

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

QCX LLC d/b/a Polymarket US,

Plaintiff,

v.

KEITH ELLISON, in his official capacity as
Attorney General of Minnesota; TIM WALZ, in
his official capacity as Governor of Minnesota;
and JON ANGLIN, in his official capacity as
Director of the Minnesota Alcohol and Gambling
Enforcement Division,

Defendants.

Case No.:

**COMPLAINT FOR
DECLARATORY JUDGMENT
AND INJUNCTIVE RELIEF**

INTRODUCTION

1. This action seeks to prevent imminent and irreparable harm arising from Minnesota’s recent enactment and anticipated enforcement of SF 3432—a state law that makes it a felony to operate, facilitate, service, or advertise lawful, nationwide event-contract markets that are federally authorized and subject to exclusive federal regulation. SF 3432 is preempted by federal law and independently violates the First Amendment by restricting truthful speech and the dissemination of information necessary for those markets to function.

2. Plaintiff QCX LLC d/b/a Polymarket US operates a lawful, nationwide designated contract market subject to the exclusive jurisdiction of the Commodity Futures Trading Commission (“CFTC”). Through the Commodity Exchange Act (“CEA”), Congress vested the CFTC with sole regulatory authority over event contracts and other derivatives traded on designated contract markets. Exercising this exclusive,

comprehensive authority, the CFTC regulates exchange-traded event contracts and decides whether to prohibit certain event contracts as contrary to the public interest. 7 U.S.C. § 7a-2(c)(5)(C).

3. The threat to Polymarket US is immediate. SF 3432 is the first law of its kind in the Nation, criminalizing federally regulated event-contract markets. When it goes into effect in less than two months, Polymarket US will face a credible threat of imminent criminal prosecution—forcing it either to cease lawful and constitutionally protected conduct or risk felony criminal liability. *See* Ex. 1 at 36–40 (to be codified at Minn. Stat. §§ 299L.03, subd. 12; 609.75, subd. 3(2); 609.7615 (as amended)).

4. The threat to Polymarket US is concrete. Polymarket US is one of the stated targets of SF 3432. Before the bill was finalized, Representative Emma Greenman, the co-author of SF 3432, told her constituents that she was actively “working on . . . regulating prediction markets like Kalshi and Polymarket.” Emma Greenman, *Legislative Update – Mid-Session Update*, Minn. H.R. (Apr. 17, 2026).¹ And Defendant Minnesota Attorney General Keith Ellison has publicly supported other States’ efforts to enforce state gaming laws against CFTC-designated contract markets. *See infra* at 24 n.12.

5. The resulting harm of the State’s criminal prosecution would be irreparable. Even a meritless state enforcement action would immediately disrupt Polymarket US’s federally authorized operations, fragment a national market, reduce liquidity, jeopardize critical banking and commercial relationships, undermine user trust,

¹ <https://www.house.mn.gov/members/Profile/News/15552/41475>.

and harm Minnesota residents. Even the *threat* of enforcement forces Polymarket US to choose between exercising its federal right to operate nationwide and to speak freely or submitting to unlawful state coercion. Such disruption to a nationally uniform market and to Polymarket US’s First Amendment rights cannot be remedied through damages. The chilling effect on lawful activity and the deprivation of Minnesota residents’ access to a federally regulated exchange is precisely the harm Congress sought to prevent when it vested the CFTC with sole regulatory authority over derivatives traded on designated contract markets.

6. Any enforcement action under SF 3432 *would* be meritless. In 1974, Congress amended the CEA to grant the CFTC “exclusive jurisdiction” over certain derivatives “traded or executed on a contract market” designated under the Act. 7 U.S.C. § 2(a)(1)(A). Since then, Congress has repeatedly expanded the CFTC’s exclusive authority to cover new derivatives—including event contracts—traded on federally regulated contract markets. As the Third Circuit recently recognized, “the text of the Act preempts otherwise applicable state laws that purport to regulate . . . event contracts on CFTC-licensed [contract markets].” *KalshiEX LLC v. Flaherty*, 172 F.4th 220, 228 (3d Cir. 2026).

7. Though the most egregious, SF 3432 is just one of a spate of state efforts to undermine the CFTC’s exclusive jurisdiction. Currently engaged in a multi-state campaign to defend that jurisdiction, the CFTC has sought preliminary injunctions against regulators in other jurisdictions that are attempting to interfere with contract markets’ operations. The only court to rule on such a request to date has granted the CFTC’s motion,

concluding that “field and conflict preemption independently bar[red]” state regulation of event contracts traded on CFTC-regulated contract markets. *KalshiEX LLC v. Johnson*, 2026 WL 1223373, at *5 (D. Ariz. May 5, 2026).

8. Not long after SF 3432’s predecessor was signed, the CFTC sued Minnesota in this Court, seeking to halt the State’s efforts to criminalize event contract markets governed by federal law. *United States v. Minnesota*, No. 26-cv-2661 (D. Minn. May 19, 2026), Dkt. 1; *see also id.*, Dkt. 23 (“CFTC Compl.”). The CFTC has sought a preliminary injunction preventing the State from enforcing SF 3432, warning that “Minnesota has no authority to regulate—much less criminalize—event contracts listed on CFTC-regulated markets.” *Id.*, Dkt. 25 (“CFTC PI Mot.”).

9. Preemption is not the only problem with SF 3432. Because Polymarket US is engaged in “lawful activities,” it enjoys the fundamental First Amendment right to “broadcast” truthful advertising about those activities. *Greater New Orleans Broad. Ass’n v. United States*, 527 U.S. 173, 184 (1999). SF 3432 would trample on that right by making it a felony to “advertise[] or market[] financial or technological products that promote transactions prohibited under this section.” Minn. Stat. § 609.7615, subd. 3.

10. SF 3432 would similarly cut off Polymarket US’s access to accurate information. The law criminalizes the provision of “data, information, or verification services, including the provision of event outcomes, directly to a prediction market knowing that the data, information, or verification services will be used to” settle contracts prohibited by SF 3432. Minn. Stat. § 609.7615, subd. 2(4).

11. Polymarket US's event-contract markets rely on accurate, real-time pricing and risk information. Restricting access to that information impairs Polymarket US's ability to exercise its right to speak and could create challenges in satisfying its federal obligation to ensure that information made available on its exchange is accurate and complete. When a State restricts access to truthful information, no one benefits: not those the State regulates, and not the citizens of that State. SF 3432 promises nothing but harm to designated contract markets and potentially devastating consequences to consumers.

12. Defendants, on the other hand, suffer no cognizable harm from being barred from enforcing laws in a domain Congress explicitly removed from state control. The State's asserted local interests are already governed and safeguarded by the CFTC's exclusive federal oversight. And whatever harms the State might imagine will follow from the dissemination of truthful information, "the Constitution requires more speech rather than less." *Price v. Viking Penguin, Inc.*, 881 F.2d 1426, 1446 (8th Cir. 1989).

13. For these reasons, Polymarket US seeks declaratory and injunctive relief to prevent unlawful state overreach, maintain the integrity of the federal regulatory framework, preserve its First Amendment freedoms, and avert imminent harm that cannot be remedied after the fact.

JURISDICTION AND VENUE

14. This is an action for declaratory and injunctive relief brought under 42 U.S.C. § 1983 and the Court's equitable powers, *see Ex parte Young*, 209 U.S. 123 (1908), to enforce the Supremacy Clause and the First Amendment of the United States

Constitution. The federal questions presented are whether SF 3432 is preempted by the CEA, 7 U.S.C. §§ 1 *et seq.*, and whether SF 3432's prohibition on speech violates the First Amendment. This Court has jurisdiction to grant the relief sought in this action under 28 U.S.C. §§ 1331, 2201, and 2202.

15. This Court has personal jurisdiction over Defendants. Defendants are domiciled and perform their duties in Minnesota.

16. Venue is proper in this district under 28 U.S.C. § 1391(b). All Defendants are residents of the State of Minnesota and the events giving rise to these claims occurred in this District.

PARTIES

17. Plaintiff Polymarket US is a Delaware limited liability company with its principal place of business in New York. Polymarket US operates a derivatives exchange and prediction market where users can buy, sell, and exchange financial products known as event contracts. Polymarket US is a contract market that is federally licensed and regulated by the CFTC pursuant to the CEA.

18. Defendant Keith Ellison is the Attorney General of Minnesota. This suit is brought against Attorney General Ellison in his official capacity. The Attorney General of Minnesota is the State's chief law enforcement officer. An enforcement action may be referred to the Attorney General by the Director of the Division of Alcohol and Gambling Enforcement, including for alleged violations of SF 3432. *See* Minn. Stat. § 299L.03, subd. 12(b).

19. Defendant Tim Walz is the Governor of Minnesota. This suit is brought against Governor Walz in his official capacity. The Governor has the authority, “[w]henever [he] shall so request, in writing,” to direct the attorney general to “prosecute any person charged with an indictable offense,” Minn. Stat. § 8.01, including alleged violations of SF 3432, *see* Minn. Stat. § 609.7615, subd. 2–3.

20. Defendant Jon Anglin is the Director of the Minnesota Department of Public Safety’s Alcohol and Gambling Enforcement Division. This suit is brought against Director Anglin in his official capacity. The Director has authority to issue cease-and-desist orders, including to any person who has engaged in or is about to engage in a violation of SF 3432. Minn. Stat. § 299L.03, subd. 12(a). The Director can also sue in state court to enjoin such violations. *Id.* § 299L.03, subd. 12(b).

FACTUAL AND LEGAL BACKGROUND

A. **Event contracts are derivative financial instruments that incorporate real-time information to generate accurate predictions about real-world events.**

21. This case is about derivatives—financial instruments that derive their value from an underlying asset or event. Derivatives, the Supreme Court has long recognized, “are of the utmost importance to the business world.” *Bd. of Trade of City of Chi. v. Christie Grain & Stock Co.*, 198 U.S. 236, 248–49 (1905).

22. One common kind of derivative is a “swap.” Swaps are financial contracts where two parties agree to exchange, or swap, payments with each other based on a pre-agreed formula—say, the price of crude oil, interest rates, or the outcome of a real-world event.

23. An event contract, in turn, is a swap “whose settlement is based on the outcome of an underlying occurrence or event.” CFTC Staff Advisory at 2, CFTCLTR No. 26-08 (Mar. 12, 2026) (“*Prediction Markets Advisory*”); *see also Flaherty*, 172 F.4th at 226 (“‘[S]wap’ includes event contracts.”); *Johnson*, 2026 WL 1223373, at *3–4 (“Event contracts satisfy both elements” of the CEA’s definition of “swap”).

24. Events “may relate to economics, or elections, or climate, or sports, or anything else of potential financial, economic, or commercial consequence.” *See, e.g., Complaint, United States v. Minnesota*, No. 26-cv-02661-KMM (D. Minn. May 19, 2026), Dkt. 1 ¶ 3.

25. Event contracts “are derivative instruments that allow two parties to speculate on future market conditions without owning the underlying asset.”²

26. “[Event] contracts are not novel innovations.” Amicus Brief of CFTC, *KalshiEX LLC v. Schuler*, No. 26-3196 (6th Cir. May 12, 2026), Dkt. 31 at 7 (“CFTC Sixth Cir. Amicus Br.”). “‘Since 1992, the Commission-regulated exchanges have listed for trading a variety of commodity futures and options contracts with payout terms based on’ events ‘as diverse as regional insured property losses, the count of bankruptcies, temperature volatilities, corporate mergers, and corporate credit events.’” *Id.* (quoting 73 Fed. Reg. 25669, 25671 (May 7, 2008)). In 1993, for example, the Commission authorized the Iowa Electronic Markets to list contracts pegged to presidential elections. *Id.* at 7–8.

² *Chairman Michael S. Selig: Op-Ed: States Encroach on Prediction Markets*, Commodity Futures Trading Comm’n (Feb. 17, 2026), <https://www.cftc.gov/PressRoom/SpeechesTestimony/seligstatement021726>.

“Years later, HedgeStreet, now known as Nadex, became the first marketplace to offer event-driven binary contracts that allowed retail traders to speculate on mortgage rates and gasoline prices.” *Chairman Selig: Op-Ed, supra.*

27. Event contracts often have a “binary payoff structure.” *Prediction Markets Advisory* at 2. One party takes the position that a particular event will occur (the “yes” position), and the other takes the position that the event will not occur (the “no” position). The terms of the contract specify its payout and expiration date. For example, the parties might take a position on whether Saint Paul will get more than 4 feet of snow (the approximate yearly average) in 2026. At the end of the year, the party that correctly predicted the outcome is paid the agreed amount by the party that did not. If 2026 turns out to be an especially snowy year and Saint Paul sees 5 feet of snow, the party that took the “yes” position on the weather contract would be paid and the party that took the “no” position would not.

28. Event contracts have any number of uses. For example, they can be used “to hedge event-driven risks.” *Chairman Selig: Op-Ed, supra.* A hardware store in Saint Paul might purchase an event contract predicting that the city will have a particularly dry year. If the weather turns out as the owner predicted, the payout from the contract could offset the owner’s loss of income from replacement gutters. *See Johnson*, 2026 WL 1223373, at *5 (“[W]eather events produce commercial consequences for a wide range of market participants.”).

29. Event contracts can have enormous predictive value. Because they may be purchased and sold at any time before the expiration date, the price will reflect the

trader's own expectations about the likelihood of a particular outcome. Consider a contract that pays out \$1 based on whether the Vikings win the Super Bowl. As traders buy and sell positions on that contract, its price changes to reflect traders' overall perception about the contract's value. If traders think the outcome is increasingly likely, demand for "yes" positions will increase and so will the price. When the outcome seems less likely, the opposite will occur: Demand for "yes" positions will drop, and the price will drop with it. The result is that the price of the contract will reflect the overall market's view, in real time, about the probability of the outcome. And those probabilities are set by trading activity, not unilaterally fixed odds.

30. Prediction markets, where event contracts are traded, are "used by tens of millions of Americans." *Chairman Selig: Op-Ed, supra*. As the CFTC observed in its advisory letter to designated contract markets, prediction markets "are rapidly increasing in popularity with the American public both as a financial asset class and as a proven source of reliable information for news media, sports leagues, financial institutions, and everyday Americans." *Prediction Markets Advisory* at 1. They generate valuable public information about the most important real-world events—finance, weather, news, technology, and sports, to name a few. Because traders put capital at stake, prediction markets incentivize accurate predictions. And because prediction markets enable real-time trading on a nationwide basis, they aggregate diverse perspectives and rapidly incorporate new information. As a result, prediction markets regularly outperform pundits and polls.

31. When it comes to "sports forecasting," for example, empirical studies show that prediction markets "significantly outperform" the experts. *E.g.*, M. Spann & B.

Skiera, *Sports Forecasting: A Comparison of the Forecast Accuracy of Prediction Markets, Betting Odds and Tipsters*, 28 J. Forecasting 55, 65 (2009).³

32. The same is true of elections. For example, although pollsters initially dismissed Zohran Mamdani as a candidate in the New York Democratic mayoral primary, prediction markets accurately predicted Mamdani's eventual victory.⁴

33. Event contracts, like other derivatives, provide significant financial value and generate rich information. They allow parties to mitigate risk, although others are equally free to trade; more participants means more liquidity, more efficient trading, and a greater predictive function. Event contracts supply investment opportunities for traders willing to put time and effort into thinking through the likelihood of occurrences in the real world. And, through the collective wisdom of these efficient, transparent markets, event contracts provide precise, real-time information about events that matter to the public at large.

B. Over the past century, federal regulation of exchange-traded derivatives has become extensive—and exclusive.

34. For about as long as derivatives trading has existed in the United States, however, individual States have attempted to regulate or prohibit it as unlawful gambling.

³ <https://tinyurl.com/2zm5axpc>.

⁴ Newsweek, *Zohran Mamdani's Chances of Beating Eric Adams, According to Polls* (June 25, 2025), <https://www.newsweek.com/zohran-mamdani-chances-beating-eric-adams-new-york-mayor-odds-polymarket-polls-2090431>; Vince Dioquino, *Polymarket Nails NYC Democratic Mayoral Primary Upset, Nears \$1B Unicorn Valuation*, Decrypt (June 25, 2025), <https://decrypt.co/326892/polymarket-nails-nyc-democratic-mayoral-primary-upset-nears-1b-unicorn-valuation>.

“[T]he long history of federal regulation” in this area, *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Curran*, 456 U.S. 353, 393 (1982), is a direct result of those “coarse attempts” to manage our increasingly “complex society,” *Christie Grain*, 198 U.S. at 247–48; *see also* CFTC Compl. ¶¶ 47–51 (summarizing the history of state interference with derivatives markets as “gambling”).

35. The federal government first intervened in 1922, requiring futures transactions for grain to be “consummated on an exchange designated as a ‘contract market’ by the Secretary of Agriculture.” *Merrill Lynch*, 456 U.S. at 360–61.

36. Congress buttressed this federal scheme a decade later with the CEA but initially left the States a role in regulating these kinds of derivatives. It provided that the federal law would not “impair” the enforcement of “any State law applicable to any transaction” covered by the Act. Pub. L. No. 74-675, § 5, 49 Stat. 1491, 1494 (1936). States were therefore free to “supplement[] or bolster[] the federal scheme.” *Rice v. Bd. of Trade of City of Chi.*, 331 U.S. 247, 255 (1947).

37. By the 1970s, however, exchanges had become too important to the national economy to permit “[v]aried and often conflicting” state laws to interfere with national exchanges subject to federal control. 119 Cong. Rec. 41333 (1973). So Congress created the CFTC and enacted “a comprehensive regulatory structure to oversee the volatile and esoteric futures trading complex.” *Merrill Lynch*, 456 U.S. at 356, “to do away with the patchwork of state regulations and bring futures trading on [designated contract markets] under the exclusive jurisdiction of the CFTC,” *Flaherty*, 172 F.4th at 230; *see also* CFTC Compl. ¶¶ 50–51.

38. To that end, Congress granted the CFTC “*exclusive jurisdiction . . . with respect to accounts, agreements . . . and transactions involving . . . contracts of sale of a commodity for future delivery . . . traded or executed on a contract market designated*” under the CEA. 7 U.S.C. § 2(a)(1)(A) (emphasis added). “The purpose of this was to separate the functions of the new CFTC from those of the SEC and other regulators,” including state regulators. *Leist v. Simplot*, 638 F.2d 283, 314 (2d Cir. 1980); *see also Kelly v. Carr*, 691 F.2d 800, 803 (6th Cir. 1980) (“The idea that the C.F.T.C. should regulate the area was firmly expressed.”). As the CFTC itself has explained, “[p]reemption was an express goal of the CFTC Act.” CFTC Sixth Cir. Amicus Br. 7.

39. Courts immediately recognized “that state regulatory agencies [were] preempted by the ‘exclusive jurisdiction’ of the CFTC” from encroaching on the CFTC’s federal authority. *Jones v. B.C. Christopher & Co.*, 466 F. Supp. 213, 220 (D. Kan. 1979); *accord, e.g., Leist*, 638 F.2d at 322; *United States v. Brien*, 617 F.2d 299, 310 (1st Cir. 1980); *Westlake v. Abrams*, 504 F. Supp. 337, 343–44 (N.D. Ga. 1980); *Hofmayer v. Dean Witter & Co.*, 459 F. Supp. 733, 737 (N.D. Cal. 1978).

40. State officials protested this change. A state securities commissioner from Minnesota bemoaned that, because the CFTC had “the authority to regulate” commodity markets “exclusively,” courts had “precluded the application of state securities laws to any transactions involving commodities.” *Extend Commodity Exchange Act: Hearings on H.R. 10285 Before the Subcomm. on Conservation & Credit of the H. Comm. on Agric.*, 95th Cong. 363–64 at 383 (1978). By “giv[ing] exclusive jurisdiction over commodities regulation to the Commodity Futures Trading Commission,” one Texas

commissioner complained, Congress had “dismantled an effective regulatory system within the states.” *Id.* And another Secretary of State demanded that Congress “abolish the exclusive jurisdiction of the CFTC and the consequent preemption of state action against commodity-related fraud.” *Id.* at 379.

41. Following the 2008 financial crisis, Congress again changed the regulatory landscape. The Dodd-Frank Act of 2010 innovated and expanded CFTC authority in two ways relevant here.

42. *First*, the Act added exchange-traded swaps to the types of derivatives within the CFTC’s exclusive jurisdiction. As a result, the CFTC now exercises “exclusive jurisdiction . . . with respect to . . . transactions involving swaps . . . traded or executed on a contract market designated” by the CFTC. 7 U.S.C. § 2(a)(1)(A); *see also* Motion for Preliminary Injunction, *KalshiEX LLC v. Johnson*, No. 2:26-cv-01715 (D. Ariz. Apr. 8, 2026) (“CFTC Arizona PI Mot.”), Dkt. 49 at 10–11.

43. Event contracts are covered by the Act because payment for event contracts is “dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” 7 U.S.C. § 1a(47)(A)(ii) (defining “swap”).

44. *Second*, the Act introduced what is known as the “Special Rule,” which supplies the CFTC the discretion—but not the obligation—to prohibit the trading of “[e]vent contracts” involving subjects including “terrorism,” “assassination,” “war,” and “gaming,” if it determines that they are “contrary to the public interest.” 7 U.S.C. § 7a-2(c)(5)(C). “By creating a specific public-interest review process, Congress signaled that

these contracts belong within the [CFTC]’s exclusive regulatory purview, not the States’.” CFTC Compl. ¶ 63. All told, the CEA grants the CFTC “exclusive jurisdiction” to regulate exchange-traded event contracts, to determine whether they involve “gaming,” and to prohibit them based on the CFTC’s view of the public interest. 7 U.S.C. §§ 2(a)(1)(A), 7a-2(c)(5)(C). And its “text is designed to account for financial innovation,” albeit under the watchful eye of the CFTC. *Chairman Selig: Op-Ed, supra*.

C. The CEA sets forth the comprehensive regulatory framework for event contracts.

45. The CFTC exercises its exclusive jurisdiction through a comprehensive regulatory framework. Certain derivatives trading in the United States must take place on a board of trade that the CFTC has designated as a contract market. 7 U.S.C. §§ 2(e), 6(a)(1), 7(a). That designation reflects a rigorous federal determination that the contract market satisfies extensive requirements governing market integrity, transparency, financial safeguards, and customer protection.

46. The CFTC-designation process is a demanding one because contract markets are charged with a broad array of functions that the CFTC itself would otherwise have to perform. To obtain approval to operate a designated contract market, an entity must demonstrate to the CFTC that it complies with the CEA’s 23 “core principles.” 17 C.F.R. § 38.3(a)(2); *see* 7 U.S.C. §§ 7(d), 8(a). Core principle 1 requires the contract market to comply with *all* CFTC regulations. *See* 17 C.F.R. § 38.100(a)(2). And core principle 2 requires that the entity be “transparent” in its criteria for accessing the market, *id.* § 38.151(b)(1), prohibit abusive, “manipulative[,] or disruptive trading practices,” *id.*

§ 38.152, “maintain an automated trade surveillance system capable of detecting and investigating potential trade practice violations” based on “specific trade execution patterns and trade anomalies,” *id.* § 38.156, and “conduct real-time market monitoring of all trading activity on its electronic trading platform(s) to identify disorderly trading and any market or system anomalies,” *id.* § 38.157.

47. The remaining core principles provide further protection against contract manipulation, ensure that risk controls are in place to limit market disruptions, and require daily publication of the price and volume of actively traded contracts. *See* 17 C.F.R. §§ 38.200–38.301; 7 U.S.C. § 7(d)(8). For example, a designated contract market must “establish, monitor, and enforce compliance with the rules of the contract market,” including “access requirements,” “the terms and conditions of any contracts to be traded on the contract market” and “rules prohibiting abusive trade practices on the contract market.” 7 U.S.C. § 7(d)(2)(A). And those rules must provide “impartial access to its markets and services” using “[a]ccess criteria that are impartial, transparent, and applied in a non-discriminatory manner.” 17 C.F.R. § 38.151(b). These rules, the CFTC has explained, “play” an “important role . . . in promoting the integrity of derivatives markets.” *Prediction Markets Advisory* at 2.

48. In short, to obtain designation as a contract market, applicants must show that they can be trusted to establish, monitor, and enforce rules for the markets they operate. As CFTC Chairman Michael S. Selig has explained, contract markets “aren’t the Wild West”—they are “self-regulatory organizations that are examined and supervised by experienced CFTC staff.” *Chairman Selig: Op-Ed, supra*; *see* 7 U.S.C. § 5(b) (purpose of

the CEA is to “serve the public interest[] . . . through a system of effective self-regulation of trading facilities”); CFTC Compl. ¶ 45 (explaining how the CFTC exercises regulatory oversight over designated contract markets).

49. Designated contract markets may not list new kinds of contracts on their exchanges without first submitting the contract for CFTC approval or certifying that the contract complies with federal law and the CFTC’s requirements. 7 U.S.C. § 7a-2(c)(1). The most common method of certification is known as self-certification. Before listing a new contract, the designated contract market must supply the CFTC with a “certification . . . that the product to be listed complies with the [CEA]” and CFTC regulations, as well as “[a] concise explanation and analysis”—with accompanying documentation—“with respect to the product’s terms and conditions” and “the product’s compliance with applicable provisions of the Act, including core principles, and the Commission’s regulations,” among other things. 17 C.F.R. § 40.2(a); *see* 7 U.S.C. § 7a-2(c)(1).

50. Self-certification is permissible only because “self-regulatory organizations such as contract markets possess a form of delegated” government authority, *Barry v. Cboe Glob. Mkts., Inc.*, 42 F.4th 619, 625 (7th Cir. 2022), a privilege earned only after demonstrating the extensive regulatory compliance necessary to receive CFTC designation. The CFTC retains authority to investigate, stay, or amend the contract even after it has been listed. 17 C.F.R. § 40.2(c).

51. More broadly, the CFTC wields considerable tools for enforcing the CEA and its regulations. For example, the CEA empowers the agency to subpoena testimony and documents, 7 U.S.C. § 9(5), bring administrative enforcement actions, *id.* §§ 9(4), 13b,

and sue in federal court for injunctive relief, monetary penalties, the appointment of receivers, disgorgement, restitution, the rescission of contracts, and the imposition of trading and registration bans, *id.* § 13a-1.

D. The CFTC licenses Polymarket US as a designated contract market subject to federal law and the CFTC’s exclusive jurisdiction.

52. The CFTC granted Polymarket US its designation as a contract market on July 9, 2025, finding that the platform now doing business as Polymarket US could and would comply with the CEA and the CFTC’s regulations. Order of Designation, *In re Application of QCX LLC for Designation as a Contract Market*, Commodity Futures Trading Comm’n (July 9, 2025).

53. Today, Polymarket US specializes in contracts concerning real-world events of public interest. Since September 30, 2025, Polymarket US has self-certified various financial, election-related, and sports-related event contracts. *See* 7 U.S.C. § 7a-2(c); CFTC, Designated Contract Market Products (listing self-certifications for contracts).⁵

54. These event contracts fall within the heart of the CFTC’s exclusive jurisdiction. Payment on one of Polymarket US’s listed event contracts is “dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” 7 U.S.C. § 1a(47)(A)(ii).

⁵ <https://tinyurl.com/yamausyk>.

55. One example is event contracts based on which political party will control the United States Senate or United States House of Representatives following the November 3, 2026, elections. Businesses, investors, financial institutions, and consumers routinely adjust their behavior based on which party will control Congress because legislative control can affect taxation, spending, regulation, and other matters with significant economic effects.

56. Another example is event contracts based on the winner of the Super Bowl. The Super Bowl's "associat[ion] with a potential financial, economic, or commercial consequence" is obvious. 7 U.S.C. § 1a(47)(A)(ii). Winning the Super Bowl causes a team's valuation to surge, retailers' sales of merchandise of that team to skyrocket, and hometown sales to spike. In 2025, for example, the Eagles took in over \$1 billion in revenue from their 2025 win, with Philadelphia restaurants, retailers, and hotels also able to capitalize off the team's success.⁶ Retailers also regularly tie promotions to game results, including the identity of the winning team, final score, and game duration.⁷

⁶ See, e.g., Rachel Moore, *Eagles to generate \$1.2B Economic Impact with Super Bowl Parade Season*, PHL17 (Feb. 13, 2025), <https://phl17.com/phl17-news/eagles-to-generate-1-2b-economic-impact-with-super-bowl-parade-season/> (last visited June 3, 2026); Jensen Toussaint, *Philadelphia Eagles Valuation Likely to Skyrocket After Second Super Bowl Win*, Philadelphia.Today (Feb. 15, 2025), <https://philadelphia.today/2025/02/philadelphia-eagles-valuation-to-rise/> (last visited June 3, 2026).

⁷ See, e.g., *Minnesota Twins*, Facebook (July 15, 2023), <https://www.facebook.com/Twins/posts/832380038247891/> (last visited June 3, 2026) (promoting a Papa John's discount following a Minnesota Twins win); *Minnesota Vikings*, Promotions, <https://www.vikings.com/fans/all-promotions> (last visited June 3, 2026) (offering Hy-Vee fuel-credit rewards tied to the number of points scored by the Minnesota Vikings).

E. The CFTC has vigorously defended its exclusive jurisdiction over designated contract markets.

57. The CFTC has resisted States’ attempts to encroach upon its exclusive jurisdiction over designated contract markets. It has publicly advocated for its exclusive prerogative to regulate event contracts, assertively pursued litigation, and acted as an amicus in support of private parties’ fights against states’ jurisdictional overreach.

58. Earlier this year, CFTC Chairman Selig reiterated that “prediction markets” and “event contracts” “have operated within the CFTC’s regulatory perimeter for more than two decades” and have played an “important role . . . in the broader financial system.”⁸ He warned that state litigation against federally regulated markets injects uncertainty that “has not served our markets well” and harms “the public interest.” To protect its jurisdiction, he directed the CFTC to reassess its litigation posture in cases implicating jurisdictional boundaries, emphasizing that where “jurisdictional questions” arise, “the Commission has the expertise and responsibility to defend its exclusive jurisdiction over commodity derivatives.” *Id.* “The CFTC will no longer sit idly by,” he admonished, “while overzealous state governments undermine the agency’s exclusive jurisdiction over these markets by seeking to establish statewide prohibitions on these exciting products.” *Chairman Selig: Op-Ed, supra.*

59. The CFTC has followed through with this warning. In recent months, the Commission has sued numerous States that have sought to outlaw, regulate, or otherwise

⁸ Remarks of Chairman Michael S. Selig, *The Next Phase of Project Crypto: Unleashing Innovation for the New Frontier of Finance* (Jan. 29, 2026) <https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig1>.

restrain federally regulated prediction markets. *CFTC Sues Trio of States to Reaffirm its Exclusive Jurisdiction Over Prediction Markets*, CFTC Press Release No. 9206-26 (Apr. 2, 2026) (“*CFTC Press Release*”).⁹

60. The CFTC explained that those state efforts “intrude into the Commission’s regulatory jurisdiction over event contracts,” CFTC PI Mot. 2, and would “undermine[] th[e] uniformity” Congress mandated, *see, e.g.*, CFTC Compl. ¶¶ 85, by subjecting CFTC-regulated exchanges to a “fragmented patchwork of state regulations” that have “resulted in poorer consumer protection and increased risk of fraud and manipulation,” *CFTC Press Release, supra*. The CFTC also emphasized that event contracts traded on designated contract markets are “swaps” within the meaning of the CEA and fall squarely within the CFTC’s exclusive jurisdiction, which prohibits States from “invad[ing]” that authority. *See, e.g.*, CFTC Compl. ¶¶ 6, 9. Those federally regulated markets include Polymarket US. *Id.* ¶¶ 8, 46.

61. The CFTC’s suit in Minnesota is its latest effort to defend its exclusive jurisdiction. Last month, the CFTC sued the State “to halt [its] efforts to criminalize the operation of derivatives markets governed by federal law,” CFTC Compl. ¶ 1, and moved for a preliminary injunction barring Minnesota from enforcing state law on the grounds that it is preempted by the CEA, CFTC PI Mot. 1. The CFTC argues that Minnesota’s

⁹ *See also* Complaint, *United States v. Arizona*, No. 2:26-cv-0224 (D. Ariz. Apr. 2, 2026), Dkt. 1 (“*Arizona Compl.*”); Complaint, *United States v. Connecticut*, No. 3:26-cv-00498 (D. Conn. Apr. 2, 2026), Dkt. 1; Complaint, *United States v. Illinois*, No. 1:26-cv-03659 (N.D. Ill. Apr. 2, 2026), Dkt. 1; Complaint, *United States v. New York*, No. 1:26-cv-03404 (S.D.N.Y. Apr. 24, 2026), Dkt. 1; Complaint, *United States v. Wisconsin*, No. 2:26-cv-00749 (E.D. Wis. Apr. 28, 2026), Dkt. 1.

“massive short-circuiting of the Commission’s jurisdiction” and “incursion into the Commission’s domain is unlawful” and “blatantly violates the law and the Supremacy Clause.” *Id.* at 3, 31–32.

62. The CFTC likewise has moved for preliminary injunctions in Arizona, New York, and Wisconsin, seeking to prohibit the States from pursuing criminal or civil enforcement actions against CFTC-regulated contract markets.¹⁰

63. The only court that has so far ruled on one of the CFTC’s preliminary-injunction motions has granted it. *See Johnson*, 2026 WL 1223373, at *1. In the CFTC’s case in the District of Arizona, the court concluded that event contracts are properly considered “swaps” because they are “tied to the outcome of certain events” and because “stakeholders have financial exposure” to the outcomes of the contracts’ underlying events. *Id.* at *3–5. The court then determined that “field and conflict preemption independently bar” the State’s effort to enforce its gaming laws against another designated contract market, citing the CEA’s comprehensive scheme for regulating swaps. *Id.* at *6–8.

64. The CFTC has also advocated for protecting its exclusive jurisdiction by filing amicus briefs in important appeals. Earlier this year, the CFTC filed an amicus brief in a Ninth Circuit appeal seeking to enjoin the State of Nevada’s threatened enforcement action against another designated contract market, Crypto.com. *See N. Am. Derivatives Exch., Inc. v. Nevada*, No. 25-7187 (9th Cir. Feb. 17, 2026), Dkt. 38.2. The CFTC asserted

¹⁰ *See* CFTC Arizona PI Mot.; Motion for Preliminary Injunction, *United States v. New York*, No. 1:26-cv-03404 (S.D.N.Y. May 1, 2026), Dkt. 34; Motion for Preliminary Injunction, *United States v. Wisconsin*, No. 2:26-cv-00749 (E.D. Wis. May 1, 2026), Dkt. 6.

that State efforts to “invade” the federal government’s authority as it relates to swaps “present a fundamental threat to Congress’s statutory design.” *Id.* at 2. It argued that, because event contracts are properly considered “swaps” under the CEA, state laws regulating event contracts on CFTC-regulated markets are preempted. *Id.* at 14–27. The CFTC also expressed concern that “subjecting derivatives listed on a CFTC-registered” designated contract market—such as Polymarket US—“to State regulation would have destabilizing economic effects.” *Id.* at 28–29 (cleaned up). And, last month, the CFTC filed an amicus brief in a Sixth Circuit appeal involving another prediction market’s litigation against Ohio. *See* CFTC Sixth Cir. Amicus Br. 1. It again asserted its exclusive jurisdiction and warned against the State’s “jurisdictional overreach.” *Id.* at 1–2.

F. SF 3432 criminalizes the trading of event contracts on federally designated contract markets operating under the exclusive jurisdiction of the CFTC.

65. SF 3432 is the culmination of Minnesota’s efforts to snatch jurisdiction over exchange traded event contract markets from the CFTC. Defendant Attorney General Ellison has publicly asserted that “the CFTC lacks exclusive jurisdiction” over sports-related event contracts.¹¹ And over the past year, Minnesota has time and again advocated for state regulation of prediction markets and supported other States’ efforts to regulate other prediction markets. Last summer, for example, the State joined 33 other States, arguing (unsuccessfully) in favor of New Jersey’s authority to enforce its gambling laws against another CFTC-regulated prediction market. *See* Brief of Amici Curiae Nevada *et*

¹¹ Comment Letter from Att’y Gen. to Commodity Futures Trading Comm’n (Apr. 30, 2026) <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=115653&SearchText>.

al., *KalshiEX LLC v. Flaherty*, No. 25-1922 (3d Cir. June 17, 2025), Dkt. 29. This was the first of many such briefs the State joined.¹²

66. Minnesota escalated its campaign against federally regulated prediction markets last month when it enacted SF 3432. The law imposes a broad prohibition on prediction markets, including by making it a felony to offer event contracts.¹³

67. SF 3432 makes several significant changes to existing law.

68. *First*, SF 3432 amends key statutory definitions, including by creating new definitions and revising old ones.

69. Under SF 3432, a “prediction market” is “a system that allows consumers to place a wager on the future outcome of a specified event that is not determined or affected by the performance of the parties to the contract for” various categories of activity.

¹² Brief of Amici Curiae Nevada *et al.*, *KalshiEX LLC v. Martin*, No. 25-1892 (4th Cir. Dec. 22, 2025), Dkt. 41; Brief of Amici Curiae New Jersey *et al.*, *KalshiEX LLC v. Assad*, No. 25-7516, (9th Cir. Jan. 30, 2026), Dkt. 48.1; Brief of Amici Curiae Ohio *et al.*, *Robinhood Derivatives, LLC v. Dreitzer*, No. 25-7831 (9th Cir. Mar. 10, 2026), Dkt. 81.1; Brief of Amici Curiae Ohio *et al.*, *N. Am. Derivatives Exch., Inc. v. Nevada*, Nos. 25-7187, 25-7516, 25-7831 (9th Cir. Mar. 10, 2026), Dkt. 76.1; Brief of Amici Curiae Nevada, *et al.*, *Commonwealth of Massachusetts v. KalshiEX LLC*, No. SJC-13906 (Mass. SJC April 24, 2026), Dkt. 37.

¹³ SF 3432 was first proposed in March 2026, initially introduced as SF 4511, and later amended on April 30, 2026. *See* S.F. 4511, 94th Leg., Reg. Sess. (Minn. 2026), <https://www.revisor.mn.gov/bills/94/2026/0/SF/4511>. The bill eventually became part of an omnibus public safety bill, which was passed in the state legislature and signed into law on May 18, 2026, by Governor Walz. *See* S.F. 4760, 94th Leg., Reg. Sess. (Minn. 2026), <https://www.revisor.mn.gov/bills/94/2026/0/SF/4760>. Ultimately, SF 4760 was repealed and replaced by SF 3432, though the two bills are substantially similar. One difference between SF 4760 and SF 3432 is that the former expressly prohibited “weather events or conditions” whereas the latter does not. *Compare* SF 4760, Art. 8, § 3(1)(e)(8), *with* Minn. Stat. § 609.7615.

Minn. Stat. § 609.7615, subd. 1(e). Those categories of activity are wide-ranging. They include “an athletic event or game of skill,” “any game played with cards, dice, equipment, or any mechanical or electronic device or machine,” “war, state or national emergencies,” “any event or events happening to a natural person or group of people,” “a federal, state, or local election, or the specific decisions of the federal, state, or local government and the government’s agencies, employees, and officers,” “legal actions, including but not limited to a civil or criminal suit, grand jury action, jury trial, settlement, plea, or conviction,” “the death, assassination, or attempted killing of a person or group of persons,” “events in popular culture,” and “whether a person will make a particular statement.” *Id.* § 609.7615, subd. 1(e)(1)–(9).

70. SF 3432 incorporates event contracts into the definition of “wager.” Under SF 3432, a “wager . . . means a contract, including a prediction market contract, whereby the parties to the contract agree to a gain or loss by one to the other of money, property, or benefit.” Minn. Stat. § 609.7615, subd. 1(f).

71. And SF 3432 substantially expands the definition of a “bet” under Minnesota gaming law, so that certain event contracts are no longer excluded from the reach of those laws. Before SF 3432 was enacted, Minnesota defined “bet” to exclude “contract[s] for the purchase or sale at a future date of securities or other commodities.” Minn. Stat. § 609.75(3)(2). But SF 3432 narrows that exclusion significantly: it shrinks “other commodities”—which encompassed both physical and non-physical commodities, like “interest rates,” “exchange rates,” and “weather swap[s],” CFTC PI Mot. 20—to only “physical commodities or any option on such futures contract, such securities or

commodities, or on the prices thereof, except as provided in section 609.7615,” Minn. Stat. § 609.75, subd. 3(2).

72. *Second*, relying on those definitions, SF 3432 criminalizes a wide range of activity.

73. The statute makes it a felony for a person to operate a prediction market. Under SF 3432, it is a “felony” to: “create[] a prediction market,” Minn. Stat. § 609.7615, subd. 2(1), or “operate[], manage[], or control[] a platform or system intending that consumers will use the platform or system to make wagers in a prediction market,” *id.* § 609.7615, subd. 2(2).

74. But that is not all. Under SF 3432, it is a crime for third parties to provide prediction markets with accurate information. That is, a person commits a felony by “provid[ing] data, information, or verification services, including the provision of event outcomes, directly to a prediction market knowing that the data, information, or verification services will be used to allow consumers to make wagers or to settle wagers made by consumers in violation of this section.” Minn. Stat. § 609.7615, subd. 2(4). A person will similarly find themselves facing criminal charges for “intentionally facilitat[ing] the operation of a prediction market by,” among other things, “identifying or listing events knowing the events will be used by consumers to make wagers.” *Id.* § 609.7615, subd. 2(3).

75. SF 3432 also makes it a felony to engage in certain advertising relating to prediction markets. The law prohibits “advertis[ing] or market[ing] financial or

technological products that promote transactions prohibited under this section.” Minn. Stat. § 609.7615, subd. 3.

76. By criminalizing the collection, dissemination, and receipt of information used to determine whether an event occurred—and thus whether a contract pays out—the statute reaches well beyond market operators themselves. For example, if a person provides Polymarket US with accurate information on the snowfall in St. Paul in order to fairly settle an event contract, then he has committed a felony.

77. As a result, everyday, lawful businesses that support national derivatives trading—among them “derivatives clearing organizations,” “financial institutions, including banks or credit-card companies,” “webpage[s], television network[s], or newspaper[s] that list[] events that are the subject of trading on prediction markets,” and certain “sports leagues[] and their data distributors”—could very well find themselves in a Minnesota prosecutor’s crosshairs. CFTC Compl. ¶¶ 81–83.

78. And by limiting the carve-out from the definition of “bet” to “physical commodities” rather than “other commodities,” SF 3432 intentionally sweeps federally regulated event contracts within the reach of the State’s gambling laws. As the CFTC has explained, the amendment effectively confirms that the contracts targeted by SF 3432 are commodity derivatives contracts. CFTC Compl. ¶ 87. That is, if the event contracts covered by SF 3432 were *not* commodity derivatives, there would have been no need to amend the exclusion at all. Minnesota revised the statute precisely because those contracts would otherwise have fallen outside the reach of its gambling laws.

79. The revision is especially telling because the CFTC’s jurisdiction is not limited to “physical commodities.” CFTC Compl. ¶ 88. To the contrary, the CEA defines “commodity” broadly to include not only tangible “goods and articles,” but also “all services, rights, and interests . . . in which contracts for future delivery are presently or in the future dealt in.” 7 U.S.C. § 1a(9); *see also* 7 U.S.C. § 1a(9) (defining “excluded commodity”—a type of commodity—to encompass nonphysical commodities); *id.* § 1a(47)(iii) (defining “swap” to encompass nonphysical commodities); *Chairman Selig: Op-Ed, supra* (noting that the CEA’s definition of commodity includes “practically all goods, articles, services, rights and interests except for onions . . . and movie box-office receipts”). “Minnesota’s law, therefore, classifies as ‘bets’ a sweeping range of CFTC-regulated financial instruments, not just event contracts.” CFTC Compl. ¶ 88.

80. SF 3432 unlawfully encroaches on the CFTC’s exclusive jurisdiction to regulate derivatives traded on designated contract markets, targeting event contracts that have long traded under the CFTC’s authority, CFTC Compl. ¶¶ 73–76, and “usurp[ing]” the CFTC’s role, *id.* ¶ 76.

81. From the outset, lawmakers have been clear that SF 3432 targets Polymarket US and other federally regulated prediction markets. Minnesota State Representative Emma Greenman, for example, explained that the legislation was aimed at “regulating prediction markets like . . . Polymarket.” Emma Greenman, *Legislative Update – Mid-Session Update*, Minn. H.R. (Apr. 17, 2026).¹⁴ Similarly, Minnesota State

¹⁴ <https://www.house.mn.gov/members/Profile/News/15552/41475>.

Senator John Marty stated that the goal of the bill was “to stop prediction markets in Minnesota,” denouncing those markets as “nothing more than gambling” that “will dramatically cut into the revenue of Minnesota.” John Marty, *Minnesota Senate Passes Legislation to Ban Prediction Markets*, Minnesota Senate DFL Caucus (Apr. 30, 2026).¹⁵

G. SF 3432 prohibits speech and information critical to the operation of federally regulated prediction markets in violation of the First Amendment.

82. Several provisions of SF 3432 regulate speech and the dissemination of information. As described above, the statute prohibits the provision of data, information, and verification services to prediction markets and separately prohibits advertising and marketing concerning transactions on those markets. *See* Minn. Stat. § 609.7615, subds. 2(4), 3.

83. Information is central to the operation of a designated contract market. Market participants—including Minnesotans—rely on information concerning available contracts, pricing, risk, and event outcomes to make informed trading decisions. Designated contract markets likewise rely on third-party information and verification services to administer and settle contracts accurately and to communicate accurate market information to the public.

84. By restricting the flow of information to and from prediction markets, SF 3432 hinders the ability of Polymarket US and others to receive, use, and disseminate information concerning federally regulated event contracts. It deprives Minnesotans of access to real-time information about important events that these markets uniquely provide.

¹⁵ <https://senatedfl.mn/minnesota-senate-passes-legislation-to-ban-prediction-markets/>.

85. The statute also prohibits truthful advertising and marketing concerning lawful, federally regulated products traded on designated contract markets. For example, under SF 3432, Polymarket US would be prohibited from advertising or displaying the prices of its own event contracts—prices that themselves convey valuable public information because the price of a contract reflects the market’s real-time estimate of the probability that an event will occur. *See supra* ¶¶ 29–31. The statute would thus extinguish a form of real-time public forecasting that exists nowhere else.

86. As a result, SF 3432 burdens speech and information concerning lawful activity and restricts the public’s access to information regarding federally regulated markets and the contracts traded on those markets—information that reflects the market’s collective forecast of events of pressing importance to Minnesotans.

87. Unless this Court intervenes before SF 3432 takes effect, Polymarket US will be forced to choose between continuing to communicate truthful information and risking felony prosecution, or depriving consumers of accurate information about its product, current events, and the market. Putting Polymarket US to this choice creates a quintessential, irreparable First Amendment injury.

H. Looming enforcement of Minnesota’s preempted SF 3432 irreparably harms Polymarket US’s business.

88. Given the State’s definitive position—that, come August 1, federally regulated prediction markets are completely banned—Polymarket US faces the imminent threat of enforcement by Minnesota.

89. The threat of enforcement against Polymarket US is real, imminent, and concrete, presenting a live and justiciable controversy. Because Polymarket US must choose between protecting its rights under federal law and facing exposure to imminent state enforcement, this action is ripe for adjudication and the award of injunctive relief now, not after irreparable harm has occurred.

90. The business consequences for Polymarket US arising from Minnesota's enforcement of SF 3432 once it goes into effect on August 1 require this Court's immediate action. An enforcement action by Minnesota pursuant to SF 3432—even a meritless one—would raise a red flag for Polymarket US's business partners, triggering notification and termination clauses in many of Polymarket US's agreements, and jeopardizing key partnerships crucial to the company's growth. Additionally, Polymarket US would lose out on potential business partners who would steer clear of a company under a cloud of enforcement proceedings.

91. The alternative—abruptly terminating Minnesota's users' access to event contracts and unwinding their current positions—is just as damaging. Polymarket US has expended tremendous resources to garner customer goodwill and a solid reputation. Cutting off Minnesotans from Polymarket US's event contracts—contracts that are available to users outside Minnesota—would deal a decisive blow to Polymarket US's goodwill and reputation within the State. It would disrupt overall liquidity and impair the information that trading generates by forcing Minnesotan residents off the exchange. And it would create confusion among users about what shutting off their access to the market

means for their trading positions. Unwinding existing contracts, in particular, would confuse and frustrate both Minnesotans and users on the other side of the contracts.

92. Further, reduced liquidity would deter customers from using the platform. Price discovery and market efficiency are two main reasons why event contracts have predictive value (and thus why Polymarket US is attractive to users). Reduced liquidity dampens both, meaning that termination of Minnesota-based trading hinders the orderly functioning of markets nationwide and could deter customers outside Minnesota from using the platform at all, imposing substantial burdens on interstate commerce.

93. All told, “the prospect of” an imminent enforcement action under SF 3432 irreparably harms Polymarket US by putting it to an impossible choice: continue operations “and expose [itself] to potentially huge [criminal] liability,” on the one hand; or “suffer the injury of obeying the [preempted] law,” on the other. *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 381 (1992). There is therefore “no adequate remedy at law.” *Id.*

94. Similarly, “[t]he loss of First Amendment freedoms, for even minimal periods of time, unquestionably constitutes irreparable injury.” *Roman Catholic Diocese of Brooklyn v. Cuomo*, 592 U.S. 14, 19 (2020) (citing *Elrod v. Burns*, 427 U.S. 347, 373 (1976)).

COUNT I (Commodity Exchange Act Preemption)

95. Polymarket US incorporates the preceding paragraphs by reference.

96. The Supremacy Clause of the United States Constitution enshrines the “Laws of the United States” as “the supreme Law of the Land,” the “Laws of any State to the Contrary notwithstanding.” U.S. Const. VI, cl. 2.

97. “[U]nder the Supremacy Clause, from which our preemption doctrine is derived, any state law, however clearly within a State’s acknowledged power, which interferes with or is contrary to federal law, must yield.” *Gade v. Nat’l Solid Waste Mgmt. Ass’n*, 505 U.S. 88, 108 (1992).

98. “[F]ederal law may supersede state law in several different ways.” *Kinley Corp. v. Iowa Utilities Bd.*, 999 F.2d 354, 357 (8th Cir. 1993). “Congress is empowered to pre-empt state law by so stating in express terms.” *Id.* “In the absence of express preemptive language, Congress’ intent to pre-empt all state law in a particular area may be inferred where the scheme of federal regulation is sufficiently comprehensive.” *Id.* And “[e]ven where Congress has not completely displaced state regulation in a specific area, state law is nullified to the extent that it actually conflicts with federal law.” *Id.* at 358.

99. The CEA bars Minnesota from purporting to regulate Polymarket US’s federally regulated offering of event contracts under each form of preemption.

A. Express preemption bars Minnesota regulation of Polymarket US’s exchange.

100. Congress expressly preempted state regulation of event-contracts trading on designated contract markets.

101. Under the CEA’s express terms, the CFTC, not Minnesota, has “exclusive jurisdiction” over all “accounts,” “agreements,” and “transactions involving swaps or contracts of sale of a commodity for future delivery” that are “traded or executed on a

contract market designated” by the CFTC. 7 U.S.C. § 2(a)(1)(A); *see Myron v. Hauser*, 673 F.2d 994, 1001 (8th Cir. 1982) (noting that the 1974 CEA grants the CFTC “broad rulemaking authority over commodity futures and commodity options trading”); *Oeltjenbrun v. CSA Invs., Inc.*, 3 F. Supp. 2d 1024, 1034 (N.D. Iowa 1998) (“[T]he CEA . . . provides the Commodity Futures Trading Commission (CFTC) with ‘exclusive jurisdiction’ over ‘contracts of sale of a commodity for future delivery.’”) (quoting 7 U.S.C. § 2(i)).

102. Confirming as much, the very next sentence explains that the section does not “supersede or limit the jurisdiction” of “regulatory authorities under the laws of the United States or of any State,” “[e]xcept as hereinabove provided.” 7 U.S.C. § 2(a)(1)(A) (emphasis added).

103. The CFTC’s “exclusive jurisdiction” over trading on federally regulated event-contract exchanges, 7 U.S.C. § 2(a)(1)(A), therefore preempts Minnesota’s supposed jurisdiction to police those exchanges, *see Leist*, 638 F.2d at 322 (“[T]he courts have held that § 2(a)(1) of the CEA preempts the application of state law.”); CFTC Sixth Cir. Amicus Br. 17 (observing that Congress’s conferral of “exclusive jurisdiction” meant its “expression of preemptive intent could hardly be plainer”); *cf. Witzel v. Chartered Sys. Corp. of New York*, 490 F. Supp. 343, 347 (D. Minn. 1980) (“[T]he [CEA] preempts private actions based on federal or state statutory schemes which contemplate agency regulation which would interfere with the CFTC’s jurisdiction over commodity options.”).

B. Implied field preemption bars Minnesota regulation of Polymarket US’s exchange.

104. Through the CEA, Congress has “indicate[d] an intent to occupy exclusively [the] entire field of” event-contract trading on designated contract markets, such that there is “no room for the States to supplement” the Act. *Bibbo v. Dean Witter Reynolds, Inc.*, 151 F.3d 559, 562 (6th Cir. 1998). “The scope of the CEA and the long history of Congress’s amendments to ensure federal law captured the evolving futures and derivatives markets make[] [that] clear.” Arizona Compl. ¶ 69; *see* CFTC Arizona PI Mot. 17.

105. “Congress created the CFTC and amended the Act to do away with the patchwork of state regulations and bring futures trading on [designated contract markets] under the exclusive jurisdiction of the CFTC.” *Flaherty*, 172 F.4th at 230. And through this “grant[of] exclusive jurisdiction to the Commodity Future[s] Trading Commission,” together with the “pervasive regulatory scheme established under the Commodity Exchange Act,” as amended, Congress achieved its goal of “preempt[ing] the field insofar as futures regulation is concerned.” *Gonzalez v. Paine, Webber, Jackson & Curtis, Inc.*, 1982 WL 1348, at *2 (S.D.N.Y. Nov. 10, 1982); *Witzel*, 490 F. Supp. at 347 (finding Congress granted the CFTC “exclusive jurisdiction over the regulation of commodity options”); *supra* ¶¶ 35–38.

106. The field occupied by federal law expanded when the Dodd-Frank Act “amended the [CEA] to ‘establish a comprehensive new regulatory framework for swaps,’ and vested the [CFTC] with exclusive jurisdiction to implement that framework.” *In re*

Int. Rate Swaps Antitrust Litig., 261 F. Supp. 3d 430, 445 (S.D.N.Y. 2017) (footnote omitted) (quoting 78 Fed. Reg. 33,476, 33,477 (June 4, 2013)); *see supra* ¶¶ 45–48.

107. There is no room for state interference with this “comprehensive scheme.” *See CFTC v. British Am. Commodity Options*, 560 F.2d 135, 138 (2d Cir. 1977). “Even as derivatives markets have developed and grown, Congress has chosen to vest the CFTC with broad jurisdiction. That a derivative is novel or different is no excuse for a court to rewrite existing law.” *Chairman Selig: Op-Ed, supra*.

108. Enforcement of Minnesota’s gaming laws, including Minnesota Statutes §§ 299L.03, subd. 12; 609.75, subd. 2; and 609.7615 (as amended), against Polymarket US would impermissibly intrude on the CFTC’s exclusive authority to police trading on CFTC-regulated exchanges. *See, e.g., KalshiEX LLC v. Flaherty*, 2025 WL 1218313, at *6 (D.N.J. Apr. 28, 2025) (holding that “at the very least[,] field preemption applies” to “sports-related event contracts” on a designated contract market), *aff’d*, *Flaherty*, 172 F.4th at 228; *Johnson*, 2026 WL 1223373, at *6 (“[The CEA’s] comprehensive framework is so pervasive that it forecloses parallel state regulation of [contract market] trading.”).

C. Conflict preemption bars Minnesota regulation of Polymarket US’s exchange.

109. Conflict preemption also prevents enforcement of these Minnesota laws against Polymarket US because those laws stand “as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress” in the CEA. *Crosby v. Nat’l Foreign Trade Council*, 530 U.S. 363, 373 (2000); *see also Flaherty*, 172 F.4th at 229 (“[C]onflict preemption also prohibits New Jersey from regulating sports-related event contracts on CFTC-licensed [contract markets].”).

110. Consider Minnesota’s position that event contracts should be completely banned. That is not the State’s decision to make: The CEA grants the *CFTC* the authority to “determine[]” whether such contracts “involve . . . gaming” or “activity that is unlawful under any Federal or State law,” and, if so, whether they should be prohibited as “contrary to the public interest.” 7 U.S.C. § 7a-2(c)(5)(C)(i).

111. Notably, the CFTC has not invoked this Special Rule to prohibit Polymarket US from listing event contracts. Therefore, Polymarket US’s event contracts evidence—by their very existence—the CFTC’s exercise of its discretion and implicit decision to permit them. Because the “application of state law” would countermand that decision and “directly affect trading on or the operation of [the] market, it would stand as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress, and hence is preempted.” *Farmers Coop. Elevator, Woden, Iowa v. Doden*, 946 F. Supp. 718, 729 n.4 (N.D. Iowa 1996); accord *Flaherty*, 172 F.4th at 226 (“The Act preempts state laws that directly interfere with swaps traded on [contract markets].”); *Johnson*, 2026 WL 1223373, at *7 (“[T]he CEA preempts the regulation of trading in swaps on CFTC-registered [contract markets].”); CFTC Compl. ¶¶ 97–100.

112. More broadly, if Minnesota attempts to ban Polymarket US’s event contracts that federal law and the CFTC have authorized, Minnesota’s actions would frustrate the CFTC’s exclusive authority to regulate its designated exchanges. As the Supreme Court has recognized, “[t]he purpose of the exclusive-jurisdiction provision” is, among other things, to “separate the functions of the [CFTC] from those of . . . other regulatory agencies.” *Merrill Lynch*, 456 U.S. at 386. Permitting a total ban of

Polymarket US in Minnesota under SF 3432—with severe criminal penalties for noncompliance—would conflict with Congress’s goal to avoid subjecting regulated exchanges to multiple conflicting legal regimes—a conflict that becomes clearer still when one considers that nothing would stop the 49 other States and the District of Columbia from equally attempting to subject Polymarket US’s exchange to their own, varying laws. “This state regulation is exactly the patchwork that Congress replaced wholecloth by creating the CFTC.” *Flaherty*, 172 F.4th at 230.

113. In short, Minnesota may not enforce against Polymarket US state laws that federal law preempts.

COUNT II
(Violation of the First Amendment (42 U.S.C. § 1983))

114. Polymarket US incorporates the preceding paragraphs by reference.

115. SF 3432 violates the First Amendment by criminalizing the truthful advertising and marketing of lawful, federally regulated products and the provision of data, information, and verification services necessary for federally regulated prediction markets to function.

116. The First Amendment protects the right to communicate truthful information about lawful products and services, including through advertising. *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 761–62 (1976).

117. SF 3432 burdens that right by making it a felony to “advertise[] or market[] financial or technological products that promote transactions prohibited under this section.” Minn. Stat. § 609.7615, subd. 3. As applied to Polymarket US, that provision

criminalizes truthful, non-misleading speech about lawful, federally regulated event contracts traded on a CFTC-designated exchange. Because Polymarket US is engaged in “lawful activities,” it is entitled to “broadcast” advertising about those activities so long as the messages are “not misleading.” *Greater New Orleans Broad. Ass’n*, 527 U.S. at 184.

118. SF 3432 also burdens Polymarket US’s rights to receive, use, and disseminate information by targeting anyone who “provides data, information, or verification services, including the provision of event outcomes, directly to a prediction market” if the provider “know[s] that the data, information, or verification services will be used to allow consumers to make wagers or to settle wagers made by consumers in violation of this section.” Minn. Stat. § 609.7615, subd. 2(4). As applied to Polymarket US, that provision restricts the flow of information necessary to settle event contracts and to communicate accurate market information to the public.

119. These restrictions burden protected speech and information concerning lawful, federally regulated activity. They restrict Polymarket US’s ability to receive and communicate truthful information about its products and the market, and they deprive the public of access to “vital information about the market.” 44 *Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 495 (1996).

120. For these reasons, SF 3432 violates the First Amendment, which protects the freedom to communicate and receive truthful information even when the government disfavors the subject matter of that speech. *See Sorrell v. IMS Health Inc.*, 564 U.S. 552, 577 (2011).

121. 42 U.S.C. § 1983 provides a civil cause of action to any person deprived, under color of law, of rights guaranteed by the United States Constitution or federal law.

122. Defendants, acting under color of state law, have deprived and will deprive Polymarket US of its rights under the First Amendment through the enactment and threatened enforcement of SF 3432.

PRAYER FOR RELIEF

An actual controversy has arisen between the parties entitling Plaintiff to legal, declaratory, and injunctive relief.

WHEREFORE, Plaintiff Polymarket US respectfully requests that this Court enter the following relief:

A. A declaratory judgment, pursuant to 28 U.S.C. § 2201 and Rule 57 of the Federal Rules of Civil Procedure, that Minnesota's gaming laws, including Minnesota Statutes §§ 299L.03, 609.75 *et seq.*, 609.7615, as amended and adopted by SF 3432, are preempted under the CEA, unconstitutional, and invalid facially and as applied to Plaintiff;

B. Preliminary and permanent injunctions, pursuant to Rule 65 of the Federal Rules of Civil Procedure, enjoining Defendants as well as their successors, agents, and employees, from enforcing Minnesota Statutes §§ 299L.03, 609.75 *et seq.*, 609.7615, or any other state law or regulation to the extent it purports to regulate or prohibit Plaintiff's activities governed exclusively by federal law, violates the First Amendment, or otherwise conflicts with federal law;

C. An award of Plaintiff's attorneys' fees and costs incurred in bringing this action, including attorneys' fees and costs under 42 U.S.C. § 1988(b) for successful 42 U.S.C. § 1983 claims; and

D. Any other relief within this Court's discretion that it deems just and proper.

Dated: June 3, 2026

Respectfully submitted,

/s/ S. Jamal Faleel

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**Applications for pro hac vice admission
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