

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

In the Matter of the Application of
NEW YORK STATE GAMING COMMISSION,

Petitioner,

to compel compliance with administrative subpoenas

-against-

KALSHI, INC. and KALSHIEX LLC,

Respondents.

VERIFIED PETITION

Index No.

Petitioner, the New York State Gaming Commission (the “Gaming Commission” or “Petitioner”), by its attorney, Letitia James, Attorney General of New York (“OAG”), alleges upon the records and documents contained in the files of the Gaming Commission:

NATURE OF THE ACTION

1. For at least 18 months, Respondents Kalshi, Inc. and/or KalshiEX LLC (collectively with Kalshi, Inc., “Kalshi”) have operated a massive enterprise in New York designed to enable individuals to place wagers relating to sports and other matters.

2. The Gaming Commission has authority to investigate potential violations of the New York Racing, Pari-Mutuel Wagering and Breeding Law (“Racing Law”), which authority includes the power to issue investigative subpoenas and take testimony. The Racing Law prohibits entities from offering sports wagering without first obtaining a license from the Gaming Commission. Kalshi has not obtained a license from the Gaming Commission.

3. In October 2025, the Gaming Commission sent Kalshi a cease-and-desist letter pursuant to its authority under the Racing Law. Instead of complying with the letter, Kalshi sued the Gaming Commission in the U.S. District Court for the Southern District of New York to enjoin it from enforcing New York's gambling laws against Kalshi.

4. That litigation is ongoing, but in July of 2026 the court denied Kalshi's request for a preliminary injunction, giving the Gaming Commission full authority to enforce New York's gambling laws against Kalshi while that litigation is pending.

5. Pursuant to this authority, on July 31, 2026, the Gaming Commission sent investigatory subpoenas (the "Subpoenas") to Kalshi, Inc. and KalshiEX LLC pursuant to its authority under Racing Law §104(7). Despite multiple court rulings declining to enjoin the Gaming Commission from enforcing the Racing Law, Kalshi nonetheless refuses to comply with key Subpoena requests necessary to assess the scope of Kalshi's operations in New York, and the responses it has given to other requests have been insufficient.

6. The Gaming Commission's investigation into Kalshi's potential violations of New York's gambling laws will be irreparably harmed if Kalshi is permitted to defy the lawfully issued Subpoenas.

7. The Gaming Commission has attempted in good faith, unsuccessfully, to clarify the scope of the Subpoenas to address concerns Kalshi might have with individual Subpoena demands, but Kalshi still refuses to comply with the Subpoenas.

8. The Gaming Commission now petitions this Court for an order: (i) compelling Kalshi to comply without delay with the Subpoenas and (ii) granting such other and further relief as it deems just, proper, and appropriate.

PARTIES

9. Petitioner, the New York State Gaming Commission (the “Gaming Commission”), regulates or exercises oversight of all aspects of legal gaming activity in the State, including horse racing and pari-mutuel wagering, Class III Indian Gaming, the state lottery (including video lottery gaming), commercial gaming, sports wagering, and charitable gaming, as well as interactive fantasy sports.

10. Respondent Kalshi, Inc. is a Delaware corporation with its principal place of business in New York, New York.

11. Respondent KalshiEX LLC (together with Kalshi, Inc., “Kalshi”) is a Delaware limited liability company with its principal place of business in New York, New York. Kalshi operates an online gambling platform through which it promotes, accepts, and receives wagers on various events including sporting events, elections, and cultural events.

JURISDICTION, APPLICABLE LAW, AND VENUE

12. The Attorney General brings this special proceeding on behalf of the Gaming Commission pursuant to her authority under Executive Law §63 which requires that “[t]he attorney-general shall...Prosecute and defend all actions and proceedings in which the state is interested and have charge and control of all the legal business of the departments and bureaus of the state, or of any office thereof which requires the services of attorney or counsel, in order to protect the interest of the state[.]”

13. Racing Law §§1367 and 1367-a govern mobile sports wagering in New York State, with provisions designed to safeguard New Yorkers from harm, including, without limitation, provisions prohibiting persons under 21 years old from participating in sports wagering (§§1367(2)(d) & 1367-a(4)(a)(iii)), requiring licensees to protect the privacy and online security

of sports bettors (§1367-a(4)(a)(vii)), and requiring licensees to provide information about resources for individuals engaging in “compulsive play.” §1367-a(4)(a)(x).

14. The Racing Law expressly prohibits, *inter alia*, managing, making available, or advertising a mobile sports wagering platform without a license from the Gaming Commission. It provides: “No entity shall administer, manage, or otherwise make available a mobile sports wagering platform to persons located in New York state unless licensed with the commission pursuant to this section.” Racing Law §1367-a(2)(a).

15. The statute likewise provides: “No entity shall directly or indirectly operate an unlicensed sports wagering platform in the state of New York, or advertise or promote such unlicensed platform to persons located in the state of New York.” *Id.* §1367-a(4)(b). The conduct of sports wagering in violation of Racing Law §1367 is expressly prohibited. Racing Law §1367(15); *see also* Racing Law §§1367(1)(k) (definition of “mobile sports wagering platform”),¹ §1367(1)(x) (definition of “sports wagering”),² and §1367-a(1)(a) (incorporating §1367 definitions into §1367-a).

¹ The statutory definition is:

“Mobile sports wagering platform” or “platform” means the combination of hardware, software, and data networks used to manage, administer, or control sports wagering and any associated wagers accessible by any electronic means including mobile applications and internet websites accessed via a mobile device or computer.

² The statutory definition is:

“Sports wagering” means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering, including, but not limited to, in-person communication and electronic communication through internet websites accessed via a mobile device or computer, and mobile device applications; provided however that sports wagers shall include, but are not limited to, single-game bets, teaser bets, parlays, over-under bets, money line, pools, in-game wagering, in-play bets, proposition bets, and straight bets.

16. Racing Law §104(6) empowers the Gaming Commission to “conduct investigations and hearings” concerning violations of the Racing Law.

17. Racing Law §104(7) grants “such officers, employees or agents of the commission as may be designated by the commission for such purpose...the power to...issue subpoenas to compel attendance of witnesses, and the production of all relevant and material reports, books, papers, documents, correspondence and other evidence.”

18. Pursuant to a resolution generally delegating powers to the Gaming Commission’s Executive Director and pursuant to §104(7), on January 6, 2026, Gaming Commission Executive Director Robert Williams authorized a list of individuals—including Gaming Commission General Counsel Edmund C. Burns—to issue subpoenas.

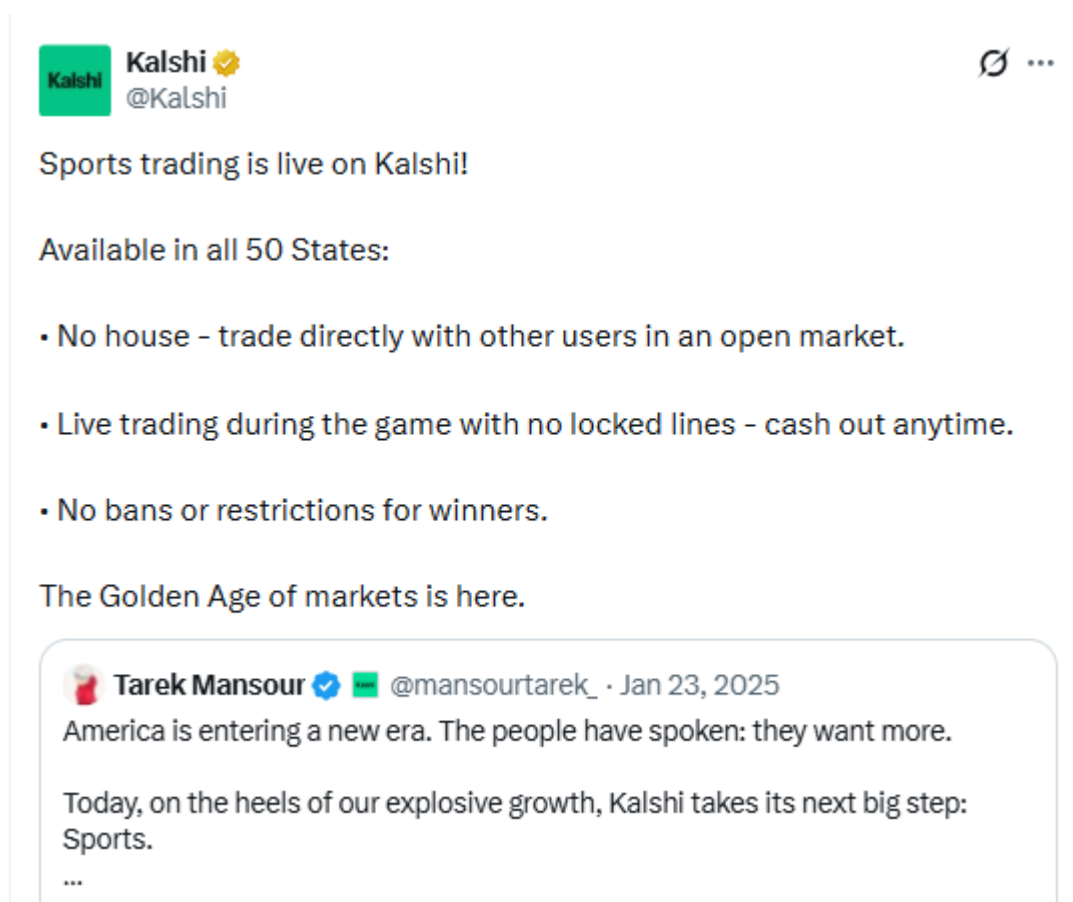
19. The Gaming Commission is expressly authorized to “levy and collect civil penalties and fines for any violation of” the Racing Law. Racing Law §104(9); *see also id.* §§116 (penalties for violating the Racing Law or regulations promulgated thereunder) & 1305(16) (power to levy and collect civil penalties for a violation of Racing Law Article 13, which governs casino gambling, including sports wagering, and “any regulations promulgated by the commission”). This collection would take the form of Gaming Commission staff issuing a notice of violation to Kalshi. Kalshi would be given an opportunity to request a hearing. An administrative hearing would be conducted, if requested, before an independent hearing officer to determine whether Kalshi committed the violations in question, and if so, what penalties should be levied. The Gaming Commission Commissioners would then consider the hearing officer’s report and recommendations and the record of the hearing and make the final agency decision on the matter.³

³ In the event the Gaming Commission determined to penalize Kalshi after any administrative proceeding, Kalshi would be entitled to a review of that determination pursuant to CPLR Article 78 before the appropriate New York State Supreme Court.

20. Venue is properly set in New York County pursuant to CPLR § 503 because Respondents' headquarters is located in New York County.

FACTS

21. On January 23, 2025, Kalshi announced the launch of sports "trading" "[a]vailable in all 50 States," encouraging the public to "view live sports (and bet)" on its platform. Kalshi advertised, directly and through its co-founder and chief executive officer Tarek Mansour, that it offered "[l]egal sports markets, accessible to Americans in all 50 states." Aff. ¶ 6, Ex. 1.





Tarek Mansour
@mansourtarek_



America is entering a new era. The people have spoken: they want more.

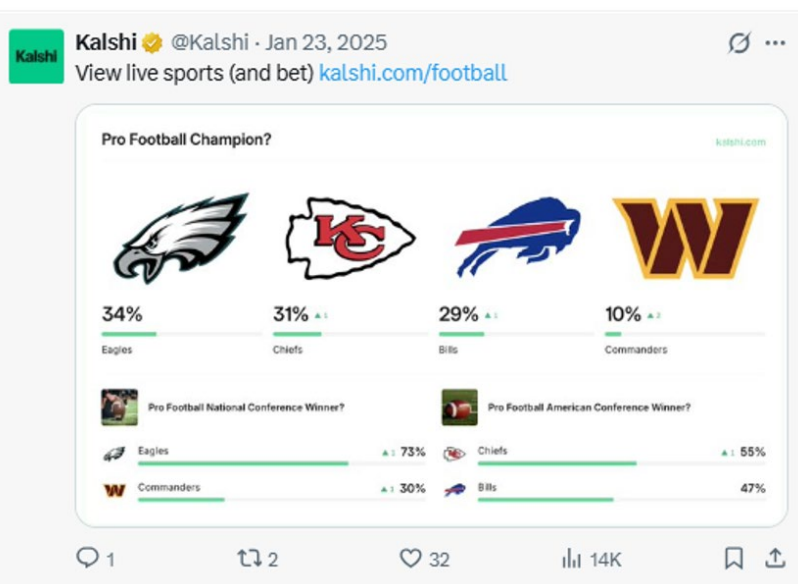
Today, on the heels of our explosive growth, Kalshi takes its next big step: **Sports**.

Legal sports markets, accessible to Americans in all 50 states.

We are just getting started us



11:06 AM · Jan 23, 2025 · 1M Views



22. Kalshi purports to offer products pursuant to the CEA and has done so by self-certifying to the federal Commodity Futures Trading Commission (“CFTC”) that various product types are authorized and compliant with the CEA. Many of these products appeared to constitute sports wagering within the meaning of New York law.

23. Because Kalshi did not have the license necessary to offer mobile sports wagering in New York, on October 24, 2025, the Gaming Commission sent Respondent KalshiEX LLC a letter demanding that it cease and desist from offering unlicensed mobile sports wagering in New York.

24. Instead of complying with the cease-and-desist letter, KalshiEX LLC sued the Gaming Commission and its Commissioners in the United States District Court for the Southern District of New York. KalshiEX LLC argued that the CEA preempts New York’s gambling laws, professed irreparable harm from threatened enforcement, and sought, among other relief, a preliminary injunction to enjoin the Gaming Commission from enforcing New York’s gambling laws against KalshiEX LLC. The Gaming Commission voluntarily agreed to refrain from undertaking enforcement action against KalshiEX LLC pending the federal court’s ruling on Respondent’s request for a preliminary injunction. Aff. ¶ 8, Ex. 2.

25. On July 7, 2026, the District Court ruled that the CEA did not preempt New York’s gambling laws as applied to KalshiEX LLC and denied KalshiEX LLC’s motion for a preliminary injunction. Aff. ¶ 9, Ex. 3.⁴ On July 27, 2026, the District Court denied KalshiEX LLC’s motion for an injunction pending its appeal to the Second Circuit, *Id.* ¶ 10, Ex. 4, and on July 29, 2026, the Second Circuit, acting through a single judge, denied KalshiEX LLC’s parallel request for an administrative injunction, while KalshiEX LLC’s request for an injunction pending appeal is *sub*

⁴ The District Court modified its order on July 13, 2026.

judice before a Second circuit merits panel. *Id.* ¶ 10, Ex. 5. Federal courts have now on three occasions declined to enjoin the Gaming Commission from enforcing New York’s gambling laws against Kalshi while the Williams Litigation is pending.

26. Following the District Court’s denial of KalshiEX’s preliminary injunction motion, on July 31, 2026, the Gaming Commission issued the Subpoenas to each of Kalshi, Inc. and KalshiEX LLC pursuant to Racing Law §104(7), with a return date of August 14, 2026. Aff. ¶ 11, Exs. 6 and 7. The Gaming Commission seeks the documents and information requested in the Subpoenas so it can determine whether to issue civil penalties against Kalshi and others for violations of the Racing Law and, if so, in what amounts.

27. The Subpoenas’ requests include, *inter alia*, records related to what the Subpoenas define as Kalshi’s “Sports Products”⁵ and “Sports Product Propositions,”⁶ data specifically related to Sports Product Propositions offered to all New Yorkers and to the subset of New Yorkers under the age of 21, documents relating to Kalshi’s advertising of its products as wagers or bets, and documents showing Kalshi’s ownership and corporate structure. Aff. ¶ 12, Ex. 6.

⁵ The Subpoenas define “Sports Product” as:

a product, including (i) any contract purchased by a party that is styled, advertised, offered, accepted, or promoted as, or claimed to be, an event contract or swap, or (ii) bet or wager, that resolves or settles with payment to a party, where such product concerns any aspect of a sporting event or events or any combination or portion thereof, or on the individual performance statistics of athletes participating in a sporting event or events or combination or portion thereof, including, without limitation, single-game events, parlays or other combinations of events, over-under metrics, in-game metrics, in-play events, propositions, comparative performances of teams or athletes, occurrences within a time period or by a date, or achievement of a statistic, statistics, milestone, or milestones.

⁶ The Subpoenas define “Sports Product Propositions” as “a specific offering of a Sports Product for which there is a binary proposition and settlement criterion.”

28. The Subpoenas seek to discover the nature and extent of the sports-related products Kalshi offers, how such products are marketed and advertised (both to the public and to the CFTC), the revenue Kalshi derives from such products, and the participation of and marketing to persons under the age of 21. Aff. ¶ 13. This information will assist Commission staff in determining which Kalshi products violate the Racing Law, appropriate civil penalty amounts, if any, and whether other entities may be violating the Racing Law. *Id.* These categories may aid Commission staff in questioning witnesses, developing other investigative leads, and otherwise ascertaining potential violations of law and penalty amounts. *Id.*

On an August 13, 2026 videoconference, the Gaming Commission invited Kalshi's counsel to discuss compliance timing and any objections to the Subpoenas. Aff. ¶ 14. Counsel was unwilling or unable to discuss substantive objections and instead requested a blanket extension for Kalshi's response. *Id.* The Gaming Commission asked which documents Kalshi was prepared to produce on the return date and whether Kalshi needed more time with respect to any particular request, but counsel declined to identify any requests with which Kalshi planned to comply. The Gaming Commission denied Respondents' blanket request for an extension. *Id.*

29. On the Subpoenas' August 14, 2026 return date, Kalshi's counsel sent the Gaming Commission a letter (the "Kalshi Letter") asking that Petitioner withdraw the Subpoenas, baselessly claiming, among other things, that the investigative Subpoenas "serve as an impermissible end-run around the discovery process in the [Williams] litigation," that the Gaming Commission lacks jurisdiction to issue the Subpoenas, and that the Subpoenas "serve as an improper fishing expedition into Kalshi's business," and repeating its already-rejected argument that "any investigation into Kalshi is preempted by federal law." Aff. ¶ 15, Ex. 8. Kalshi also served

responses and objections to the Subpoenas in which it asserted general and specific objections, but refused to produce records in response to *any* Request. *Id.* ¶ 16, Ex. 9.

30. The Gaming Commission responded to Kalshi's letter on September 2, 2026, disputing Kalshi's various grounds for objecting and reserving all rights, but offering to meet and confer again in hopes of agreeing to a production schedule for the Subpoena responses. Aff. ¶ 17, Ex. 10.

31. At a meet-and-confer on September 11, 2026, Kalshi's counsel maintained Kalshi's refusal to comply with Requests one through five and ten through twelve—key requests concerning the scope of Kalshi's illegal gambling operation in New York—but agreed to produce certain documents in response to Requests six through nine and 13 through 21. Aff. ¶ 18. Counsel represented that Kalshi refused to produce communications and had not even searched e-communications to assess burden, despite receiving the Subpoenas (and their multiple requests for communications) more than a month earlier. *Id.*

32. A week later, on September 18, 2026—more than a month after the Subpoenas' return date—Kalshi finally sent a letter and production (the “Subpoena Response”) purporting to respond to Requests six through nine and 13-21. Aff. ¶ 19. Kalshi's response was largely insufficient: Kalshi failed to produce any internal records or communications, failed to produce historic information dating back to 2020 as required by multiple Requests, and completely failed to comply with Requests one through five and ten through twelve. *Id.* Kalshi's partial response was made “subject to and without waiving all responses and objections previously asserted in its August 14 letter and accompanying responses and objections.” *Id.*, Ex. 11. The Gaming Commission responded via letter dated September 29, 2026, noting insufficiencies with respect to each Subpoena response and giving Kalshi a last chance to comply with Requests one through five

and ten through twelve, and to make its production complete as to the other requests, by the close of business on October 6, 2026. Aff. ¶ 20, Ex. 12.

33. Kalshi wrote to the Gaming Commission on October 7, 2026, maintaining its refusal to produce any documents in response to Requests one through five and ten through twelve or otherwise supplement its deficient response. Aff. ¶ 21, Ex. 13.

CLAIM FOR RELIEF

Compelling Subpoena Compliance — CPLR 2308

1. The Gaming Commission repeats and realleges the preceding paragraphs as though fully set forth herein.

2. The Gaming Commission's Subpoenas to Respondents were issued pursuant to a legally authorized investigation for which there is a sufficient factual basis, and the requests in the Subpoenas are reasonably related to that investigation.

3. Kalshi, Inc. and KalshiEX LLC have not identified any valid basis for their refusal to comply fully with the Subpoena.

WHEREFORE, Petitioner respectfully requests that the Court grant the Verified Petition in all respects and that an order be entered:

A. Compelling Kalshi, Inc. and KalshiEX LLC to comply in full with the Gaming Commission's subpoenas *duces tecum*, and to provide written responses to requests for information and produce all responsive and non-privileged documents within ten days of the Court's order; and

B. Granting such other and further relief as is just and proper.

Dated: New York, New York
October 22, 2026

Respectfully submitted,

LETITIA JAMES
Attorney General of the State of New York

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*Counsel for Petitioner the New York State Gaming
Commission*

VERIFICATION

1. I, Edmund C. Burns, am the General Counsel of the New York State Gaming Commission, and I am duly authorized to make this verification.

2. I affirm this 21st day of October, 2026, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, except as to matters alleged on information and belief and as to those matters I believe it to be true, and I understand that this document may be filed in an action or proceeding in a court of law.



Edmund C. Burns