.[28] Trump Jr. also advises Polymarket while serving as a partner at 1789 Capital, a firm which previously invested around $200 million in Polymarket.[29] In August 2026, the firm committed around $300 million more as part of a funding round valuing Polymarket at $21 billion.

IV. CORPORATE CAPTURE AND THE REVOLVING DOOR

Beyond building a team of political insiders, the industry has also expanded its influence operation directly via the regulatory agencies tasked with oversight. As prediction markets have cemented themselves as a powerful corporate interest in Washington, they have increasingly engaged in revolving-door politics, particularly as it concerns the CFTC. In doing so, prediction markets have been able to benefit from a personnel pipeline that runs in both directions: the companies have been able to hire individuals with institutional rapport at regulatory agencies, while benefitting from allies being appointed to key oversight positions.

Keaghan Ames, a past advisor to Republican CFTC commissioner Caroline Pham, was hired as a lobbyist for Polymarket.[30] His former boss, Pham, was noted for her support for easing regulation of prediction markets. *The New York Times* reported that, as acting chairman of the commission, Pham "and her senior counsel intervened to help the [prediction market] firms get what they

---

[23] David Moore, "Trump's CFTC Is Suing States for Kalshi and Polymarket, Backed by Trump Jr.," Sludge, Sept. 28, 2026.
[24] Caitlin Oprysko and Daniel Barnes, "Kalshi Opens a DC Office," Politico Influence, Jan. 26, 2026; "Stephanie Cutter Joins Kalshi as Policy Advisor," Kalshi, Apr. 2, 2026; "Where the Money Is," Politico Morning Money, May 12, 2026; Justin Papp and Garrett Downs, "Kalshi, Polymarket Lobby as Insider Trading, Betting Eyed by Congress," CNBC, Apr. 15, 2026.
[25] Henry Burke, "Sean Patrick Maloney's Vanishing Ethics Pledge," The American Prospect, Jan. 15, 2026.
[26] Declan Harty, "Polymarket taps former Trump adviser as first lobbyist," Politico, Jan. 28, 2025.
[27] Lauren McCarthy, "Donald Trump Jr.'s Firm Leads $1 Billion Funding Round for Polymarket," The New York Times, Aug. 31, 2026.
[28] Jason Nelson, "Trump Media Abandons Crypto Treasury, Prediction Market Ventures," Yahoo Finance, Aug. 7, 2026.
[29] Lauren McCarthy, "Donald Trump Jr.'s Firm Leads $1 Billion Funding Round for Polymarket," The New York Times, Aug. 31, 2026.
[30] Declan Harty, "The 20-something billionaires ushering in a betting bonanza in Trump's Washington," Politico, Dec. 21, 2025; "Keaghan Ames," BGR Group, accessed Oct. 14, 2026.

wanted."[31] In the opposite direction, Eliezer Mishory, a former Kalshi chief regulatory officer and general counsel, joined the Securities and Exchange Commission in 2025 to lead the agency's DOGE team.[32]

This personnel pipeline has also reached the Department of the Treasury. Samantha Schwab, who served as Kalshi's head of business development until January 2025, joined the Department of the Treasury as deputy chief of staff. [33] Her required federal disclosure showed that she retained vested Kalshi stock options even after entering government service. Federal filings show that Kalshi had previously retained Jared Sawyer, a former Deputy Assistant Secretary of the Treasury and Senate Banking Committee staffer, as a lobbyist from 2021 to 2023.[34]

V. CULTIVATING A FAVORABLE REGULATORY REGIME

Prediction markets' access strategy developed as the CFTC embraced the industry's core legal position. As chair of the CFTC, Michael Selig has positioned himself as a staunch ally of prediction markets. *Politico* noted that "he frequently claps back on social media at prediction market critics," including sitting members of Congress critical of gambling.[35] He has worked to defend the agency's exclusive jurisdiction over prediction markets at a time when state efforts to rein in gambling continue to mount. Selig decried state enforcement of anti-gambling laws that apply to prediction markets as an "assault," and directed the CFTC to pursue rulemaking to safeguard the industry from state regulation. [36] On prediction markets, Selig has affirmed that "These are not casinos. These are not sportsbooks. They're markets."[37] This argument aligns with the industry's claim that offering sports event contracts does not constitute gambling. One analysis noted that the CFTC invoked Section 8a(9) under the Commodity Exchange Act, an obscure provision that has gone unused for nearly five decades, three times in 2026 alone to help prediction markets evade state regulation.[38] Under Selig, the CFTC withdrew proposed Biden-era rulemaking that would have restricted event contracts concerning war, terrorism, and assassination, while also preserving prediction markets' ability to self-certify new markets without federal approval.[39]

---

[31] Sharon LaFraniere and David Yaffe-Bellany, "How Prediction Markets and Crypto Firms Steamrolled a Watchdog Agency," The New York Times, May 24, 2026.
[32] Lydia Beyoud, "Kalshi's Top Lawyer Quits to Become Leader of DOGE Team at SEC," Bloomberg Law, Apr. 2, 2025.
[33]
[34] Rich Feuer Anderson, Lobbying Report for Kalshi Inc., Lobbying Disclosure Act Database, filed Apr. 20, 2023; "Jared Sawyer," Rich Feuer Anderson, accessed Sept. 16, 2026.
[35] Declan Harty, "'Cowboy': Michael Selig, a top Trump Wall Street regulator, comes out swinging," Politico, Apr. 12, 2026.
[36] Michael S. Selig, "Remarks at Innovation Advisory Committee Conference," CFTC, Aug. 20, 2026.
[37] Declan Harty, "'Cowboy': Michael Selig, a top Trump Wall Street regulator, comes out swinging," Politico, Apr. 12, 2026.
[38] Matt Ford, "The Legal War Over Prediction Markets Is Getting Crazier," The New Republic, Aug. 19, 2026.
[39] Commodity Futures Trading Commission, "CFTC Withdraws Event Contracts Rule Proposal and Staff Sports Event Contracts Advisory," CFTC, Feb. 4, 2026; Commodity Futures Trading Commission, "CFTC Releases Advisory on Self-Certification of an Event Contract Series," CFTC, July 24, 2026; Laya Neelakandan, "CFTC Defends Its Right to Prediction Market Enforcement as States Challenge Platforms," CNBC, Feb. 17,

In June 2026, the CFTC released its proposed rule on prediction markets, which granted the industry its wish list regulatory framework.[40] The proposal accepts the industry's claim that prediction markets are derivatives, rather than mass-market gambling products, giving them a green light to bypass state consumer protections and tax laws.[41] It also does little to address insider trading in events markets for election outcomes, Congressional votes, and more. If adopted, the rule would undermine the CFTC's primary responsibility as a traditional financial markets regulator while repurposing the agency into a de facto national gambling czar – a role for which the CFTC does not have adequate experience, expertise, personnel, technology, budget, or mandate to hold.

The prediction market's reach at the CFTC was further reflected by Selig's appointment of both Kalshi CEO Tarek Mansour and Polymarket CEO Shayne Coplan to serve on the Innovation Advisory Committee.[42] This committee serves to advise the CFTC on "complex issues at the intersection of technology, law, policy, and finance." In other words, this appointment explicitly gives the CEOs of the two most prominent prediction markets an official role in advising the agency designed to regulate them. Unsurprisingly, the committee's first meeting focused on prediction market regulation, including issues like contract self-certification and "mention markets" (contracts where individuals bet on, among other things, if an elected official will use a certain word in a public setting).[43]

VI. CAMPAIGN DONATIONS AND PUBLIC RELATIONS EFFORTS

Alongside revolving door tactics and investments in lobbying, prediction markets' emergence as a major corporate player in Washington is reflected in the most classic tactic of all: extensive campaign donations to elect politicians willing to do their bidding. A July 2026 analysis by *NOTUS* found that Kalshi co-founders Tarek Mansour and Luana Lopes Lara have contributed around $992,000 to both federal candidates and committees in the 2026 cycle.[44] Spending was directed at candidates of both parties, with around $614,700 given to Republican candidates and committees and $377,300 to Democrats.

In total, the two co-founders supported 62 Democratic candidates and 34 Republican campaigns, with donations often correlating with the prediction market policy debate. Mansour contributed $22,000 to a joint fundraising committee tied to Rep. Bryan Steil (R-WI), among the members who introduced prediction-market-focused legislation this year.[45] Mansour additionally donated

---

2026; Declan Harty, "CFTC Staff Encourages Prediction Markets to Work With Sports Leagues," Politico Pro, Mar. 12, 2026.

[40] Commodity Futures Trading Commission, "CFTC Seeks Public Comment on Notice of Proposed Rulemaking Concerning Event Contracts Involving Enumerated Activities," CFTC, June 10, 2026.

[41] Letter from Demand Progress Education Fund to the CFTC RE: Notice of Proposed Rulemaking on Prediction Markets, 91 Fed. Reg. 12516, RIN 3038-AF65, Demand Progress, July 24, 2026.

[42] Innovation Advisory Committee," CFTC, accessed Sept. 15, 2026; "CFTC Announces Innovation Advisory Committee Members," CFTC, Feb. 12, 2026.

[43] Ananya Chetia, "CFTC's Innovation Advisory Committee Meeting Addresses Emerging Prediction Market Risks," CNBC, Aug. 20, 2026.

[44] Samuel Larreal, "Kalshi Co-founders Are Hedging Their Bets on 2026 Midterms," NOTUS, July 7, 2026.

[45] Declan Harty, "Steil pushes bill to ban lawmakers from political prediction markets," Politico, June 18, 2026.

$10,000 to Sen. Kirsten Gillibrand (D-NY), who co-introduced the Prediction Market Act of 2026 and was one of the top Senate Democrats pushing to pass the industry-backed Clarity Act.[46]

Beyond this, Kalshi's co-founders gave a total of $14,000 to Rep. Angie Craig (D-MN) and donated to Eugene Vindman's (D-FL) campaign for Senate in Florida.[47] Vindman confirmed that he had spoken to both co-founders. Lopes Lara gave an additional $16,500 to the NRSC, $7,000 to Rep. Yvette Clarke (D-NY), and $5,000 to a leadership PAC associated with Sen. Cindy Hyde-Smith (R-MS).[48] In 2026, Shayne Coplan, the CEO of Polymarket, donated $250,000 to the Republican National Committee (RNC).[49] He previously donated over $90,000 to Kamala Harris and the Democratic National Committee (DNC) in 2024.[50]

Kalshi's political access has extended beyond campaign contributions. CEO Tarek Mansour appeared at the Capitol with Rep. Josh Gottheimer in support of the congressman's online-gambling youth-protection bill.[51] The event gave Kalshi's chief executive a congressional platform to present the company as a partner on regulation even as broader restrictions languished.

Alongside donating to campaigns, prediction markets are increasingly investing in misleading public relations efforts to repair their image. In Washington, D.C., Kalshi has covered the city with ads on billboards, bus shelters, and in newspapers, with the ad campaign asserting the company follows U.S. law.[52] Polymarket opened a "Situation Room" bar in downtown Washington, which was outfitted with Bloomberg terminals and prediction market displays.[53] Olivia Chalos, Polymarket's deputy chief legal officer, said the company has "a number of key hires in the pipeline" as it works to broaden its D.C. presence.[54] Amid controversy over bets related to the crisis in Venezuela, the Coalition for Prediction Markets launched a public campaign, buying a full-page advertisement in the *Washington Post*.[55] It called the placement of the ad an "opening salvo" ahead of a broader seven-figure public relations campaign.

---

[46] Jasper Goodman, "Gillibrand privately urges Dems to advance crypto bill," Politico, September 14, 2026.
[47] Mark Alfred, "Kalshi's Clout in Washington Grows as New Regulatory Efforts Languish," NOTUS, Sept. 3, 2026.
[48] Federal Election Commission, Individual contributions, Luana Lopes Lara, accessed Oct. 29, 2026.
[49] Federal Election Commission, Individual contributions, Shayne Coplan, accessed Oct. 29, 2026.
[50] Samuel Larreal, "Kalshi Co-founders Are Hedging Their Bets on 2026 Midterms," NOTUS, July 7, 2026.
[51] Davis Giangiulio and Justin Papp, "Prediction Markets and Their Opponents Are Spending More to Influence Congress in 2026," CNBC, July 21, 2026.
[52] Justin Papp and Garrett Downs, "Kalshi, Polymarket Lobby as Insider Trading, Betting Eyed by Congress," CNBC, Apr. 15, 2026.
[53] Rob Wile and David Ingram, "Prediction Market Pop-up Bar Has Botched Opening," NBC News, Mar. 21, 2026.
[54] Justin Papp and Garrett Downs, "Kalshi, Polymarket Lobby as Insider Trading, Betting Eyed by Congress," CNBC, Apr. 15, 2026.
[55] Katherine Long, "Prediction Market 'Watchdog' Launches Ad Campaign," Business Insider, Jan. 28, 2026.

VII. Conclusion

Prediction markets are betting that their best strategy to thwart state and tribal regulation is to curry favor with regulators and members of Congress.[56] Without sensible regulation, prediction markets will continue to provide opportunities for insider trading, including on life-or-death matters. Moreover, if platforms like Kalshi can effectively offer sports betting nationwide without complying with state gambling or consumer protection laws, more people will be put at risk of predatory practices. No matter how they choose to frame themselves, prediction markets are fundamentally gambling websites that should not be able to evade sensible regulation.

[56] Gillian R. Brassil, "Tribal Groups Ask CFTC to Treat Prediction Markets as Gaming," Bloomberg Law, Sept. 14, 2026.