Utah defeats Kalshi in federal court: State can enforce its anti-gambling laws

Federal judge grants Utah summary judgment, rejecting Kalshi's claim that its status as a federally registered exchange shields its sports betting contracts from state law

SALT LAKE CITY, Utah — A federal judge ruled today that Utah's anti-gambling laws apply to Kalshi's sports betting contracts, granting the State summary judgment in the lawsuit Kalshi filed in February. U.S. District Judge Robert J. Shelby held that federal commodities law does not override Utah's power to ban gambling within its borders.

Kalshi sued Utah in February. Kalshi argued that because it operates a federally registered exchange, Utah could not treat its sports bets as gambling. The court disagreed on every point.

Gambling, the court explained, is a field traditionally regulated by the states, and Congress has supported that state authority since the early 1800s. The court found it implausible Congress would have quietly reversed that position in a law written to address the 2008 financial crisis.

“You can’t rebrand illegal gambling as a federal commodity, and today a federal judge agreed with us. Kalshi bet that clever branding would beat Utah law. Kalshi lost and Utah won,” said Utah Attorney General Derek Brown. “Utah’s constitution bans gambling to protect Utah families, and my office will enforce that ban. Gambling is gambling no matter what any company calls it.”

Kalshi offers contracts on who wins a game, by what margin, which team will have the longest losing streak, which player scores a touchdown, and even who sings at the Super Bowl. In Utah, offering online gambling to anyone in the state is a third-degree felony. The court found that Kalshi’s federal registration does not put those bets out of Utah’s reach.

Twenty-three federally recognized tribes and gaming associations moved to support the State’s position. The court granted summary judgment for Utah and ordered the case closed.

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