

[Securities Regulation Daily Wrap Up, ENFORCEMENT—Mass. Cmmw.: Massachusetts AG sues Kalshi exchange over alleged illegal sports betting, \(Sept. 16, 2025\)](#)

Securities Regulation Daily Wrap Up

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By [Lene Powell, J.D.](#)

The lawsuit adds to a growing list of states pursuing enforcement against Kalshi regarding alleged unlicensed sports wagering.

Massachusetts Attorney General Andrea Joy Campbell is seeking a state court injunction to prevent the Kalshi exchange from offering sports-related event contracts, which the AG alleges is illegal sports wagering. According to the AG, Kalshi promotes and accepts online sports wagers from Massachusetts customers without following Massachusetts laws governing sports gaming ([Commonwealth of Massachusetts v. KalshiEX LLC](#), No. 2584CV02525 (Mass. Cmmw. Sept. 12, 2025)).

The AG's complaint alleges that Kalshi's sports-related event contracts, which offer yes-no positions on events like Super Bowl winners and March Madness outcomes, are sports wagering under Massachusetts law. The complaint says Kalshi has not applied for or received a Massachusetts sports wagering license from the Massachusetts Gaming Commission (MGC), as required by law.

The complaint identifies different types of Kalshi contracts as various bets including point spread, over-under, parlay, and proposition—all of which are explicitly included in the definition of sports wagering.

Kalshi began referring to its contracts as "trading" rather than "betting" in March 2025, after the exchange received the first of many cease-and-desist letters from state gaming regulators, the complaint alleges.

According to the complaint, Kalshi users placed more than \$1 billion on 3.4 million sports wagers in the first five months that the exchange began offering sports wagers—comprising approximately 75 percent of Kalshi's trading volume.

Public health concerns. Campbell flagged public health concerns arising from sports betting.

"Sports wagering comes with significant risk of addiction and financial loss and must be strictly regulated to mitigate public health consequences," said Campbell in a [press release](#). "This lawsuit will ensure that if Kalshi wants to be in the sports gaming business in Massachusetts, they must obtain a license and follow our laws."

MGC Chair Jordan Maynard said the commission appreciates Campbell's efforts to enforce the law and looks forward to continued partnership with the AG's office.

"Prediction market companies are expanding into sports wagering while neglecting age restrictions, player protection programs, state taxes, and other consumer protections," said Maynard.

The complaint alleges that Kalshi's platform uses behavioral design mechanisms drawn from gambling psychology, including features that encourage impulsive engagement, exploit award anticipation, and diminish users' perception of financial risk.

For example, potential payouts are displayed in eye-catching bright green font, while cost and odds appear in standard black text, diminishing their visual prominence, according to the complaint. Kalshi also represents the potential outcome of a \$100 contract, which the complaint says subtly encourages high-reward transactions while obscuring risk.

Trading or betting? The complaint alleges that Kalshi has repeatedly referred to its contracts as betting, demonstrating Kalshi's strategy to operate and market like a gambling entity rather than a risk management platform.

For example, Kalshi's Instagram advertisements have made statements including "The First Nationwide Legal Sports Betting Platform" and "You can now bet on sports in all 50 states with Kalshi."

Jurisdiction. The complaint was filed in the Massachusetts Trial Court, Suffolk Superior Court, Business Litigation Session. The complaint asserts personal jurisdiction based and Kalshi's alleged offering of wagers to Massachusetts residents.

Claims. The complaint alleges that Kalshi is engaged in sports betting without a license issued by the MGC in violation of G.L. c. 23N.

Relief requested. The complaint seeks a permanent injunction, monetary relief, and a determination that Kalshi engaged in sports wagering without a license in violation of law and regulations.

Related litigation. A [growing number of states and tribal authorities](#) are engaged in litigation with Kalshi over alleged sports betting, including state administrative enforcement actions and federal court actions. For example, the [Third Circuit recently heard oral argument](#) in Kalshi's lawsuit against New Jersey state gaming regulators, with a three-judge panel appearing at least somewhat receptive to Kalshi's argument that the federal Commodity Exchange Act preempts state gaming laws.

The case is [No. 2584CV02525](#).

Attorneys: Massachusetts Attorney General Andrea Joy Campbell for the Commonwealth of Massachusetts.

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