

STATE OF WISCONSIN CIRCUIT COURT DANE COUNTY
BRANCH ____

STATE OF WISCONSIN,

Plaintiff,

v.

Case No. _____

Unclassified - Civil: 30703

KALSHI, INC.,
251 Little Falls Drive
Wilmington, DE 19808

KALSHIEX, LLC,
1209 Orange Street
Wilmington, DE 19801

KALSHI KLEAR, INC.,
251 Little Falls Drive
Wilmington, DE 19808

KALSHI KLEAR, LLC,
251 Little Falls Drive
Wilmington, DE 19808

KALSHI TRADING, LLC,
251 Little Falls Drive
Wilmington, DE 19808

ROBINHOOD MARKETS, INC.,
3500 S Dupont Highway
Dover, DE 19901

ROBINHOOD DERIVATIVES, LLC,
3500 S Dupont Highway
Dover, DE 19901

ROBINHOOD SECURITIES, LLC,
3500 S Dupont Highway
Dover, DE 19901

COINBASE GLOBAL, INC.,
251 Little Falls Drive
Wilmington, DE 19808

COINBASE FINANCIAL MARKETS, INC.,
251 Little Falls Drive
Wilmington, DE 19808

and

DOES 1-20,

Defendants.

SUMMONS

THE STATE OF WISCONSIN

To each entity and individual named above as a defendant:

You are hereby notified that the plaintiff named above has filed a lawsuit or other legal action against you. The complaint, which is attached, states the nature and basis of the legal action.

Within twenty (20) days of receiving this summons, you must respond with a written answer, as that term is used in Wis. Stat. ch. 802, to the complaint. The court may reject or disregard an answer that does not follow the requirements of the statutes. The answer must be sent or delivered to the court, whose address is 215 South Hamilton Street, Suite 1000, Madison, Wisconsin 53703, and to Colin Roth and Charlotte Gibson, Assistant Attorneys

General, plaintiff's attorneys, whose address is Wisconsin Department of Justice, Post Office Box 7857, Madison, Wisconsin 53707-7857. You may have an attorney help or represent you.

If you do not provide a proper answer within twenty (20) days, the court may grant judgment against you for the award of money or other legal action requested in the complaint, and you may lose your right to object to anything that is or may be incorrect in the complaint. A judgment may be enforced as provided by law. A judgment awarding money may become a lien against any real estate you own now or in the future and may also be enforced by garnishment or seizure of property.

Dated this 23rd day of April 2026.

Respectfully submitted,

JOSHUA L. KAUL
Attorney General of Wisconsin

Electronically signed by:

Colin T. Roth
COLIN T. ROTH
Assistant Attorney General
State Bar #1103985

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STATE OF WISCONSIN,

Plaintiff,

v.

Case No. _____
Unclassified - Civil: 30703

KALSHI INC., KALSHIEX LLC, KALSHI KLEAR
INC., KALSHI KLEAR LLC, KALSHI TRADING
LLC, ROBINHOOD MARKETS, INC., ROBINHOOD
DERIVATIVES LLC, ROBINHOOD SECURITIES
LLC, COINBASE GLOBAL, INC., COINBASE
FINANCIAL MARKETS, INC., and DOES 1-20,

Defendants.

COMPLAINT TO ABATE PUBLIC NUISANCE

INTRODUCTION

1. Sports betting has long been illegal in Wisconsin, with exceptions only for certain Native American tribal gaming operations.

2. Yet three companies—Kalshi, Robinhood, and Coinbase—are working together to facilitate illegal sports betting throughout the state.

3. Through their so-called “prediction markets,” Kalshi, Robinhood, and Coinbase profit from Wisconsin residents placing bets on the outcome of sporting events, just like how ordinary casino sportsbooks profit from the bets people make there. For instance, Wisconsinites could use these companies’

services to place all kinds of bets on the recent NCAA college basketball tournament, including who would win the Final Four matchup between the University of Michigan and the University of Arizona, which team would cover the point spread, and even which team would first score ten points. And for every bet made, these companies collect a fee akin to a casino's rake at a poker table.

4. Kalshi, Robinhood, and Coinbase use a fig leaf to disguise the casino-style sports betting they facilitate in Wisconsin. They relabel their sports bets as "event contracts," meaning contracts traded between buyers and sellers at agreed-upon prices that mimic the odds of a sports-related outcome. To return to the NCAA basketball tournament, as of April 3, 2026, traders could buy contracts taking the position that the University of Michigan would win its Final Four matchup with the University of Arizona for around \$0.53, which reflected a roughly 53% projected chance of Michigan winning. When Michigan won, event contract holders who bet on that team winning received \$1 per contract and those who instead bet on Arizona winning received nothing.

5. That is indistinguishable from an ordinary sports bet, as defined by Wis. Stat. § 945.01(1). Parties to these "event contracts" wager money on whether a given sports-related outcome will occur, just as when people bet on that same outcome using traditional casino-style sportsbooks.

6. To be sure, unlike ordinary sportsbooks, Kalshi, Robinhood, and Coinbase often do not take the other side of the sports bets their customers make. But that does not get them off the hook, since each company still generates significant revenue from these sports bets by charging transaction fees each time event contracts are traded using their platforms. For instance, according to a recent report in the Financial Times, Kalshi generates nearly 90% of all its fees from sports betting, amounting to estimated annualized revenue of around \$1.3 billion.

7. In short, Defendants make money from the illegal betting they facilitate, just like the operator of an illicit poker game who takes a cut of each pot.

8. By making money from illegal sports betting, these companies are each engaging in criminal gambling activity under Wis. Stat. § 945.03(1m).

9. These ongoing, repeated criminal violations represent a public nuisance that should be abated immediately.

PARTIES

10. Plaintiff State of Wisconsin is a sovereign state of the United States of America, with its principal offices located in Madison, Wisconsin.

11. Defendant Kalshi Inc. is a Delaware corporation with its principal place of business in New York. It is the parent company of all other Kalshi entities named in this complaint (collectively “Kalshi”). Together with its

affiliated entities, Kalshi operates a prediction market platform through which it offers products referred to as event contracts for sale. Kalshi's event contracts are made available to persons located in Wisconsin through its website and mobile app.

12. Defendant KalshiEX LLC is a Delaware limited liability company with its principal place of business in New York. KalshiEX LLC is a wholly owned subsidiary of Kalshi Inc. In concert with the other Kalshi entities, KalshiEX LLC operates a prediction market platform through which it offers products referred to as event contracts for sale, including in Wisconsin.

13. Defendant Kalshi Klear Inc. is a Delaware corporation with its principal place of business in New York. Kalshi Klear Inc. is a wholly owned subsidiary of Kalshi Inc. In concert with the other Kalshi entities, Kalshi Klear Inc. operates a prediction market platform through which it offers products referred to as event contracts for sale, including in Wisconsin.

14. Defendant Kalshi Klear LLC is a Delaware limited liability company with its principal place of business in New York. Kalshi Klear LLC is a wholly owned subsidiary of Kalshi Inc. In concert with the other Kalshi entities, Kalshi Klear LLC operates a prediction market platform through which it offers products referred to as event contracts for sale, including in Wisconsin.

15. Defendant Kalshi Trading LLC is a Delaware limited liability company with its principal place of business in New York. Kalshi Trading LLC is a wholly owned subsidiary of Kalshi Inc. In concert with the other Kalshi entities, Kalshi Trading LLC operates a prediction market platform through which it offers products referred to as event contracts for sale, including in Wisconsin.

16. Defendant Robinhood Markets, Inc. is a Delaware corporation with its principal place of business in California. It is the parent company of all other Robinhood entities named in this complaint (collectively, Robinhood). Together with its affiliated entities and with Kalshi, Robinhood operates a service that offers products referred to as event contracts for sale, which are traded (at least partly) using Kalshi's prediction market platform. Robinhood's event contracts are made available to persons located in Wisconsin through its website and mobile app.

17. Defendant Robinhood Derivatives LLC is a Delaware limited liability company with its principal place of business in Illinois. Robinhood Derivatives LLC is a wholly owned subsidiary of Robinhood Markets, Inc. In concert with the other Robinhood entities and with Kalshi, Robinhood Derivatives LLC operates a service that offers products referred to as event contracts for sale, which are traded (at least partly) using Kalshi's prediction market platform, including in Wisconsin.

18. Defendant Robinhood Securities LLC is a Delaware limited liability company with its principal place of business in Florida. Robinhood Securities LLC is a wholly owned subsidiary of Robinhood Markets, Inc. In concert with the other Robinhood entities and with Kalshi, Robinhood Securities LLC operates a service that offers products referred to as event contracts for sale, which are traded (at least partly) using Kalshi's prediction market platform, including in Wisconsin.

19. Defendant Coinbase Global, Inc. is incorporated in Delaware but has no corporate headquarters. It is the parent company of all other Coinbase entities named in this complaint (collectively, Coinbase). Together with its affiliated entities and with Kalshi, Coinbase operates a service that offers products referred to as event contracts for sale, which are traded (at least partly) using Kalshi's prediction market platform. Coinbase's event contracts are made available to persons located in Wisconsin through its website and mobile app.

20. Defendant Coinbase Financial Markets, Inc. is incorporated in Delaware with its principal place of business in New York. Coinbase Financial Markets, Inc. is a wholly owned subsidiary of Coinbase Global, Inc. In concert with the other Coinbase entities and with Kalshi, Coinbase Financial Markets, Inc. operates a service that offers products referred to as event contracts for

sale, which are traded (at least partly) using Kalshi’s prediction market platform, including in Wisconsin.

21. Defendant Does 1-20 are private individuals and/or entities who facilitate Kalshi, Robinhood, and Coinbase’s unlawful sports betting activity in Wisconsin. The identities of Does 1-20 are not presently known to the State of Wisconsin. The private Doe defendants are collectively referred to as “Kalshi,” “Robinhood,” and “Coinbase,” depending on which Defendant’s sports betting operations the Doe defendants facilitate. The State of Wisconsin expressly reserves the right to amend this Complaint to add the private Doe defendants by name, once their identities are known.

JURISDICTION AND VENUE

22. This action is brought pursuant to the Attorney General’s authority under Wis. Stat. §§ 823.01 and 823.02 to enjoin and abate a public nuisance on behalf of the State of Wisconsin.

23. This Court has jurisdiction over the subject matter of this dispute pursuant to article VII, section 8 of the Wisconsin Constitution and Wis. Stat. § 753.03, which provide for subject-matter jurisdiction over all civil matters within this State.

24. This Court has personal jurisdiction over Kalshi, Robinhood, and Coinbase pursuant to Wis. Stat. § 801.05(1)(d), (3), and (4). Defendants have engaged in substantial business contacts within the State of Wisconsin by

directing their event contract trading activities to Wisconsin, among other states. Defendants' acts, conducted both within and outside the State of Wisconsin, are a cause of the in-state injuries alleged in this Complaint.

25. Venue is proper in Dane County because it is the county where the claims arose and is the county in which Defendants do substantial business. Wis. Stat. § 801.50(2)(a), (c).

GENERAL ALLEGATIONS

I. Wisconsin bans most sports betting today, as it has done for much of its history.

A. Wisconsin has banned most forms of gambling ever since the mid-1800s when it was a territory.

26. Wisconsin has a long tradition of banning most forms of gambling within its borders.

27. The original state constitution, enacted in 1848, provided that “[t]he legislature shall never authorize any lottery.” Wis. Const. art. IV, § 24 (1848). Over time, this constitutional prohibition was understood to encompass not just lotteries, but all gambling-type activities. *See Panzer v. Doyle*, 2004 WI 52, ¶ 8, 271 Wis. 2d 295, 680 N.W.2d 666, *abrogated by Dairyland Greyhound Park, Inc. v. Doyle*, 2006 WI 107, 295 Wis. 2d 1, 719 N.W.2d 408.

28. In parallel with the constitutional ban (and even before statehood), Wisconsin statutes criminally prohibited specific forms of gambling.

29. In 1838, the first Wisconsin territorial legislature provided criminal penalties for, among other things, setting up any gaming table or gambling device or betting money at any gaming table. *See id.* ¶ 7 n.3 (citing Ch. 65, Laws of the Wisconsin Territory, First Session (approved Jan. 18, 1838)). These prohibitions were carried over when Wisconsin became a state in 1849. *See id.* (citing chapter 138, “Of Offences Against Public Policy,” Revised Statutes of the State of Wisconsin 705–07 (1849)).

30. The Legislature specifically banned sports betting as early as 1898.

31. People could not place sports bets: “Any person who shall lose or win any money . . . by betting upon any game, election, race, fight, sport, or pastime . . . shall be punished by fine.” Wis. Stat. ch. 185, § 4535 (1898).

32. Nor could people facilitate sports betting: “[It] shall be unlawful for any person, company or corporation to engage in . . . book-making, . . . or to record or register bets or wagers . . . upon the result of any trial or contest of skill, speed or power of endurance of man or beast, . . . and it shall also be unlawful for any person to become the custodian or depository for gain . . . of any money . . . staked . . . upon any such result” Wis. Stat. ch. 185, § 4539b (1898).

33. Later, in 1929, the Legislature “declared” sports betting to be “gambling and to be unlawful and to constitute a public nuisance.” Wis. Stat.

§ 348.085(1) (1929). That declaration covered schemes whereby “any person [was] . . . induced to believe that upon his paying to, or depositing with, any other person, any money, . . . he may as the result in whole or part of any contest of skill, speed or power of endurance of man or beast receive . . . any money.” *Id.*

34. Correspondingly, a place where sports betting occurred was “declared to be . . . common gambling house and to be a public nuisance,” and it was “made the duty of the attorney-general to take proper action to abate the same.” Wis. Stat. § 348.085(2) (1929).

35. In 1955, the Legislature replaced the system of specific gambling bans in chapter 348 (including the sports betting ban) with a comprehensive, general gambling ban in chapter 945. *See generally* Wis. Stat. ch. 945 (1955–56).

36. The same scheme exists today, except that in 1969 the Legislature added back to chapter 945 a specific reference to sports betting. *See* Wis. Stat. § 945.03(7) (1969–70) (prohibiting “us[ing] a wire communication facility for the transmission or receipt of information assisting in the placing of a bet . . . on any sporting event or contest”); Wis. Stat. § 945.03(1m)(g) (2025–26) (same).

37. In parallel with the various statutory updates, the constitutional ban on the Legislature’s authorizing “lotteries” has been updated over time. Today, article IV, section 24, states that “the [L]egislature may not authorize

gambling in any form,” with a few narrow exceptions, most prominently for the state lottery.

38. While Wisconsin has prohibited gambling since before statehood, it also has long recognized the legitimacy of certain kinds of futures contracts. In the 1955 statutory update to Wisconsin’s gambling laws, the Legislature specifically excluded from the definition of an unlawful “bet” any “[b]ona fide business transactions which are valid under the law of contracts including without limitation contracts for the purchase or sale at a future date of securities or other commodities.” Wis. Stat. § 945.01(1)(a)1. (1955–56); *see also* Wis. Stat. § 945.01(1)(a)1. (2025–26) (same).

39. But this exception for “bona fide business transactions” only goes so far. Long before enacting it, the Legislature provided that contracts related to sports bets are invalid. Since at least 1898, “[a]ll . . . agreements . . . where the whole or any part of the consideration . . . shall be for money . . . betted at or upon any game of any kind . . . or upon any race, fight, sport or pastime . . . shall be void.” *See* Wis. Stat. ch. 185, § 4538 (1898). That same provision still exists today. *See* Wis. Stat. § 895.055 (2025–26).

40. Turning from the Legislature, Wisconsin courts also have long recognized that illegal gambling operations represent public nuisances. *See, e.g., State ex rel. Cowie v. La Crosse Theaters Co.*, 232 Wis. 153, 160–61, 286 N.W. 707 (1939) (holding that criminal violations of lottery prohibition

were abatable public nuisances); *State ex rel. Regez v. Blumer*, 236 Wis. 129, 130, 294 N.W. 491 (1940) (same); *State ex rel. Trampe v. Multerer*, 234 Wis. 50, 53, 289 N.W. 600 (1940) (same, regarding bingo game); *Dallmann v. Kluchesky*, 229 Wis. 169, 176–77, 282 N.W. 9 (1938) (same, regarding gambling machines).

41. And Wisconsin courts have long recognized the harms associated with gambling. Chief among them is that “[t]he more money which the player spends [gambling] the less he will have to devote to the needs and welfare of himself or family.” *City of Milwaukee v. Milwaukee Amusement, Inc.*, 22 Wis. 2d 240, 249, 125 N.W.2d 625 (1964); *see also Harnden v. Melby*, 90 Wis. 5, 62 N.W. 535 (1895) (recognizing cause of action to recover “money illegally bet or wagered” to “secure a recovery of the money by the owner, or in his name, for the benefit of his family”).

B. Wisconsin bans most forms of betting today, with limited exceptions for tribal gaming operations.

42. Current Wisconsin law contains three relevant criminal prohibitions of “commercial gambling” in Wis. Stat. § 945.03(1m):

Whoever intentionally does any of the following is engaged in commercial gambling and, except as provided in sub. (2m), is guilty of a Class I felony:

...

(b) For gain, receives, records or forwards a bet or offer to bet or, with intent to receive, record or forward a bet or offer to bet, possesses facilities to do so;

...

(c) For gain, becomes a custodian of anything of value bet or offered to be bet;

...

(g) For gain, uses a wire communication facility for the transmission or receipt of information assisting in the placing of a bet or offer to bet on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of a bet or offer to bet.

43. A “bet” is defined as “a bargain in which the parties agree that, dependent upon chance even though accompanied by some skill, one stands to win or lose something of value specified in the agreement.” Wis. Stat. § 945.01(1).

44. And a “wire communication facility” is defined as “any and all instrumentalities, personnel and services, and among other things the receipt, forwarding or delivery of communications used or useful in the transmission of writings, signs, pictures and sounds of all kinds by means of wire, cable, microwave or other like connection between the points of origin and reception of such transmission.” Wis. Stat. § 945.01(6).

45. These general criminal prohibitions on “bets” cover sports betting. *See, e.g., State v. Vlahos*, 50 Wis. 2d 609, 612, 184 N.W.2d 817 (1971) (affirming commercial gambling conviction under chapter 945 where “bets” involved money wagered on the outcomes of football and baseball games).

46. Two prominent tribal-related exceptions to this general ban exist. First, Wisconsin's gaming compacts with certain Native American tribes allow those tribes to operate sports betting on their tribal lands. Second, the Legislature recently passed Assembly Bill 601, which the Governor signed into law on April 9, 2026. This bill removed from the definition of a "bet" under Wis. Stat. § 945.01(3) certain electronic sports wagers when conducted using servers located on tribal lands and authorized by tribal compacts.

47. Neither of these exceptions apply to non-tribal sports betting operations in Wisconsin, which remain illegal under chapter 945.

II. Kalshi facilitates sports betting through its event contract trading platform.

A. Kalshi makes money by operating a prediction market on which event contracts are traded.

48. Prediction markets are financial platforms where users can trade event contracts that pay out money based on the outcome of real-world events, such as elections, sporting events, or macroeconomic releases.

49. In short, traders buy and sell event contracts for a price X that pays off \$1 if a specified outcome occurs and nothing otherwise.

50. Kalshi has further explained the concept: "Prediction markets compile the collective opinions of participants to set probabilities and pricing for the contract. Each trader's bet helps shape the market consensus, which is

reflected in the contract prices. Contract prices fluctuate in real time, offering up-to-date insights into public opinions and emerging trends.”¹

51. Kalshi provides a hypothetical that explains how the dynamic pricing of these event contracts work: “If a contract to predict whether a movie titled XYZ will win Best Picture is trading at \$0.60, this price suggests that the majority believe there is a 60% chance that XYZ will win the Oscar. However, if developments occur that could increase the film’s chances of winning, such as a higher number of award nominations, people will start paying more for the ‘yes’ contracts, changing the price and the odds.”²

52. Kalshi operates a prediction market of this kind, “a platform that allows traders to buy and sell contracts on the outcomes of real-world events.”³ Kalshi offers “an extensive catalog of tradeable events spanning multiple categories,” including “economics and finance,” “political markets,” “sports markets,” “[c]ultural events,” and “[c]limate and weather contracts.”⁴

53. Even today, Kalshi calls its event contracts “bets” and “wagering.” Kalshi explains that “[i]nvestors select markets that align with their interests

¹ Kalshi, *What is a Prediction Market?*, Kalshi News (Aug. 4, 2022), <https://perma.cc/P7PN-FL28>.

² Kalshi, *What is a Prediction Market?*, Kalshi News (Aug. 4, 2022), <https://perma.cc/P7PN-FL28>.

³ Julian Zhang, *What is Kalshi? A Beginner’s Guide*, Kalshi News (Feb. 9, 2026), <https://news.kalshi.com/p/what-is-kalshi-f573>.

⁴ Julian Zhang, *What is Kalshi? A Beginner’s Guide*, Kalshi News (Feb. 9, 2026), <https://news.kalshi.com/p/what-is-kalshi-f573>.

or expertise and *place bets* using simple ‘yes’ or ‘no’ contracts.” And Kalshi goes on to say, “*Each trader’s bet* helps shape the market consensus, which is reflected in the contract prices.” Similarly, Kalshi says that “[t]raders choose their favorite market, then select their side (yes or no), *the price they are willing to wager*, and the number of contracts they want to buy.”⁵

54. Although the buyer or seller of Kalshi’s event contracts might be an ordinary trader (whether an individual or an institution), it might sometimes be an institutional market maker whose role is to provide liquidity to a trading market.⁶ Because every buyer of an event contract requires a seller, a mismatch between buyers and sellers can make it difficult to trade. So, to equalize supply and demand and thereby provide liquidity, a Kalshi affiliate, Kalshi Trading LLC, operates as a so-called “market maker” for various event contract markets hosted on Kalshi’s exchange.⁷

⁵ Kalshi, *What is a Prediction Market?*, Kalshi News (Aug. 4, 2022), <https://perma.cc/P7PN-FL28>.

⁶ *Who are you trading with?*, Kalshi, <https://help.kalshi.com/en/articles/13823808-who-are-you-trading-with> (last visited Apr. 21, 2026).

⁷ Dan Bernstein, et al., *Kalshi’s Trading Arm Muddles “Peer-to-Peer” Claims*, Sportico (Sept. 22, 2025), <https://www.sportico.com/business/sports-betting/2025/kalshi-trading-exchange-peer-house-1234870465/>.

55. Kalshi explains that it “facilitates these transactions and generates revenue through small transaction fees on each trade.”⁸ Those fees typically vary between \$0.07 and \$1.75 per 100 contracts.⁹

56. To fund trades on Kalshi’s prediction market, users deposit money into accounts controlled by Kalshi.¹⁰

57. And when customers buy and sell Kalshi’s event contracts, Kalshi takes custody of the corresponding funds, until either one side sells their position in the contract (and thereby recovers the contract price at the time of sale minus Kalshi’s transaction fees) or the contract’s triggering event occurs, at which point Kalshi disburses funds to the winning party (again, minus Kalshi’s transaction fees).

B. Kalshi facilitates sports betting through the trading of sports-related event contracts on its prediction market.

58. Kalshi “offer[s] contracts on game outcomes across football, basketball, baseball, golf, MMA, tennis, and more” and states that “[s]ports markets have become one of [its] fastest-growing segments.”¹¹

⁸ Julian Zhang, *What is Kalshi? A Beginner’s Guide*, Kalshi News (Feb. 9, 2026), <http://news.kalshi.com/p/what-is-kalshi-f573>.

⁹ *Fee Schedule*, Kalshi, <https://kalshi.com/fee-schedule> (last visited Apr. 21, 2026).

¹⁰ *Deposit Funds*, Kalshi, <https://help.kalshi.com/en/collections/18616610-deposit-funds> (last visited Apr. 21, 2026).

¹¹ Julian Zhang, *What is Kalshi? A Beginner’s Guide*, Kalshi News (Feb. 9, 2026), <https://news.kalshi.com/p/what-is-kalshi-f573>.

59. Kalshi further explains that it “earn[s] revenue through explicit transaction fees” associated with these sports markets.¹²

60. According to news reports, Kalshi generates over \$1 billion in estimated annualized revenue from sports contracts, representing around 90% of its total estimated annualized revenue.¹³

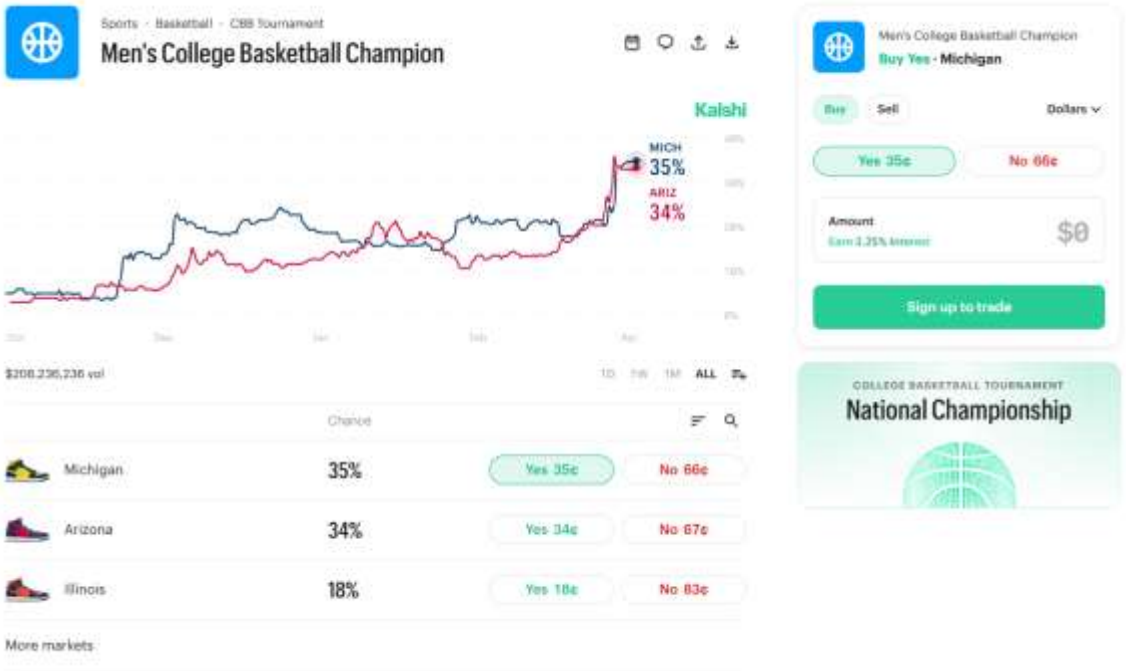
61. One example of a sports-related event contract that Kalshi recently offered involved the 2026 NCAA college basketball tournament. As Kalshi explained, “[w]hen [users] see Kalshi odds or prices listed for the men’s basketball tournament, what you’re really looking at is the implied probability that a team will win the tournament. A team listed at 14 cents to be the men’s college basketball champion has roughly a 14% chance of winning the tournament. The higher the price, the higher the market's confidence; the lower the number, the lower the likelihood that traders expect the team will win it all.”¹⁴

¹² Julian Zhang, *What is Kalshi? A Beginner’s Guide*, Kalshi News (Feb. 9, 2026), <https://news.kalshi.com/p/what-is-kalshi-f573>.

¹³ Grant Mitchell, *Kalshi, Prediction Markets Stealing Marked Space from Top Sportsbooks*, Yahoo! Finance (Feb. 16, 2026), <https://finance.yahoo.com/news/kalshi-prediction-markets-stealing-market-160600765.html>.

¹⁴ *College basketball tournament odds: Who’s favored to win?*, Kalshi News (Feb. 27, 2026), <https://news.kalshi.com/p/college-basketball-tournament-odds-2026-national-championship-favorites>.

62. A corresponding page allowed users to purchase event contracts corresponding to the likelihood that various teams would win the NCAA men's college basketball tournament championship. As of April 3, 2026, Kalshi showed the race for the top spot between the University of Michigan, the University of Arizona, and the University of Illinois:

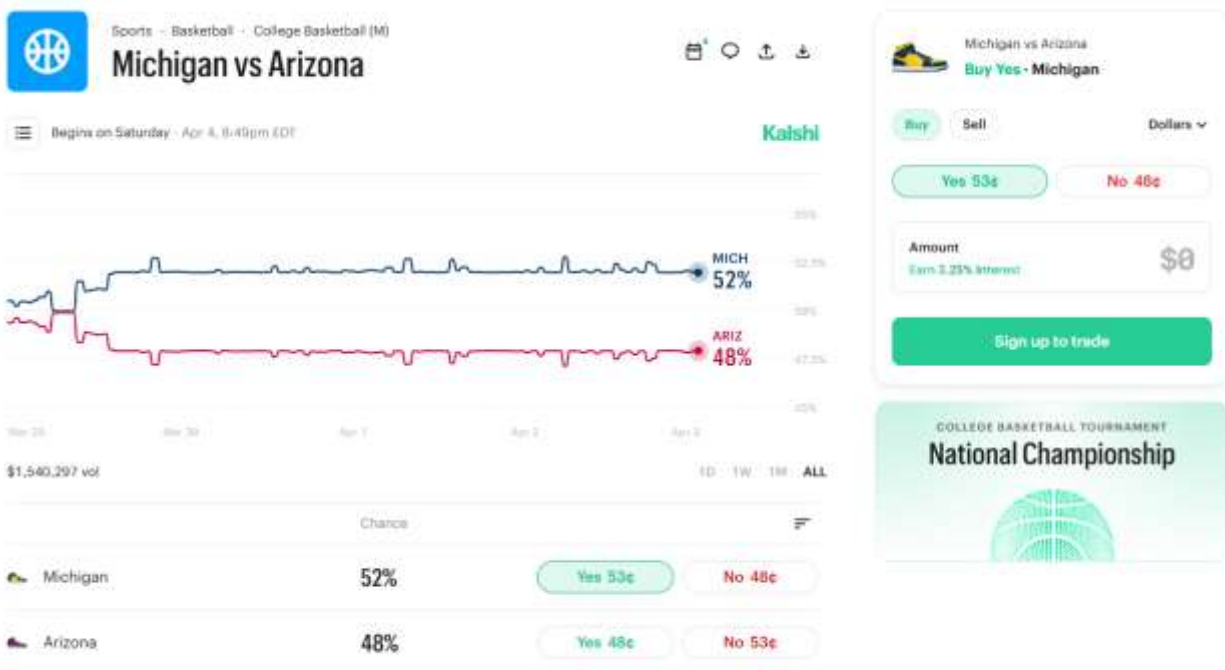


63. When Michigan ultimately won, traders who bought contracts taking that position and held them until Michigan won received monetary payouts; traders who took other positions and held them received nothing.

64. Myriad other sports-related event contracts are listed for sale on Kalshi's website, including everything from professional basketball games to college lacrosse matches.¹⁵

65. Kalshi's event contracts mimic traditional forms of sports bets:

- Moneyline contracts, which ask which team will win a particular game. An example, as of April 3, 2026:



- Point spread event contracts, which ask whether a team will win (or lose) a game by a given number of points. An example, as of April 3, 2026:

¹⁵ See *Sports-Games*, Kalshi, <https://kalshi.com/category/sports/all-sports> (last visited Apr. 21, 2026).

Michigan vs Arizona

Spread and Total

Michigan wins by over 7.5 Points
 27% ▲ 1
 Yes 27¢ No 74¢

Over 151.5 points scored
 65% ▲ 2
 Yes 66¢ No 38¢

Props · Race to 10 Points

Michigan at Arizona: Spread
 Buy Yes - Michigan wins by over 7.5 Points

Buy Sell Dollars

Yes 27¢ No 74¢

Amount \$0
 Earn 3.25% Interest

Sign up to trade

- Over/under contracts, which ask whether the teams competing in game will score over or under a specific number of points. An example, as of April 3, 2026:

Michigan vs Arizona

Spread and Total

Michigan wins by over 7.5 Points
 27% ▲ 1
 Yes 27¢ No 74¢

Over 151.5 points scored
 65% ▲ 2
 Yes 66¢ No 38¢

Props · Race to 10 Points

Michigan at Arizona: Point Total
 Buy Yes - Over 151.5 points scored

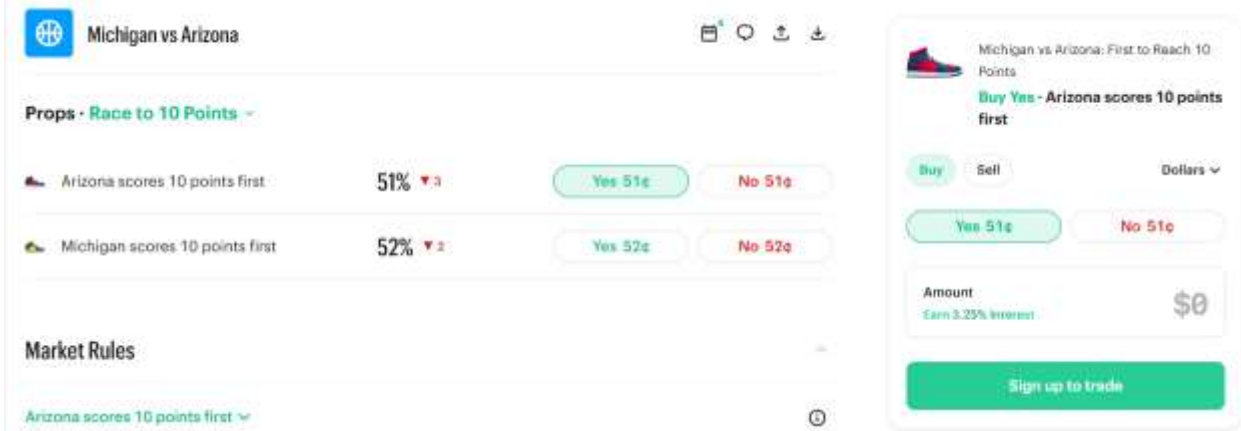
Buy Sell Dollars

Yes 66¢ No 38¢

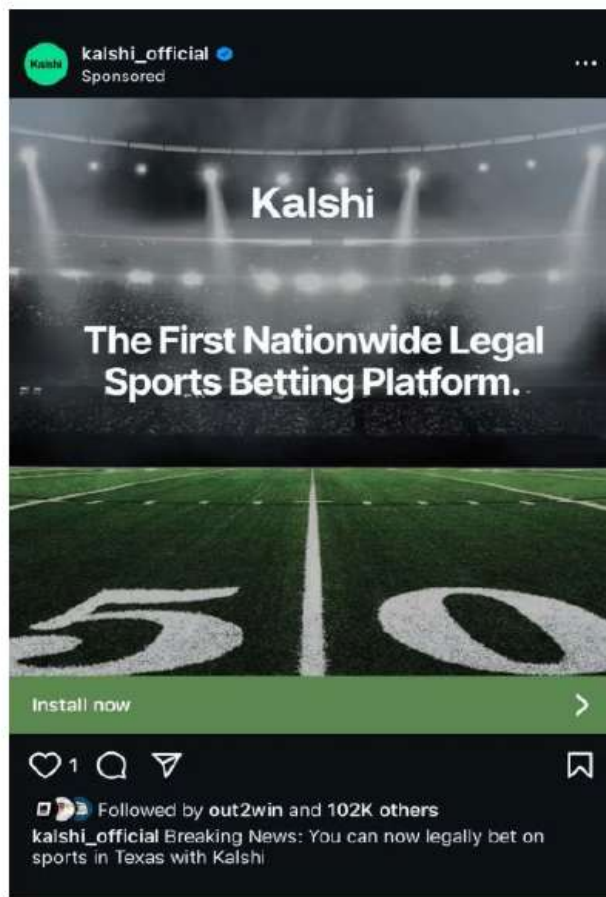
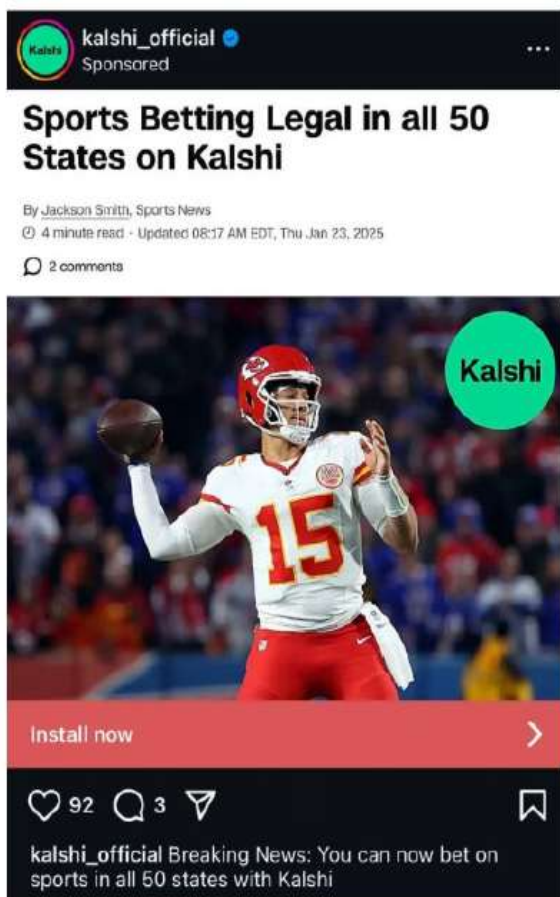
Amount \$0
 Earn 3.25% Interest

Sign up to trade

- Proposition contracts, which ask whether specific things will occur within a game, like whether a given team will reach a certain number of points first. An example, as of April 3, 2026:



66. At one point, Kalshi advertised its sports-related event contracts as “bets.” For instance, the following two images once appeared on Kalshi’s official Instagram account:



67. On multiple other occasions, Kalshi and its representatives (including its CEO) have described Kalshi’s event contract offerings as “bets.” See Dustin Goucher, *Ten Times Kalshi Said People Could Bet on Things*, Event Horizon (Apr. 3, 2024), perma.cc/DT9Y-6C7B. And, again, even today Kalshi describes its event contracts as involving “bets” and “wagers.”¹⁶

68. Kalshi offers all these sports-related event contracts to customers in Wisconsin.

III. Robinhood and Coinbase also facilitate sports betting through partnerships with Kalshi.

A. Robinhood and Coinbase partner with Kalshi to use Kalshi’s prediction market.

69. Robinhood and Coinbase are two other companies that have partnered with Kalshi to facilitate event contract trading using Kalshi’s prediction market facilities.

70. Robinhood currently intermediates at least some of its customers’ sports-related event contract trades on Kalshi’s exchange. Robinhood has entered into agreements with Kalshi that allows it to access Kalshi’s contract market facilities for this purpose.

¹⁶ Kalshi, *What is a Prediction Market?*, Kalshi News (Aug. 4, 2022), <https://perma.cc/P7PN-FL28>.

71. This means that while Robinhood customers are placing orders for event contract trades in their Robinhood accounts, the trades themselves are taking place on Kalshi's exchange. This is no different from when a Kalshi customer places an order for an event contract trade through her Kalshi account, which is then executed on Kalshi's exchange. The user interface is Robinhood's instead of Kalshi's, which is convenient for Robinhood customers but does not affect the way in which trades are executed on the exchanges.

72. Similarly, Coinbase offers its customers the ability to trade event contracts on Coinbase's platform, at least partly through a partnership with Kalshi. This partnership gives Coinbase's customers access to the array of contracts listed on Kalshi's exchange while using Coinbase's interface. Coinbase customers place orders for event-contract trades through their Coinbase accounts, and the trades (at least some of them) are executed on Kalshi's exchange.

73. Both Robinhood and Coinbase, like Kalshi, charge per-transaction fees on the event contract trades that they facilitate.¹⁷

¹⁷ *Robinhood event contracts*, Robinhood, <https://robinhood.com/us/en/support/articles/robinhood-event-contracts/> (last visited Apr. 21, 2026); *Exchange fees*, Coinbase, <https://help.coinbase.com/en/exchange/trading-and-funding/exchange-fees> (last visited Apr. 21, 2026).

74. To fund trades of Robinhood and Coinbase’s event contracts, users deposit money into accounts controlled by Robinhood and Coinbase, respectively.

75. And when customers buy and sell Robinhood and Coinbase’s event contracts, Robinhood and Coinbase, respectively, take custody of the corresponding funds, until either a party sells its position in the contract (and thereby recovers the contract price at the time of sale, minus Robinhood or Coinbase’s transaction fees) or the contract’s triggering event occurs, at which point Robinhood and Coinbase disburse funds to the winning party (again, minus Robinhood or Coinbase’s transaction fees).

B. Robinhood and Coinbase also facilitate sports betting through the trading of sports-related event contracts on Kalshi’s prediction market.

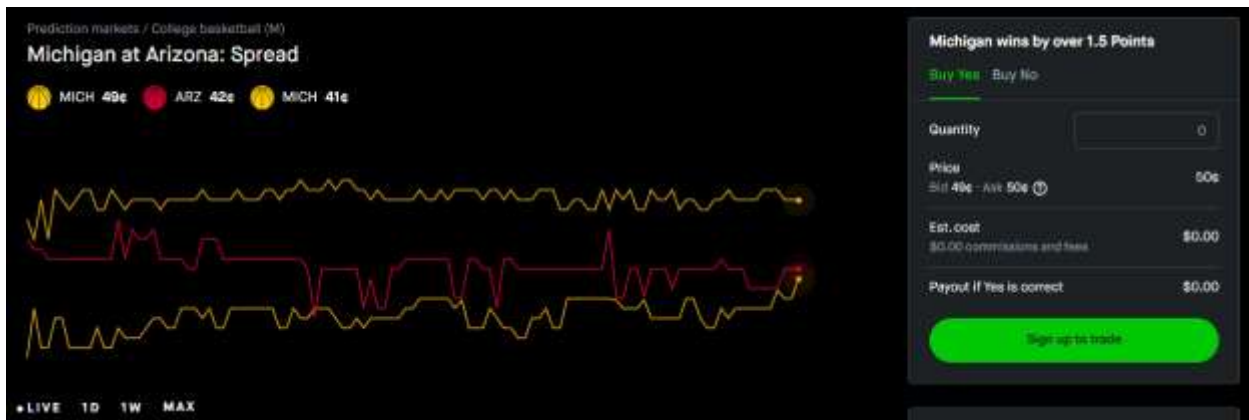
76. Like Kalshi, Robinhood offers event contracts that mimic many traditional forms of sports bets¹⁸:

- Moneyline contracts, which ask which team will win a particular game. An example, as of April 3, 2026:

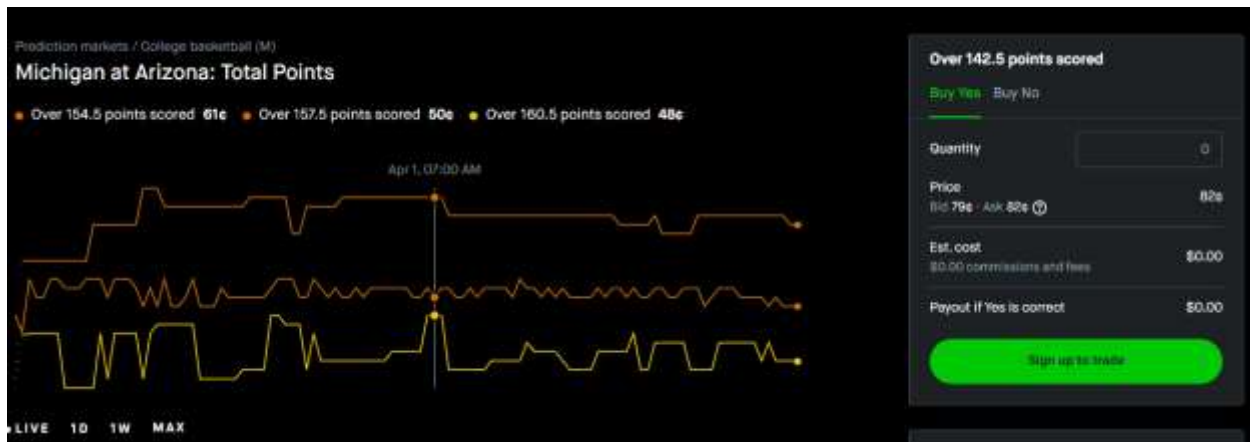
¹⁸ See *Prediction Markets*, Robinhood, <https://robinhood.com/us/en/prediction-markets/> (last visited Apr. 21, 2026).



- Point spread event contracts, which ask whether a team will win (or lose) a game by a given number of points. An example, as of April 3, 2026:

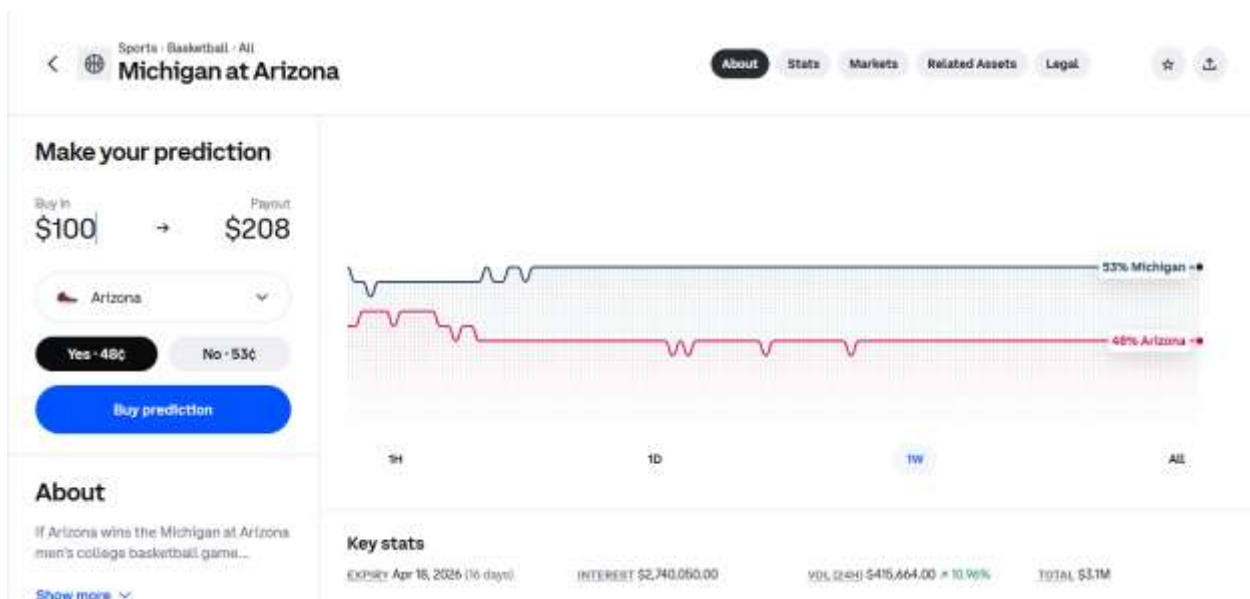


- Over/under contracts, which ask whether the teams competing in game will score over or a under a specific number of points. An example, as of April 3, 2026:



77. Also like Kalshi, Coinbase offers event contracts that mimic many traditional forms of sports bets:¹⁹

- Moneyline contracts, which ask which team will win a particular game. An example, as of April 3, 2026:

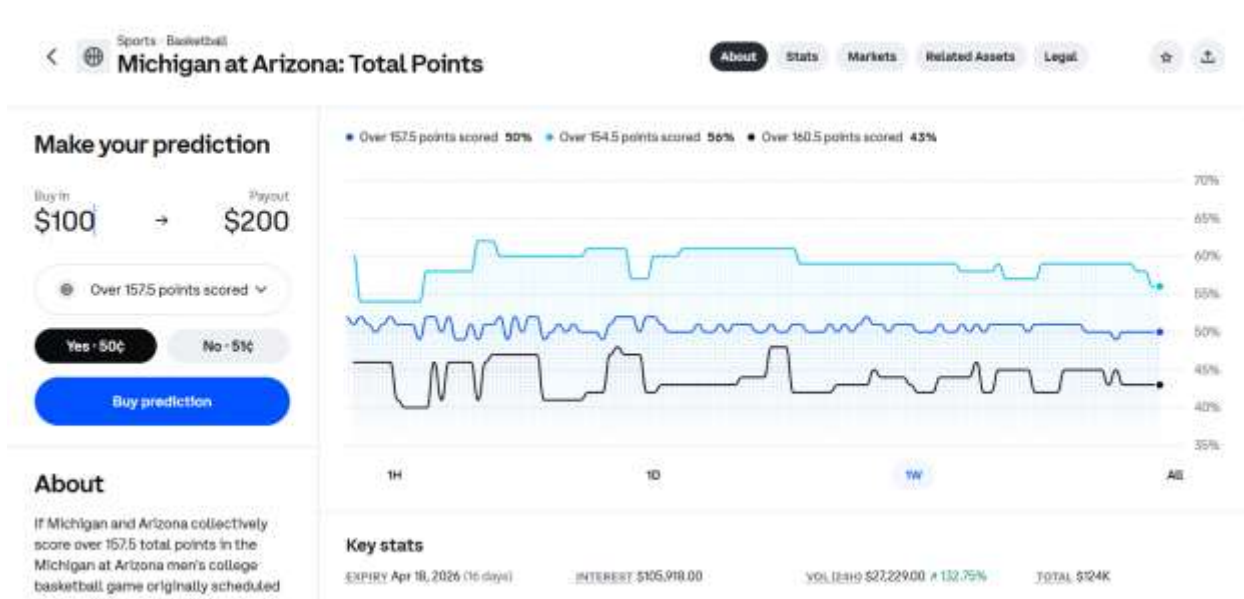


¹⁹ *Sports Prediction Markets, Coinbase, <https://www.coinbase.com/predictions/sports> (last visited Apr. 21, 2026).*

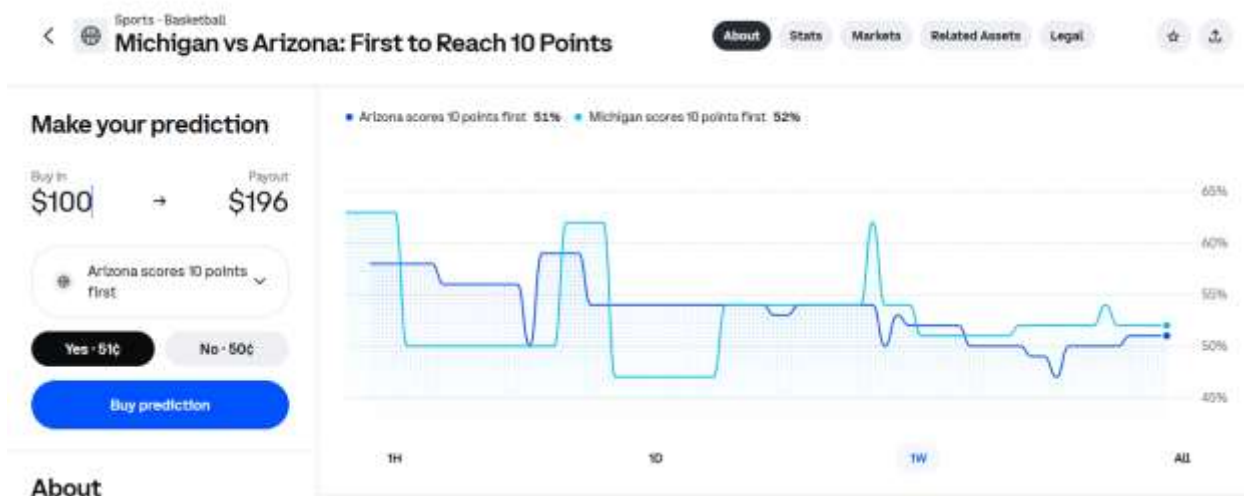
- Point spread event contracts, which ask whether a team will win (or lose) a game by a given number of points. An example, as of April 3, 2026:



- Over/under contracts, which ask whether the teams competing in game will score over or a under a specific number of points. An example, as of April 3, 2026:



- Proposition contracts, which ask whether specific things will occur within a game, like whether a team will reach a certain number of points first. An example, as of April 3, 2026:



78. Like Kalshi, Robinhood and Coinbase offer all these sports-related event contracts to customers in Wisconsin.

CLAIM FOR RELIEF

**COUNT ONE: DEFENDANTS ARE ENGAGING IN AN ABATABLE
PUBLIC NUISANCE BY FACILITATING SPORTS BETTING IN
VIOLATION OF WIS. STAT. § 945.03(1m)**

79. The State incorporates by reference paragraphs 1–78 above as if fully stated herein.

80. Pursuant to Wis. Stat. § 823.02, “[a]n action to enjoin a public nuisance may be commenced and prosecuted in the name of the state . . . by the attorney general.”

81. “[R]epeated violation[s] of . . . criminal statute[s] constitute [] per se a public nuisance,” *State v. H. Samuels Co.*, 60 Wis. 2d 631, 636, 211 N.W.2d 417 (1973), particularly when they involve gambling activity. *See State ex rel. Cowie*, 232 Wis. 153; *State ex rel. Blumer*, 236 Wis. 129; *Dallmann*, 229 Wis. 169; *State ex rel. Multerer*, 234 Wis. 50.

82. Wisconsin Stat. § 945.03(1m) provides that “[w]hoever intentionally does any of the following is engaged in commercial gambling and, except as provided in sub. (2m), is guilty of a Class I felony”:

(b) For gain, receives, records or forwards a bet or offer to bet . . . ;

...

(c) For gain, becomes a custodian of anything of value bet or offered to be bet;

...

(g) For gain, uses a wire communication facility for the transmission or receipt of information assisting in the placing of a bet or offer to bet on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of a bet or offer to bet.

83. Each sports-related event contract traded by Wisconsin residents using Kalshi, Robinhood, and Coinbase’s services represents a “bet,” as defined by Wis. Stat. § 945.01(1).

84. Ordinary wagers on sports contests qualify as “bets.” *See, e.g., Vlahos*, 50 Wis. 2d at 612.

85. Repackaging ordinary sports bets as “event contracts” does not remove them from the statutory definition of a “bet” under Wis. Stat. § 945.01(1). The parties to these contracts still agree to terms that are “dependent upon chance even though accompanied by some skill”—that is, the contracts depend on the outcome of various sports contests, the performance of players therein, and the like. Wis. Stat. § 945.01(1). And the parties to these contracts still “stand[] to win or lose something of value specified in the agreement”—that is, the party who takes the correct side of the event contract will receive money. *Id.*

86. Kalshi, Robinhood, and Coinbase each violate Wis. Stat. § 945.03(1m)(b) by “for gain, receiv[ing], record[ing] or forward[ing] a bet”: each one operates an event contract trading market in Wisconsin through which sports bets are made, and each one collects per-transaction fees on those bets.

87. Kalshi, Robinhood, and Coinbase each violate Wis. Stat. § 945.03(1m)(c) by “[f]or gain, becom[ing] a custodian of anything of value bet or offered to be bet”: each one receives the monetary consideration for sports-related event contract transactions occurring in Wisconsin and, upon either a pre-settlement sale of the contract or settlement of the contract, transmits any funds associated with the sale or settlement to the proper party, minus the company’s per-transaction fees.

88. Kalshi, Robinhood, and Coinbase each violate Wis. Stat. § 945.03(1m)(g) by “[f]or gain, us[ing] a wire communication facility for the transmission or receipt of information assisting in the placing of a bet or offer to bet on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of a bet or offer to bet.”

89. Kalshi, Robinhood, and Coinbase each operate “wire communication facilities”: their online trading services represent “instrumentalities, personnel and services” that allow for the “receipt, forwarding or delivery of communications” between parties to event contracts (at least one of whom is located in Wisconsin) through the internet, that is, “by means of wire, cable, microwave or other like connection between the points of origin and reception of such transmission.” Wis. Stat. § 945.01(6).

90. And customers in Wisconsin use Kalshi, Robinhood, and Coinbase’s “wire communication facilities” both to “transmi[t] [and] recei[ve]” sports-related event contracts, that is, “information assisting in the placing of a bet or offer to bet on any sporting event or contest,” and to “transmi[t] . . . wire communication[s] which entitle[] the recipient[s] to receive money or credit as a result of a bet or offer to bet,” again through these companies’ sports-related event contracts. Wis. Stat. § 945.03(1m)(g).

91. Kalshi, Robinhood, and Coinbase use their wire communication facilities in this way “for gain,” Wis. Stat. § 945.03(1m)(g), again by charging transaction fees on each trade.

92. Kalshi, Robinhood, and Coinbase’s criminal violations of Wis. Stat. § 945.03(1m) are repeated and ongoing and so they “constitute[] per se a public nuisance.” *H. Samuels Co.*, 60 Wis. 2d at 636.

RELIEF REQUESTED

The State of Wisconsin respectfully requests the following relief:

a. A declaration that, by making sports-related event contracts available for trading by customers located in Wisconsin, Kalshi, Robinhood, and Coinbase are violating Wis. Stat. § 945.03(1m)(b), (c), and (g) and thereby causing a public nuisance;

b. A preliminary and permanent injunction enjoining and restraining Kalshi, Robinhood, and Coinbase, as well as their officers, employees, agents,

successors, and anyone acting on their behalf, from making sports-related event contracts available for trading by customers located in Wisconsin;

c. Any other relief that the court deems just and proper.²⁰

Dated this 23rd day of April 2026.

Respectfully submitted,

JOSHUA L. KAUL
Attorney General of Wisconsin

Electronically signed by:

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²⁰ The State does not seek to void or otherwise invalidate outstanding sports-related event contracts where a customer located in Wisconsin is a party; the State seeks only the prospective relief described.