

C A M P A I G N F O R

ACCOUNTABILITY

Is Election Betting Worth It? Weighing Market Utility Against Social Costs

Key Takeaways:

- Critics and proponents of political betting markets often cherry-pick anecdotal examples from past U.S. elections to debate whether prediction markets provide better information than conventional forecasting models. But experts caution that past accuracy doesn't guarantee future performance.
- A Campaign for Accountability (CfA) analysis found that day-before-election **Kalshi odds for competitive¹ 2026 primary contests were, on average, 7.3 percentage points off—overconfident in the perceived frontrunners.**
- **In tangible terms, upsets in these most competitive 2026 primary races occurred 30% more often than Kalshi predicted.**
- The markets' overconfidence in the frontrunners accumulated in the final week before elections—possibly the result of a late-forming “bandwagon” effect, with bettors piling onto the perceived favorite as election day nears.
- The analysis raises questions as to whether the limited public benefits of prediction markets outweigh their known harms, including eliciting claims of election fraud and the risks of gambling addiction.

I. SITUATION ANALYSIS

"What's happening in LA is extremely abnormal," said MAGA influencer Nick Shirley in a June 8, 2026, post on X,² part of a paid partnership with prediction market Polymarket. “How did Spencer Pratt go from a 77% chance of advancing to now a 0.5% chance?” Shirley’s post implied that the rapidly shifting prediction market odds in the Los Angeles mayoral primary were somehow evidence of election fraud in California. He was far from the only paid Kalshi or Polymarket influencer to make a similar comment about the Los Angeles mayoral primary.³

¹ “Competitive” defined as races with frontrunners that had odds between 50% and 90% on Kalshi the day before the election.

² Nick Shirley (@nickshirleyy), X, June 8, 2026, available at <https://x.com/nickshirleyy/status/2064124676792824146>.

³ Kate Knibbs, *Polymarket and Kalshi Say Influencer Partners Can't Deny Election Results, Actually*, *Wired*, June 8, 2026, available at <https://www.wired.com/story/kalshi-polymarket-influencer-election-denial-spencer-pratt/>.

This idea, that misaligned betting market odds should raise suspicion, has become a widely held, though incorrect, assumption. In a recent poll, 38% of likely midterm voters said that “if an official election result differed from prediction market odds, it would reduce their confidence in the outcome.”⁴ The same poll revealed significant confusion about what prediction market odds actually represent, with nearly 40% of respondents expressing an incorrect belief that the numbers reflect “votes currently counted, or official projections issued by state and local election officials.”

When understood properly, there is nothing suspicious about a candidate’s odds on a prediction market dropping from 77% to 0.5% as ballots are counted. In fact, when a market prices a candidate like Pratt at 77%, it is saying that if the election were held 100 times, that candidate would be *expected* to fall short in 23 of those contests. Pratt’s third-place finish was simply one such outcome.

What remains unexplained, however, is why the markets priced Pratt that highly in the first place. The last major poll released before the June 2 primary showed LA Councilwoman Nithya Raman with a 3-point lead over Pratt, edging him out 25% to 22% to claim the second spot in the November runoff.⁵ When all the votes were counted, Raman beat Pratt by 3.5 points⁶—only 0.5 points off from that final poll. Here, the final poll clearly beat the prediction markets.

The Wisconsin Democratic gubernatorial primary raised similar questions about prediction markets’ trustworthiness. Kalshi gave Francesca Hong over 95% odds to win, but she narrowly lost to Milwaukee County Executive David Crowley.⁷ Unlike the Pratt upset, Kalshi’s extreme confidence in Hong’s victory was unquestionably aligned with the polls, which consistently showed her with sizeable leads. Even so, the fact that prediction markets appeared to double down on the polling miss—rather than correct it, as proponents claim they can⁸—led some

⁴ Partnership for Large Election Jurisdictions, Likely Voters Express Broad Concern About Online Election Prediction Markets, New National Poll Commissioned by the Partnership for Large Election Jurisdictions (PLEJ) Poll Finds, *PR Newswire*, July 29, 2026, available at <https://www.morningstar.com/news/pr-newswire/20260729dc14997/likely-voters-express-broad-concern-about-online-election-prediction-markets-new-national-poll-commissioned-by-the-partnership-for-large-election-jurisdictions-plej-poll-finds>.

⁵ Noah Goldberg, Poll shows Bass, Raman and Pratt locked in tight race ahead of Tuesday’s mayoral primary, *Los Angeles Times*, May 28, 2026, available at <https://www.latimes.com/california/story/2026-05-28/poll-shows-bass-raman-pratt-in-tight-race-for-mayor>.

⁶ Dean Fiorese, Matthew Rodriguez, and Chelsea Hylton, Nithya Raman Defeats Spencer Pratt to Face Karen Bass in LA Mayoral Election, CBS News Projects, *CBS News Los Angeles*, June 8, 2026, available at <https://www.cbsnews.com/losangeles/news/los-angeles-mayor-election-bass-raman-pratt-2026/>.

⁷ Kalshi, Wisconsin Democratic Governor Nominee?, available at <https://kalshi.com/markets/kxgovwinomd/gov-wi-nom-d/kxgovwinomd-26>.

⁸ Tarek Mansour (@mansourtarek_), X, Sept. 30, 2026, available at https://x.com/mansourtarek_/status/2105371908279607397.

mainstream outlets to declare that the markets had a “bad night,”⁹ were “trounced,”¹⁰ and had their reputation brought “back to Earth.”¹¹

Proponents of prediction markets may reasonably reject any single anecdote as evidence of the markets’ shortcomings. Just like the Spencer Pratt example, even candidates with 95% odds on prediction markets are still expected to lose occasionally. Yet, two years ago, many supporters used similarly anecdotal outcomes to argue *in favor* of trusting prediction markets.

In the closing days of the 2024 U.S. presidential election, prediction markets consistently put Donald Trump ahead of Kamala Harris as the slim favorite to win, despite polling averages giving Harris a slight edge. When Trump won, *Business Insider* ran the headline, “Betting markets nailed Trump’s decisive win — and it’s a good reminder they can be more accurate than polls.”¹² *The Wall Street Journal* reported the markets scored a “resounding victory,” and declared that the “2024 election may go down in history as the last election when we paid more attention to self-anointed election experts than to prediction markets.”¹³

To move beyond anecdotes, CfA analyzed data on all scorable Kalshi markets for “competitive” 2026 U.S. primary races—defined as races whose frontrunner had Kalshi odds between 50% and 90% on the day before the election—to see how well-calibrated these markets were to the eventual outcomes. On average, day-before Kalshi odds were 7.3 points overconfident in this group of “competitive” frontrunners. The analysis found that almost all this overconfidence accrued in the final week of the contests.

CfA compared these findings with an August 2026 Kalshi research paper, and a June 2026 analysis by *The Washington Post* that showed a specific subgroup of primary contests with seemingly perfect calibration—a data point that Kalshi now highlights as independent proof of its markets’ accuracy.

Finally, this report discusses the novelty and actionability of election market data compared with what conventional forecasters already provide, and weighs any marginal information gains

⁹ Garrett Downs and Davis Giangulio, Wisconsin, Michigan Primaries Expose Limits of Polls and Prediction Markets, *CNBC*, Aug. 13, 2026, available at <https://www.cnn.com/2026/08/13/midterm-democrats-polling-primary-wisconsin-michigan-minnesota.html>.

¹⁰ Josh Marshall, ‘Prediction’ Markets Get Trounced in Hong’s Defeat, *Talking Points Memo*, Aug. 12, 2026, available at <https://talkingpointsmemo.com/edblog/prediction-markets-get-trounced-in-hongs-defeat>.

¹¹ Camila Grigera Naón, Prediction Markets’ Reputation Comes Back to Earth After Surprise Result in Wisconsin, *Fortune*, Aug. 13, 2026, available at <https://finance.yahoo.com/markets/crypto/articles/prediction-markets-reputation-comes-back-025849940.html>.

¹² Kelly Kloonan, Betting Markets Nailed Trump’s Decisive Win—and It’s a Good Reminder They Can Be More Accurate Than Polls, *Business Insider*, Nov. 9, 2024, available at <https://www.businessinsider.com/betting-markets-polls-trump-election-win-polymarket-kalshi-2024-11>.

¹³ Niall Ferguson and Manny Rincon-Cruz, How the Trump Whale and Prediction Markets Beat the Pollsters in 2024, *The Wall Street Journal*, Nov. 15, 2024, available at <https://www.wsj.com/politics/elections/how-the-trump-whale-and-prediction-markets-beat-the-pollsters-in-2024-dd11ec4e>.

from prediction markets against their known harms, including concerns about election integrity and gambling addiction.

II. BACKGROUND

Kalshi did not earn the right to provide nearly every American aged 18 and up with access to online betting by making its case to voters or legislators. Instead, it argued in court that its product wasn't gambling at all—saying it is a financial product, and even a public good.

In a 2023 complaint challenging a decision by the Commodity Futures Trading Commission (CFTC) that, at the time, put a stop to Kalshi's election markets in the U.S., the company argued that "political event contracts serve the interests of the public by harnessing the unparalleled power of free markets to produce high-quality, dynamic predictive data."¹⁴ Kalshi insisted that, unlike its product, gambling (euphemistically, "gaming") involves betting on a "game," and that "buying one of [its election] contracts is nothing like betting on a game of chance or even the Super Bowl."¹⁵ Trading one of its election contracts is akin to buying or selling a commodity, it argued.

In September 2024, Judge Jia Cobb of the U.S. District Court for the District of Columbia ruled in Kalshi's favor.¹⁶ A temporary stay put the ruling on hold while an appeals court considered an emergency motion from the CFTC, but the stay was lifted on October 2, clearing the way for Kalshi to legally offer contracts on the upcoming November 2024 elections.¹⁷ In the month that followed, Kalshi bettors traded \$132 million on the Trump vs. Harris presidential contest alone.¹⁸

A week before Donald Trump's 2025 inauguration, Kalshi named his son, Donald Trump Jr., as a "strategic advisor."¹⁹ On the day he took office, President Trump named Republican CFTC Commissioner Caroline Pham—who had opposed the agency's 2023 decision to intervene in Kalshi's original election markets²⁰—as acting chair of the agency.²¹ Three days later, Kalshi

¹⁴ *KalshiEX LLC v. Commodity Futures Trading Commission*, Case No. 23-cv-3257, *Complaint* (D.D.C. Nov. 1, 2023), available at https://business.cch.com/srd/20231101_KalshiEx-v-CFTC_complaint.pdf.

¹⁵ *Id.*

¹⁶ *KalshiEX LLC v. CFTC: Federal Court Lifts Stay on Election Betting Pending Appeal*, *Practical Law*, Oct. 2, 2024, available at <https://uk.practicallaw.thomsonreuters.com/w-044-5999>.

¹⁷ *Id.*

¹⁸ Weston Blasi, *Here's How Much Was Wagered on the 2024 Presidential Election on These Betting Markets*, *MarketWatch*, Nov. 7, 2024, available at <https://www.marketwatch.com/story/heres-how-much-was-wagered-on-the-2024-presidential-election-on-these-betting-markets-e80dad32>.

¹⁹ Tarek Mansour, *Kalshi Names Donald Trump Jr. as Strategic Advisor*, *Kalshi News*, Jan. 13, 2025, available at <https://news.kalshi.com/p/donald-trump-jr-strategic-advisor>.

²⁰ Commodity Futures Trading Commission, *Dissenting Statement of Commissioner Caroline D. Pham on Political Event Contracts*, June 23, 2023, available at <https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement062323>.

²¹ Reuters Staff, *Trump Picks Caroline Pham to Serve as Acting CFTC Chair*, *Bloomberg News Reports*, *Reuters*, Jan. 20, 2025, available at <https://www.reuters.com/world/us/trump-picks-caroline-pham-serve-acting-cftc-chair-bloomberg-news-reports-2025-01-20/>.

surprised many by listing its first sports contracts, including a market on who would win the upcoming Super Bowl.²²

This was a clear departure from Kalshi's stance in its 2023 complaint: that sports markets would be equivalent to "gaming," and that they were distinct from what the company was seeking to offer. The company faced no consequences for its remarkable about-face. Less than two weeks later, Acting CFTC Chair Pham announced a roundtable on prediction markets, including "sports-related event contracts," saying "[t]he CFTC must break with its past hostility to innovation and take a forward-looking approach to the possibilities of the future."²³

Over the course of 2025, sports contracts became Kalshi's most popular category, representing 87% of its trading volume in the 12 months ending February 2026.²⁴ This has sparked contentious clashes with states, which increasingly see the company as an unwelcome entrant flouting gambling laws.²⁵ It has even led some established proponents of prediction markets' truth-telling potential to wince at what the platforms have become. Blogger and longtime prediction market optimist Scott Alexander lamented that this shift toward "mostly degenerate gambling" was not what he hoped to see when prediction markets eventually caught on.²⁶

Dan Schwarz, who "built Google's internal prediction market,"²⁷ shared Alexander's sentiment about the current state of the markets. In his piece, "Are prediction markets good for anything?" Schwarz elucidated several types of "useful" information that prediction markets might provide, including risk monitoring, interpreting news, and predicting policy outcomes.²⁸ He defined election markets as falling into the last of these categories, but noted that he didn't find these markets particularly useful, partly because "non-crowd-forecasts give good odds already."

This raises an important point for policymakers weighing the pros and cons of election betting markets. While people can debate both the accuracy and utility of prediction markets' probabilities for questions like "How high will unemployment get before 2030," it is hard to deny that the markets sometimes provide an aggregate forecast that isn't available elsewhere.

²² Alexander Osipovich, Prediction Market Kalshi Launches Sports Betting, *The Wall Street Journal*, Jan. 23, 2025, available at <https://www.wsj.com/livecoverage/stock-market-today-dow-sp500-nasdaq-live-01-23-2025/card/prediction-market-kalshi-launches-sports-betting-EMq0xRAi1BL20HWrFKIm>.

²³ Commodity Futures Trading Commission, CFTC Announces Prediction Markets Roundtable, Release No. 9046-25, Feb. 5, 2025, available at <https://www.cftc.gov/PressRoom/PressReleases/9046-25>.

²⁴ Congressional Research Service, Prediction Markets: Policy Issues for Congress, IF13187, Mar. 20, 2026, available at <https://www.congress.gov/crs-product/IF13187>.

²⁵ David Yaffe-Bellany and Sharon LaFraniere, Clash Between Prediction Markets and States Sets Off a Furious Political Battle, *The New York Times*, Aug. 27, 2026, available at <https://www.nytimes.com/2026/08/27/technology/prediction-markets-states-kalshi-polymarket-lawsuits.html>.

²⁶ Scott Alexander, Mantic Monday: The Monkey's Paw Curls, *Astral Codex Ten*, Jan. 13, 2026, available at <https://www.astralcodexten.com/p/mantic-monday-the-monkeys-paw-curls>.

²⁷ Dan Schwarz (@dschwarz26), X, available at <https://x.com/dschwarz26>.

²⁸ Dan Schwarz, Are Prediction Markets Good for Anything?, *Asterisk Magazine*, Apr. 29, 2026, available at <https://asteriskmag.substack.com/p/are-prediction-markets-good-for-anything>.

But for markets focused on election outcomes, Kalshi and Polymarket often aren't providing a novel service—they simply claim to be better than traditional forecasts based around polls.

Often, this claim of superior accuracy goes unchallenged. In its exclusive reporting on a recent Kalshi research paper on its markets' accuracy, *Semafor* offered no alternative perspectives on market calibration, instead sticking to the company's numbers and claims.²⁹ Similarly, a recent *CNN* piece on "the first prediction-market election" included a quote from a Kalshi employee saying "Election prediction markets are well-calibrated."³⁰ While the piece provides perspectives from prediction market critics in certain areas, it doesn't question whether its accuracy claims hold up.

CNN³¹ is one of several news outlets—including Fox,³² CNBC,³³ and CBS News³⁴—that have struck deals with Kalshi to promote and cite its odds. Contrary to prediction market proponents' argument that the information generated by the platforms is itself valuable, Kalshi is paying CNN and CNBC to use its data, not the other way around. CNBC also acknowledged to reporter Danny Funt that its deal with Kalshi has "a customer acquisition component"³⁵—suggesting the media outlet has a financial incentive to turn its viewers and readers into Kalshi bettors.

For outlets without a direct financial incentive to promote prediction markets, the lack of pushback may stem from a scarcity of data. Apart from the prediction markets' own products, CfA found limited outside analysis on the accuracy of the markets' recent U.S. election forecasts. One study of prediction market performance in the 2024 U.S. elections, conducted by political scientists at Vanderbilt University, found them to be "generally well-calibrated," but also highlighted evidence of certain bias and inefficiencies.³⁶ The researchers cautioned, though, that "aggregate evidence of past accuracy and calibration neither guarantees future market performance nor implies that the price of any particular contract provides a definitive or fully efficient assessment of political reality."

²⁹ Liz Hoffman, Exclusive: Kalshi Banks on Its Predictions' Accuracy, *Semafor*, Aug. 6, 2026, available at <https://www.semafor.com/article/08/06/2026/kalshi-banks-on-its-predictions-accuracy>.

³⁰ Marshall Cohen and Patrick Svitek, The 'First Prediction-Market Election' Scrambles the Midterms, *CNN*, Sept. 24, 2026, available at <https://www.cnn.com/2026/09/24/politics/midterm-elections-prediction-markets-kalshi-polymarket>.

³¹ Kalshi, Kalshi to Become CNN's Official Prediction Market Partner, *Kalshi News*, Dec. 2, 2025, available at <https://news.kalshi.com/p/kalshi-cnn-prediction-market-partnership>.

³² Kalshi, FOX to Integrate Kalshi Forecasts Across FOX News Media and FOX One Platforms, *Kalshi News*, Apr. 7, 2026, available at <https://news.kalshi.com/p/fox-kalshi-partnership-prediction-market-data-integration>.

³³ CNBC, CNBC and Kalshi Strike Exclusive Partnership, *CNBC*, Dec. 4, 2025, available at <https://www.cnbc.com/2025/12/04/cnbc-and-kalshi-strike-exclusive-partnership.html>.

³⁴ Johnny K., CBS Adds Kalshi Data to 2026 Midterm Election Coverage, *World Casino News*, Oct. 2, 2026, available at <https://news.worldcasinodirectory.com/cbs-adds-kalshi-data-to-2026-midterm-election-coverage-124552>.

³⁵ Danny Funt, America's Betting Craze Has Spread to Its News Networks, *The New Yorker*, Dec. 12, 2025, available at <https://www.newyorker.com/news/the-lede/americas-betting-craze-has-spread-to-its-news-networks>.

³⁶ Joshua D. Clinton and TzuFeng Huang (Vanderbilt University), Prediction Markets? The Accuracy and Efficiency of Political Prediction Markets in the 2024 Presidential Election, *SocArXiv*, June 10, 2026, available at https://osf.io/preprints/socarx/d5yx2_v5.

In multiple ways, the Kalshi of 2026 is different from the platform in 2024. For one, trading volume has increased substantially. Between October 8 and 14, 2024 (the second week of trading after the company was cleared to operate in the U.S.), Kalshi users traded about \$12 million on Politics and Elections markets. In the same seven days in 2026, Politics and Elections markets saw \$72 million in volume—about 6 times more.³⁷

Often, prediction markets grow more accurate as trading volume increases.³⁸ But mass adoption of Kalshi could also mean the average betting market participant in 2026 is less politically sharp than the early adopters who rushed to the markets in 2024. Given this influx of new bettors, CfA sought to analyze how well the markets performed in the most recent set of contests—the 2026 U.S. primaries.

III. CFA’S FINDINGS

CfA gathered day-before-election Kalshi prices for 645 primary contests in all 50 states and Washington, D.C., occurring between March 3 and September 15, 2026. These included 568 races for Congress, 75 for statewide office, and mayoral contests in Los Angeles and D.C. Since some single contests advance more than one candidate, these 645 contests yielded 713 total Kalshi forecasts.

The majority of these forecasts (461 of 713) involved a frontrunner that Kalshi estimated had a 90-100% chance of winning. The top half of this group (95-100%) was very well-calibrated (1 point underconfident); the bottom half (90-95%), less so (5.1 points overconfident). But a race sitting in either price range signals a relatively settled consensus that one candidate is extremely likely to win, so exact Kalshi prices in that range reveal little new information about those contests. CfA included these contests in the table below but omitted them from the primary analysis of “competitive” races.

CfA also omitted from its analysis 14 forecasts for multi-candidate contests where the frontrunner was priced below 50%. Even with a plurality, a market pricing a frontrunner below 50% odds still means it believes the candidate is more likely to lose than not, so any result in these races stretches the definition of an “upset.”

This leaves 238 of 713 forecasts with frontrunner odds landing in the 50-90% range one day before the election. For that group, Kalshi forecasted that 76.2% of its predicted favorites would win—but only 68.9% did. This means Kalshi’s “competitive” 2026 primary markets, on average, overpriced the frontrunners by 7.3 percentage points. In tangible terms, Kalshi predicted that these 238 forecasts would see 57 upsets, but ultimately there were 74—meaning upsets in competitive races occurred 30% more often than Kalshi predicted.

³⁷ Campaign for Accountability, Kalshi Politics and Elections Daily Trading Volume, Dune Analytics, Query No. 8963850 (accessed Oct. 17, 2026), available at <https://dune.com/queries/8963850>. Figures combine Kalshi’s “Politics” and “Elections” market categories.

³⁸ Keyrock, *Prediction Market Accuracy: What Brier Scores Reveal About Forecasting Performance*, Keyrock Knowledge Hub, 2026, available at <https://keyrock.com/knowledge-hub/prediction-market-accuracy-brier-scores/>.

What the market expected, and what happened

All 713 forecasts, grouped by their price the day before each 2026 primary.

Price group	Forecasts	Average price	Share who won	Gap (points)	Upsets expected	Upsets actual
Under 50%	14	43.5%	35.7%	-7.8	7.9	9
50–60%	34	55.1%	64.7%	+9.6	15.3	12
60–70%	33	65.5%	54.5%	-11.0	11.4	15
70–80%	61	76.2%	67.2%	-9.0	14.5	20
80–90%	110	85.8%	75.5%	-10.3	15.6	27
90–95%	107	93.0%	87.9%	-5.1	7.5	13
95–100%	354	97.9%	98.9%	+1.0	7.5	4
All forecasts	713	88.8%	86.0%	-2.8	79.7	100
Competitive only (50–90%)	238	76.2%	68.9%	-7.3	56.7	74

Upsets expected is calculated based on each group's price average, and the total number of forecasts in each group. The choice to draw the line of "competitiveness" at 90 or 95 is relatively arbitrary. CfA chose 90 to have a cleaner discussion of full 10% deciles throughout the analysis. If the line were drawn at 95%, the average day-before overconfidence gap for the full "competitive" group would only shift from 7.3 to 6.6.

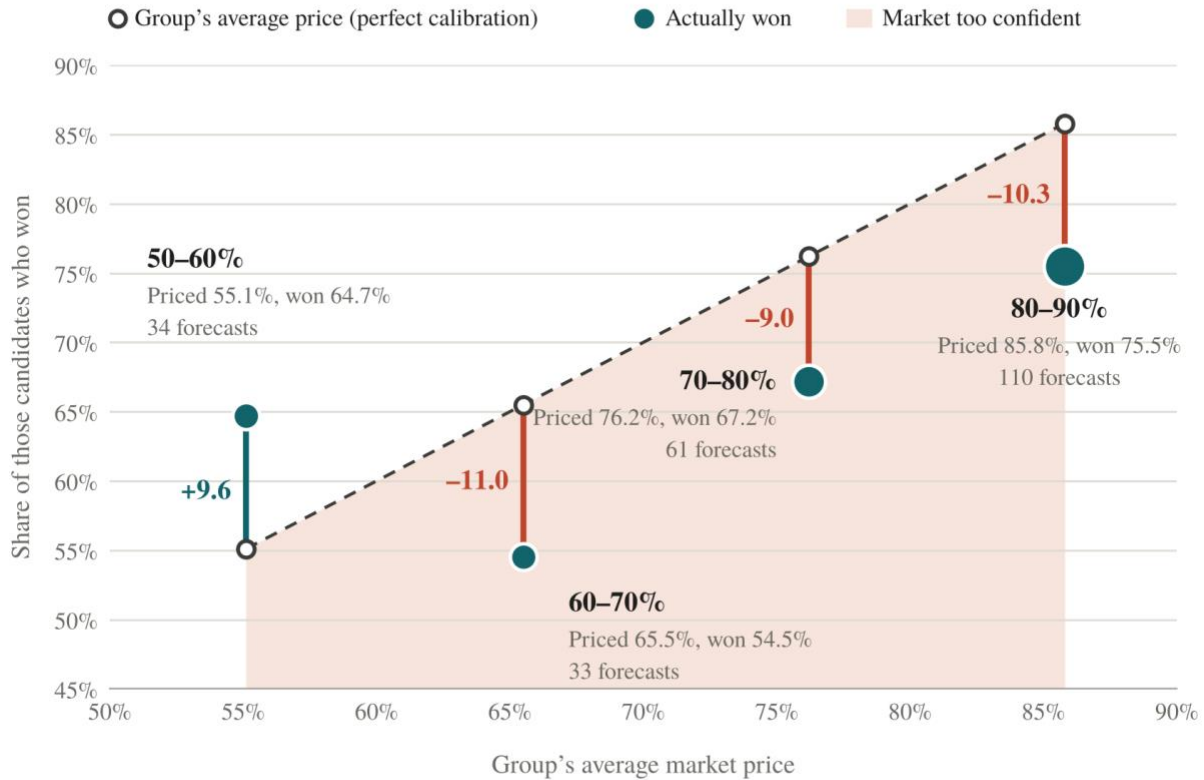
Source: Kalshi market data

Each "competitive" 10-point group (50-60%, 60-70%, 70-80%, 80-90%) was individually miscalibrated by at least 9 points, but because the 50-60% group was *underconfident* while the other three were *overconfident*, the four groups combined averaged out to 7.3 points overconfident.

The 80-90% group was more than 10 points overconfident. This was perhaps the most significant finding of any competitive group, mostly because it had the largest sample size (110 forecasts) compared to the other three (34, 33, and 61 forecasts).

Perceived frontrunners won less often than markets predicted

Average Kalshi price the day before each 2026 primary vs. how often those candidates actually won. Forecasts priced between 50% and 90%.



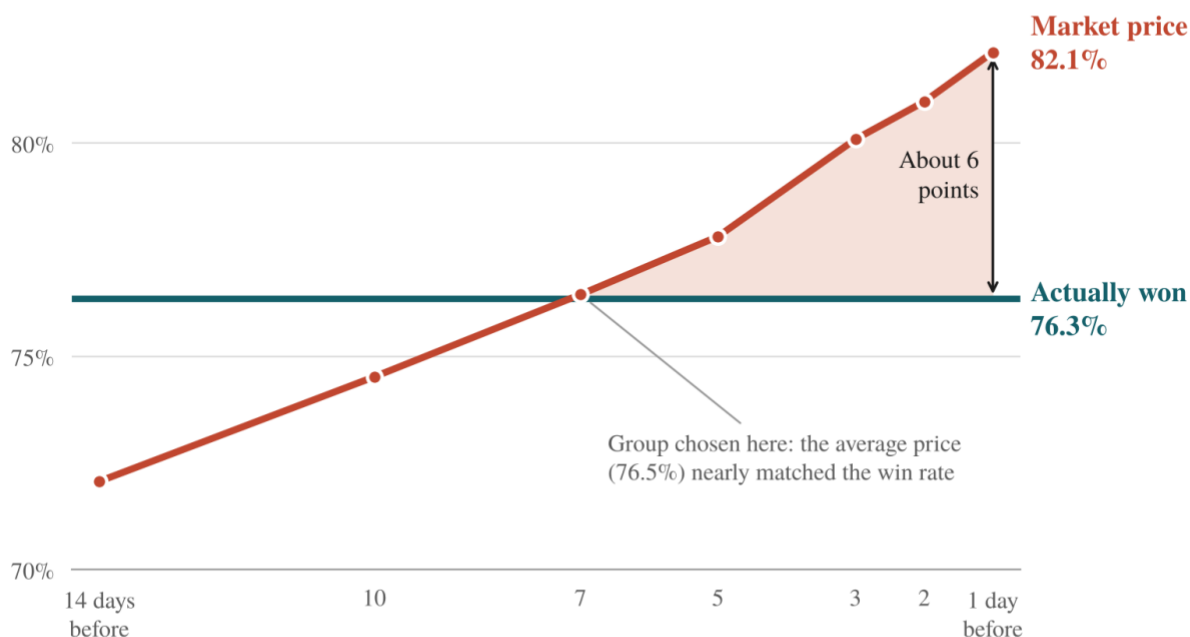
Source: Kalshi market data for the 2026 U.S. primary season. Dot size reflects the number of forecasts in each group.

To see how the competitive frontrunners' odds changed as election day approached, CfA identified 262 candidates priced between 50% and 90% one week before their election and tracked how their prices shifted in the final weeks of each contest.

Kalshi markets' confidence in these candidates rose steadily throughout the final two weeks. At the one-week-out point, the markets were nearly perfectly calibrated: their average price was 76.5%, and 76.3% went on to win. But confidence kept climbing through the final week, reaching 82.1% on election eve, about 6 points higher than the share that actually won.

In the final week, confidence in the frontrunner increased; accuracy didn't.

262 competitive favorites, selected by their odds one week before their primaries.



Candidates were selected by their price 7 days out, so the calibration comparison runs from that point forward. Earlier prices are included to show how candidates' odds moved before selection, not to compare calibration. Includes 262 of the 268 candidates priced 50–90% one week out who had a price at every point shown. Source: Kalshi market data.

One possible explanation for this rise could be a late-forming bandwagon effect, with some bettors waiting until the last minute to wager on the perceived favorite. In a 2026 study looking at “Bias and Edge in Prediction Markets,” researchers analyzing Polymarket’s “Mention Markets”—event-based markets for questions like “What will Trump say during his Fox News interview on Tuesday?”—observed that mispricing in markets spiked as they approached close, which they attributed to “intense trader interest and strong narrative beliefs flood[ing] the market.”³⁹ That spike typically coincided with a live event as it was ongoing, and the exact causes of mispricing in election markets likely differ from “Mention Markets,” but election markets may see a similar surge of belief-based trading as the market nears close.

IV. KALSHI’S FIGURES

³⁹ Avaneesh Deleep, Jenny Bai, John Lee, Dhruv Suresh, and Harsh Dhawan, How Wise is the Crowd? Bias and Edge in Prediction Markets, SSRN, Mar. 18, 2026, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6322678.

In a blog post announcing its “2026 Midterms Hub,” Kalshi stated that when “its markets favored a candidate to win, that candidate went on to win roughly 9 times out of 10, even three months out from the election.”⁴⁰ According to a chart in the post, 91.4% of Kalshi's final race calls since 2024 have been correct. Yet, compared with conventional forecasters, this correct-call rate is not necessarily impressive. It may beat some experts in certain election seasons, but in 2024, Cook Political Report correctly called 94.2% of that year’s 469 congressional contests.⁴¹

In the same Midterms Hub post, Kalshi spotlighted a June 2026 analysis by *The Washington Post*, which it argued, showed that 2026 primary “candidates priced at 70–80% odds won 75% of the time.” This would amount to near-perfect calibration. In CfA’s analysis, however, the percent of “70-80% candidates” who won was only 67.2%—about eight points lower than what the *Post* found.

Much of the eight-point difference between CfA’s and the *Post*’s win rates for 70-80% candidates seems to stem from how each analysis defined “candidates priced at 70-80% odds.” Rather than grouping candidates based on their odds going into election day, *The Post* defined that group as any candidate who *entered* the 70-80% decile at any point in the 60 days leading up to their election—even if only for a day.

While this selection method may be a legitimate way to analyze calibration, it arguably measured something other than what a layperson might call “candidates priced at 70-80% odds.” The morning after a primary, most voters and commentators looking to Kalshi to gauge the strength of an upset likely base that determination on the day-before or morning-of election odds—not on odds from a month earlier. Under the *Post*’s selection criteria, a candidate who spent the final weeks of their campaign at 95% odds could have been marked as a 70-80% candidate if they dipped below 80% at any point earlier in that window.

The *Post*’s analysis also included a calibration chart showing how well each group was calibrated. The 70-80% group on the chart showed a 69% win rate—lower than the 75% win rate cited in the text. When CfA asked the *Post* about the discrepancy between its chart and the article’s text, the *Post* said the 69% number was a weighted figure that took into account how long each candidate stayed within that 70-80% band.

⁴⁰ Kalshi, [Kalshi Launches First-Ever Midterms Hub Powered by the Wisdom of the Crowds](https://news.kalshi.com/p/kalshi-midterms-hub-launch-2026), *Kalshi News*, July 22, 2026, available at <https://news.kalshi.com/p/kalshi-midterms-hub-launch-2026>.

⁴¹ Cook correctly called 99.8% of the races it assigned at least a Lean rating—failing only to predict Republican Don Bacon’s win in Nebraska’s 2nd District, which Cook rated a “Lean D.” Cook left 4 Senate races and 22 House races as Toss-Ups. CfA’s 94% calculation values all the non-calls equivalent to misses. If Cook were pushed to assign at least Lean ratings to all 26 of those Toss-Ups, and got just 50% correct, its correct-call rate for the 2024 elections would be closer to 97%. See [2024 United States House of Representatives Election Ratings](https://en.wikipedia.org/wiki/2024_United_States_House_of_Representatives_election_ratings), *Wikipedia*, available at https://en.wikipedia.org/wiki/2024_United_States_House_of_Representatives_election_ratings; [2024 United States Senate Elections](https://en.wikipedia.org/wiki/2024_United_States_Senate_elections), *Wikipedia*, available at https://en.wikipedia.org/wiki/2024_United_States_Senate_elections.

Applying this weight likely reduced the impact of candidates who only briefly dipped into that decile, arguably painting a picture of a “70-80% candidate” closer to a layperson’s conception. Nevertheless, the *Post* spotlighted the unweighted number, which Kalshi later pointed to as independent validation that its 2026 primary markets “aren’t just directionally right, they’re statistically calibrated.”⁴²

Both CfA’s and the *Post*’s analyses involve subjective methodological choices. It is unlikely, however, that Kalshi would have referred to the *Post*’s analysis had the weighted figure—that “70-80% candidates” won only 69% of the time—been spotlighted as the topline finding.

Kalshi appears to confirm election markets stop learning in the final week before an election.

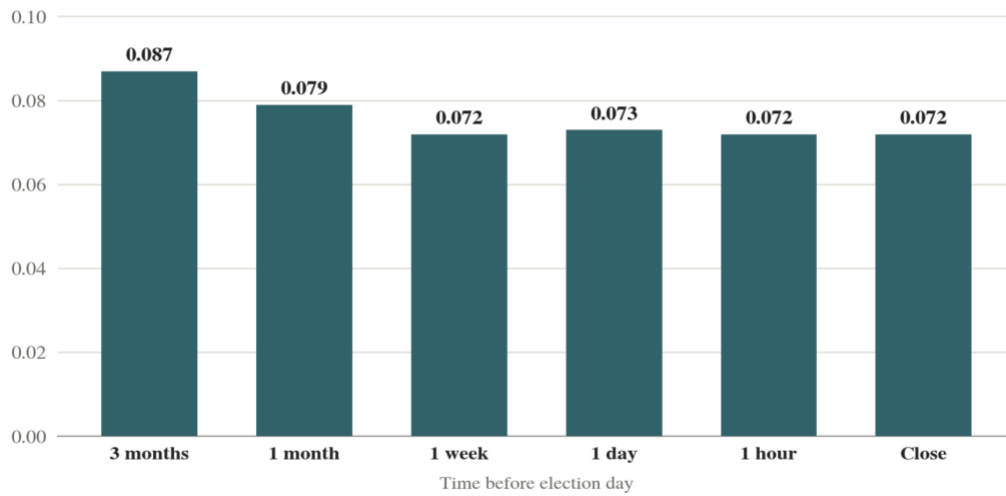
In August 2026, Kalshi published a working paper examining how well its markets are calibrated.⁴³ Analyzing more than two million historical Kalshi markets, the paper calculated Brier scores—a measure of predictive accuracy that ranges from 0 to 1, with lower values meaning better accuracy—and found that, for the sample as a whole, these accuracy scores improve “as resolution nears, from approximately 0.087 at three months to below 0.02 at close.” Yet Kalshi’s own analysis shows that election markets appear to buck this trend.

A chart in the working paper shows election market Brier scores declining (improving) from three months to one month to one week before, then worsening slightly between one week and one day out, moving from 0.072 to 0.073.

⁴² Kalshi, *supra* note 40. Available at <https://news.kalshi.com/p/kalshi-midterms-hub-launch-2026>.

⁴³ Nicole Kagan and Rubens Baiocchi, *Calibration in Prediction Markets: Theory and Evidence*, Kalshi Research, Aug. 2026, available at <https://kalshi.com/research/kalshi-research-calibration.pdf>.

Kalshi election markets: Brier scores by time before election day

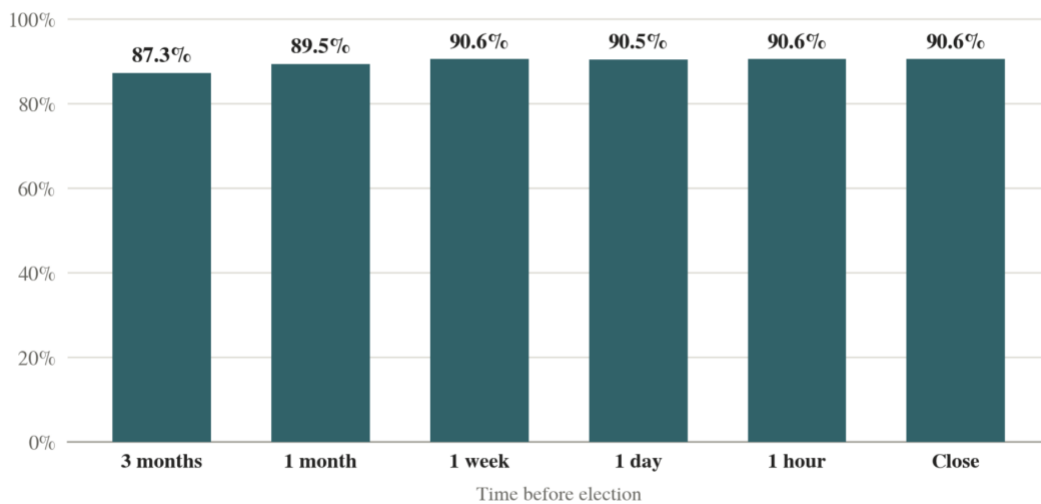


Source: Kagan and Baiocchi, "Calibration in Prediction Markets: Theory and Evidence," Kalshi, August 2026, Figure 10.

Another chart on accuracy showed something similar, with Kalshi's election markets achieving a 90.6% correct-call rate one week out, before dipping slightly to 90.5% when measured the day before.

Kalshi election markets: accuracy by time before election

Share of election markets where Kalshi's favored candidate won.



Source: Kagan and Baiocchi, "Calibration in Prediction Markets: Theory and Evidence," Kalshi, August 2026, Figure 21.

These minute changes in the final week may be too small to be statistically significant, but Kalshi's analysis appears to confirm CfA's finding that, at a minimum, election market accuracy *does not improve* in the final week before polls close.

V. MARKETS VS. "EXPERTS"

Proponents of prediction markets argue that requiring traders to put money on the line to affect the odds makes these markets more accurate. According to Kalshi, predictions are better when people "have skin in the game."⁴⁴ The idea that financial incentives encourage honesty when opining on politics is generally true. One study found that when Democrats and Republicans were asked factual questions about "partisan" issues, partisan gaps shrank by more than half when participants were paid a small sum of money for correct answers.⁴⁵

Yet professional pollsters and election forecasters—against whom the prediction markets are trying to distinguish themselves—surely have "skin in the game," too. After all, the trajectory of their entire careers can hinge on their performance in a single election.

Nate Silver is perhaps the best-known election forecaster, having risen to national prominence in 2008 after his *FiveThirtyEight* model correctly predicted the presidential vote winner in 49 of 50 states, and in all 35 Senate outcomes.⁴⁶ Sixteen years later, after the 2024 election, the illustration for *The Wall Street Journal's* piece declaring victory for prediction markets featured a cartoon whale seemingly on the verge of swallowing Silver whole.⁴⁷ The article failed to note, however, that the final odds for a Donald Trump victory in 2016 from Silver's *FiveThirtyEight* were 29%,⁴⁸ higher than the odds from the leading U.S. prediction market at the time, PredictIt, which had Trump's odds at 22%.⁴⁹

While Silver is no ideological opponent to prediction markets—having consulted for Polymarket since 2024⁵⁰—he has voiced a "strong objection to using prediction markets as inputs in

⁴⁴ Kalshi, *Skin in the Game*, *Kalshi News*, Nov. 26, 2023, available at <https://news.kalshi.com/p/have-skin-in-the-game>.

⁴⁵ John G. Bullock, Alan S. Gerber, Seth J. Hill, and Gregory A. Huber, *Partisan Bias in Factual Beliefs about Politics*, *Quarterly Journal of Political Science*, Vol. 10, 2015, available at <https://johnbullock.org/papers/partisanBiasInFactualBeliefs.pdf>.

⁴⁶ Amy Phillips, *Nate Silver – Renowned Statistician, Author and Founder of FiveThirtyEight – Joins ESPN in Multi-Faceted Role*, *ESPN Press Room*, July 22, 2013, available at <https://espnpressroom.com/feature/nate-silver-renowned-statistician-author-and-founder-of-fivethirtyeight-joins-espn-in-multi-faceted-role/>.

⁴⁷ Ferguson and Rincon-Cruz, *The Wall Street Journal*, *supra* note 13. Available at <https://www.wsj.com/politics/elections/how-the-trump-whale-and-prediction-markets-beat-the-pollsters-in-2024-dd11ec4e>.

⁴⁸ Will Leitch, *Reliving Election Night 2016, Through FiveThirtyEight's Live Blog*, *GEN*, Oct. 28, 2020, available at <https://gen.medium.com/reliving-election-night-2016-through-fivethirtyeight-live-blog-3eecde48d80b>.

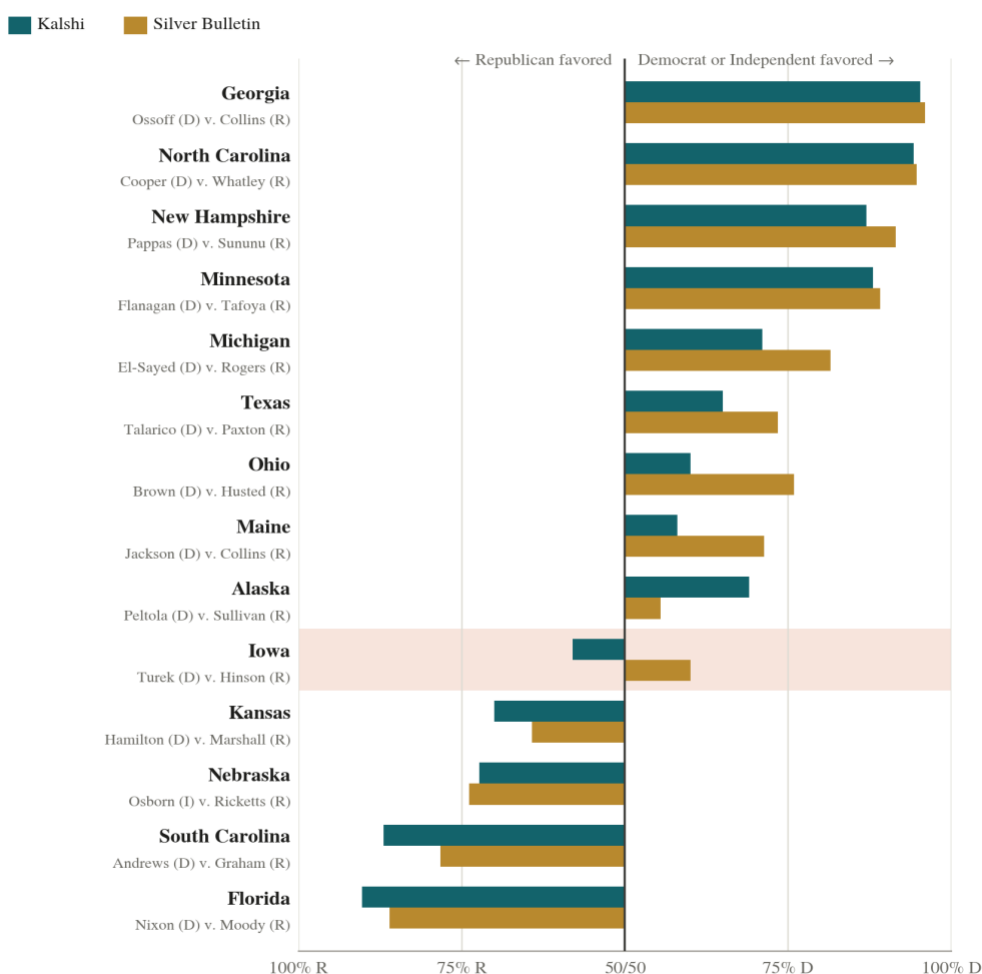
⁴⁹ PredictIt, *Who Will Win the 2016 U.S. Presidential Election?*, available at <https://www.predictit.org/markets/detail/1234/Who-will-win-the-2016-US-presidential-election>.

⁵⁰ Sara Fischer, *Exclusive: Nate Silver Joins Prediction Market Startup as More People Bet on News*, *Axios*, July 16, 2024, available at <https://www.axios.com/2024/07/16/nate-silver-polymarket>.

forecasting models.”⁵¹ One reason, he says, is that some paid subscribers to his *Silver Bulletin* Substack and forecasting model “are interested in [his] forecasts in part because they’re interested in betting on them.”⁵² Incorporating these betting platforms into his model would create “weird feedback loops: our forecast of the Georgia Senate race influences Polymarket, which in turn influences the Silver Bulletin model, and so forth.”

CfA did not analyze whether updates to Silver’s model directly spur movement in Kalshi’s markets, but their projections mostly appear aligned. CfA compared Kalshi and Silver Bulletin odds for 14 of the top-watched Senate races in the upcoming general election and found that on October 1, 2026, both predicted the same winner in 13 of 14 contests—deviating only on who will win in Iowa.

Kalshi and Silver Bulletin are aligned on 13 of 14 top Senate races



Sources: Kalshi odds; Silver Bulletin Senate forecast. Fetched 10/1/26.

⁵¹ Nate Silver, *Prediction Markets Aren’t Magic*, *Silver Bulletin*, Aug. 13, 2026, available at <https://www.natesilver.net/p/prediction-markets-arent-magic>.

⁵² *Id.*

The picture looked similar for House predictions. On October 1, Kalshi predicted Democrats would win an average of 234.4 seats in the House,⁵³ while *Silver Bulletin* predicted 238.⁵⁴

The difference between these forecasts is hardly actionable. As Google prediction market creator Dan Schwarz points out in his piece on prediction market utility, "it's hard to see who would do something differently based on whether the Democrats have, say, a 45% chance of winning the U.S. Senate in 2026 vs a 41% chance."⁵⁵

After the 2026 midterms, it will be easy to conduct a head-to-head analysis to see whether Kalshi's odds were better calibrated than *Silver Bulletin's* for this cycle. But because their current projections are so similar, any calibration victory will likely be slim—and that minimal gain in probabilistic forecasting must be weighed against the social cost of achieving it.

VI. PUBLIC HEALTH IMPACTS

Despite the legal loophole that currently allows prediction markets to claim they are not gambling, addiction experts are clear that use of the platforms—just like any other online gambling app—can lead to gambling addiction.⁵⁶ Concerningly, the rapid ascendance of prediction markets comes as the United States is already facing a growing gambling addiction crisis.

According to a 2026 study, gambling disorder diagnoses in the U.S. increased more than 60% in states that legalized sports betting.⁵⁷ For adults aged 18-29, the rate more than doubled.⁵⁸ And exposure to gambling only seems to be increasing. The study's latest diagnosis data was from March 2026, when monthly Kalshi volume was at \$13 billion.⁵⁹ By September 2026, just six months later, monthly Kalshi volume more than quadrupled to over \$59 billion.⁶⁰

⁵³ Kalshi, How Many House Seats Will Democrats Hold After the Midterms?, available at <https://kalshi.com/markets/kxdhouseseats/democratic-house-seats/kxdhouseseats-27>.

⁵⁴ Nate Silver and Eli McKown-Dawson, FLIPR 2026 Midterm Election Forecast, *Silver Bulletin*, available at <https://www.natesilver.net/p/nate-silver-2026-midterm-election-polls-model>.

⁵⁵ Schwarz, *Asterisk Magazine*, *supra* note 28. Available at <https://asteriskmag.substack.com/p/are-prediction-markets-good-for-anything>.

⁵⁶ Jay Cohen and Cora Lewis, Prediction Markets Claim They're Unlike Sportsbooks. For Gambling Addicts and Clinicians, It's All the Same, *Associated Press*, via Fast Company, Apr. 30, 2026, available at <https://www.fastcompany.com/91534763/prediction-markets-claim-theyre-unlike-sportsbooks-gambling-addicts-clinicians-all-same>.

⁵⁷ Kersten Bartelt, Caleb Cox, Joe Deckert, Brad Fox, and Sam Sahakian, Gambling Disorder Diagnoses Have Risen More Than 60% in States That Legalized Sports Betting, *Epic Research*, June 26, 2026, available at <https://www.epicresearch.org/articles/gambling-disorder-diagnoses-have-risen-more-than-60-in-states-that-legalized-sports-betting/>.

⁵⁸ *Id.*

⁵⁹ The Block, Polymarket, Polymarket US and Kalshi Volume (Monthly), available at <https://www.theblock.co/data/decentralized-finance/prediction-markets/polymarket-and-kalshi-volume-monthly>.

⁶⁰ *Id.*

The proliferation of prediction markets has not only expanded gambling access to states that had explicitly chosen to reject it (including major population centers like California and Texas), but it also effectively lowered the legal gambling age to 18 from 21—the minimum age to gamble with casinos or sportsbooks in most states.⁶¹ A *CNN* analysis from August 2026 estimated that, just by that point in the year, 18- to 21-year-olds in the U.S. had wagered \$5.4 billion on Kalshi.⁶²

Evidence suggests that this cohort is especially susceptible to gambling harms. According to the Responsible Gambling Council, 18- to 20-year-old gamblers "are significantly more likely to have chased their losses and bet more than they could afford in the past."⁶³ A 2013 study, citing earlier research, suggested, "rates of problem gambling were the highest amongst [18- to 21-year-olds], with 7% of college students meeting the criteria for problem gambling."⁶⁴

Although much of the discussion about gambling addiction centers on sports betting, which comprises a significant majority of Kalshi trading volume, other topics like elections or pop culture can draw users to the platform. A *Fortune* piece on how "young men are paying the price" for prediction markets profiled two young men who lost thousands of dollars on Kalshi, one of whom was diagnosed with a gambling disorder.⁶⁵ The man with the disorder had placed his first Kalshi bet on the *Rotten Tomatoes* score of a superhero movie; for the other, it was the 2024 U.S. Presidential Election. Glenn Yamagata, the executive director of the Oregon Council on Problem Gambling, explained that it's easy "for people to go to prediction markets for one reason and then decide to wager on sports because it's right there."⁶⁶

Prediction markets are also investing heavily in outreach to women. The *Wall Street Journal* reported that female social media influencers discuss placing bets on matters like what Taylor Swift will say about her engagement during media appearances.⁶⁷ A piece of sponsored content published by *Time* detailed an influencer campaign to get Love Island USA fans to bet on Kalshi. Kalshi's markets on the show drew more than \$20 million in trading volume in just the first two

⁶¹ Daniel Clarke, Legal Gambling Age by State: When Can You Legally Play?, *New Game Network*, July 8, 2026, available at <https://www.newgamenetwork.com/casinos/legal-gambling-age/>.

⁶² Marshall Cohen, Young Adults Under 21 Traded \$5 Billion on Kalshi This Year, Amid Prediction Market Frenzy, *CNN*, Aug. 28, 2026, available at <https://www.cnn.com/2026/08/28/business/young-adults-trading-kalshi>.

⁶³ Responsible Gambling Council, Young Adults and Gambling, available at <https://responsiblegambling.org/for-the-public/safer-play/gambling-and-young-adults/>.

⁶⁴ Gloria Wong, Nolan Zane, Anne Saw, and Alan Ka Ki Chan, Examining Gender Differences for Gambling Engagement and Gambling Problems Among Emerging Adults, *Journal of Gambling Studies*, Vol. 29, No. 2, 2013, available at <https://pmc.ncbi.nlm.nih.gov/articles/PMC4736715/>.

⁶⁵ Carlos Garcia, Prediction Markets Have Made Betting Easier Than Ever—and Young Men Are Paying the Price, *Fortune*, Apr. 10, 2026, available at <https://fortune.com/2026/04/10/prediction-markets-gambling-addiction/>.

⁶⁶ *Id.*

⁶⁷ Hannah Erin Lang and Oyin Adedoyin, Kalshi Says It Channels the Wisdom of Crowds. It Just Needs More Women, *The Wall Street Journal*, Mar. 8, 2026, available at <https://www.wsj.com/business/media/kalshi-says-it-channels-the-wisdom-of-crowds-it-just-needs-more-women-fb11f3cd>.

weeks of its season.⁶⁸ A reporter with *The Atlantic* examined the female influencers pushing prediction markets, describing “girls that seem really excited about Polymarket and keep posting referral links to it, but aren’t disclosed as partners.”⁶⁹ She also observed the ads use “a lot of language around these platforms as a way to ‘girlboss.’”

The ads seem to be working. Kalshi told *The Atlantic* that 26% of its traders are now women, up from 13% just 10 months prior.⁷⁰ At the same time, gambling disorder diagnoses are rising for women across all age groups.⁷¹ Although the overall rate of gambling addiction among women is still lower than among men,⁷² a recent study found that “women with gambling disorder actually present a higher risk of gambling-related suicidal ideation than men.”⁷³

VII. ELECTION INTEGRITY IMPACTS

Critics have called the media’s use of prediction market odds in their election coverage an “ethically dubious move that launders speculation as serious data journalism,”⁷⁴ and said any outlet that treats the markets “as a stand-in for actual political scientists analyzing actual polls” is, at best, “misleading its audience.”⁷⁵

At times, pundits use language that may lead viewers to believe betting markets are more reliable than conventional metrics. CNN’s Harry Enten, for example, has repeatedly introduced prediction market odds as reflecting the opinions of people “putting their money where their mouth is.”⁷⁶ The most direct claims of superior accuracy, however, typically come from market executives. Kalshi CEO Tarek Mansour called prediction markets “the new source of truth, free

⁶⁸ Annie Nader, *Love Island Fans Were Already Analysts. Now They're Traders.*, TIME (Sponsored Content), June 22, 2026, available at <https://time.com/partner-content/prediction-markets/love-island-fans-were-already-analysts-now-theyre-traders/>.

⁶⁹ Nancy Walecki, *It's Not Gambling, It's 'Girl Math'*, *The Atlantic*, Apr. 1, 2026, available at <https://www.theatlantic.com/technology/2026/04/kalshi-polymarket-gambling-women/686646/>; quotes are from the article’s reporter discussing the investigation in a video, *The Atlantic*, YouTube, available at <https://www.youtube.com/shorts/Mplt4fSLFdg>.

⁷⁰ *Id.*

⁷¹ Bartelt et al., Epic Research, *supra* note 57. Available at <https://www.epicresearch.org/articles/gambling-disorder-diagnoses-have-risen-more-than-60-in-states-that-legalized-sports-betting/>.

⁷² *Id.*

⁷³ Florida Council on Compulsive Gambling, *Shining the Light on Women and Problem Gambling for Women’s History Month*, Mar. 18, 2026 (citing Virve Marionneau et al., *Gender-Specific Risk Factors for Gambling-Related Suicidal Ideation: Evidence from a Help-Seeking Population*, *Addictive Behaviors*, Jan. 2026), available at <https://gamblinghelp.org/shining-the-light-on-women-and-problem-gambling-for-womens-history-month/>.

⁷⁴ Jon Passantino, *Legacy Media’s Risky Bet*, *Status*, Jan. 24, 2026, available at <https://www.status.news/p/polymarket-kalshi-prediction-cnn-cnbc-media>.

⁷⁵ Alex Kirshner, *CNN Is Using an Election Polling Tool That Anyone Can Rig*, *Slate*, Dec. 10, 2025, available at <https://slate.com/technology/2025/12/cnn-kalshi-election-polling-prediction-betting-market-harry-enten.html>.

⁷⁶ Judd Legum and Aaron Rugar, *How Kalshi Infects the News*, *Popular Information*, July 6, 2026, available at <https://popular.info/p/how-kalshi-infects-the-news>.

from bias.”⁷⁷ Polymarket CEO Shayne Coplan went even further, calling his platform “the most accurate thing we have as mankind right now.”⁷⁸

Despite working as a consultant for Polymarket, Nate Silver has criticized prediction markets’ public communications as “braggy.”⁷⁹ He says that while his own team at *Silver Bulletin* strives “to communicate and sometimes emphasize the uncertainty” in their numbers, he doesn’t “really see the prediction markets doing that work.”⁸⁰

This overly confident tone may lead people to draw unjustified conclusions from prediction market odds. “People see a seventy percent chance, and they round that up to a hundred,” Votebeat managing editor Nathaniel Rakich told the *Columbia Journalism Review*,⁸¹ just a month before Nick Shirley appeared to do the same when drawing conclusions from Spencer Pratt’s 77% odds.

Engagement-seeking influencers are far from the only ones susceptible to misreading prediction market numbers. As noted above, 38% of likely midterm voters said that “if an official election result differed from prediction market odds, it would reduce their confidence in the outcome.”⁸² This public distrust affects election officials. Los Angeles County elections official Dean Logan called the surge of prediction market-fueled disinformation that followed the Los Angeles Mayoral primary “destructive,” telling CNN prediction markets should “[s]tay out of this particular field.”⁸³ Derek Bowens, the elections director in Durham County, North Carolina, agreed that prediction markets create “challenges to the confidence of our election system.”⁸⁴

Insider trading is also a concern—though Kalshi attests that it has the problem under control.⁸⁵ In August 2026, the company issued its first-ever lifetime trading ban, to former New York Congressman George Santos, who had bet on whether he would attend President Trump’s

⁷⁷ Vince Quill, *Prediction Markets Are Not Being Manipulated — Kalshi Founder*, *Cointelegraph*, Oct. 20, 2024, available at <https://cointelegraph.com/news/prediction-markets-not-manipulated-kalshi-founder>.

⁷⁸ Polymarket CEO Shayne Coplan: 60 Minutes Transcript, *CBS News*, Nov. 2025, available at <https://www.cbsnews.com/news/polymarket-ceo-shayne-coplan-online-betting-platform-60-minutes-transcript/>.

⁷⁹ Silver, *Silver Bulletin*, *supra* note 51. Available at <https://www.natesilver.net/p/prediction-markets-arent-magic>.
⁸⁰ *Id.*

⁸¹ C.J. Robinson, *A Bet Is Not a Poll*, *Columbia Journalism Review*, May 7, 2026, available at https://www.cjr.org/tow_center/a-bet-is-not-a-poll-polymarket-kalshi-journalists-wary-predict-future.php.

⁸² Partnership for Large Election Jurisdictions, *supra* note 4. Available at <https://www.morningstar.com/news/pr-newswire/20260729dc14997/likely-voters-express-broad-concern-about-online-election-prediction-markets-new-national-poll-commissioned-by-the-partnership-for-large-election-jurisdictions-plej-poll-finds>.

⁸³ Cohen and Svitek, *CNN*, *supra* note 30. Available at <https://www.cnn.com/2026/09/24/politics/midterm-elections-prediction-markets-kalshi-polymarket>.

⁸⁴ *Id.*

⁸⁵ Nathan Bomey, *Kalshi Prediction Market CEO: We Already Ban Insider Trading*, *Axios*, Jan. 7, 2026, available at <https://www.axios.com/2026/01/07/kalshi-inside-trading-tarek-mansour>.

State of the Union address.⁸⁶ Kalshi also says it blocked dozens of campaign staffers from placing bets on their bosses' races.⁸⁷ The company generally supports bills seeking to ban insider trading in election markets because such proposals align with its internal policies.⁸⁸

When states go further, however, Kalshi has pushed back. When Wisconsin announced it would enforce an election law passed in 1849 that prohibits voters from betting on an election in which they cast a ballot, the company called it "illegal" and akin to "voter suppression."⁸⁹ When Minnesota passed a first-in-the-nation ban on prediction markets altogether, Kalshi, along with Polymarket and the Trump administration, sued and won a preliminary injunction putting the law on hold.⁹⁰

Americans seem to recognize the problems associated with betting on elections. In a recent poll, 69% of Democrats and 61% of Republicans said they opposed the use of prediction markets to bet on election outcomes.⁹¹ In another poll, when respondents were asked to name the biggest downsides to prediction markets, their top four concerns were that the markets "could be rigged or manipulated," could increase gambling addiction, could cause people to lose more money than they can afford to lose, and are susceptible to insider trading.⁹²

VIII. WHO PROFITS

For a select few, the prediction market boom has been lucrative. Kalshi was valued at \$22 billion following a funding round earlier this year and is reportedly seeking a new round at a \$40 billion valuation.⁹³ Polymarket's latest fundraising reportedly values the company at \$21 billion.⁹⁴ Those valuations have made the companies' founders billionaires. Forbes estimates

⁸⁶ Bobby Allyn, *Kalshi Bans Former Congressman George Santos for Life After State of the Union Trades*, *NPR*, Aug. 31, 2026, available at <https://www.npr.org/2026/08/31/nx-s1-5950432/george-santos-kalshi-ban-prediction-markets>.

⁸⁷ Luke Garrett, *Campaign Staffers Keep Trying to Bet on Races Despite Push to Curb Insider Trading*, *NPR*, July 9, 2026, available at <https://www.npr.org/2026/07/09/nx-s1-5869569/kalshi-election-staffers-caught>.

⁸⁸ Bomey, *Axios*, *supra* note 85. Available at <https://www.axios.com/2026/01/07/kalshi-inside-trading-tarek-mansour>.

⁸⁹ Bobby Allyn, *Kalshi Attacks a Wisconsin Law Banning Election Bets as 'Voter Suppression'*, *NPR*, July 27, 2026, available at <https://www.npr.org/nx-s1-5905360>.

⁹⁰ Matt Sepic and Dana Ferguson, *Federal Judge Halts Minnesota Law Meant to Bar Prediction Markets Within State*, *MPR News*, July 27, 2026, available at <https://www.mprnews.org/story/2026/07/27/minnesota-ban-on-kalshi-polymarket-prediction-markets-put-on-hold-by-federal-judge>.

⁹¹ Chris Prentice and Jason Lange, *Most Americans Oppose Betting on Elections, Government Events, Reuters/Ipsos Poll Finds*, *Reuters*, Oct. 12, 2026, available at <https://www.reuters.com/world/most-americans-oppose-betting-elections-government-events-reutersipsos-poll-2026-10-12/>.

⁹² Declan Harty, *Poll: Americans draw a new line in the betting bonanza sweeping over Wall Street — politics*, *Politico*, June 22, 2026, available at <https://www.politico.com/news/2026/06/22/poll-betting-markets-politics-00967298>.

⁹³ Danny Park, *Kalshi Raised \$1.12 Billion via Private Equity Offering Since April, Latest SEC Filing Shows*, *The Block*, Aug. 26, 2026, available at <https://theblock.co/news/web3/2026-08-26-kalshi-latest-form-d-412749>.

⁹⁴ Grant Mitchell, *Trump Jr.'s Firm Invests \$300 Million into Polymarket*, *Covers*, Sept. 1, 2026, available at <https://www.covers.com/industry/trump-jrs-firm-invests-300-million-dollars-into-polymarket-sept-1-2026>.

that Kalshi co-founders Tarek Mansour and Luana Lopes Lara are each worth \$2.6 billion, and that Polymarket CEO Shayne Coplan is worth \$1 billion.⁹⁵ As the Trump administration backs off regulation,⁹⁶ Donald Trump Jr. has advised both Kalshi and Polymarket, and the firm where he is a partner, 1789 Capital, has reportedly invested hundreds of millions of dollars in the latter.⁹⁷

Congressional party committees and individual members, including some whose home states are fighting Kalshi in court, have taken donations from Kalshi's founders and executives.⁹⁸ Kalshi's co-founders alone gave about \$1 million to federal campaigns and committees by early July—including both parties' Senate campaign committees—and many candidates they supported are involved in regulating prediction markets in Congress.⁹⁹ In all, Kalshi, Polymarket, and their founders have given at least \$5 million to Republican and Democratic political groups this election cycle.¹⁰⁰

Washington insiders are also cashing in. Kalshi has dozens of federal lobbyists and at least one registered lobbyist in 41 states—nearly all hired since April.¹⁰¹ Its top lobbying firm, Miller Strategies—headed by Jeff Miller, the finance chair of President Trump's second inaugural committee—was paid \$240,000 in the first half of 2026. Kalshi paid another \$120,000 to Lincoln Policy Group, founded by former Sen. Blanche Lincoln (D-Ark.).¹⁰² Polymarket's lobbyists include David Urban, who advised all three of Trump's presidential campaigns.¹⁰³ Meanwhile, the Coalition for Prediction Markets, a trade group launched by Kalshi and several crypto firms,

⁹⁵ Forbes, Tarek Mansour, available at <https://www.forbes.com/profile/tarek-mansour/>; Forbes, Luana Lopes Lara, available at <https://www.forbes.com/profile/luana-lopes-lara/>; Forbes, Shayne Coplan, available at <https://www.forbes.com/profile/shayne-coplan/> (last visited Oct. 23, 2026).

⁹⁶ Commodity Futures Trading Commission, *supra* note 23; Sepic and Ferguson, *MPR News*, *supra* note 90.

⁹⁷ Mitchell, *Covers*, *supra* note 94. Available at <https://www.covers.com/industry/trump-jrs-firm-invests-300-million-dollars-into-polymarket-sept-1-2026>; Mansour, *Kalshi News*, *supra* note 19.

⁹⁸ Jill R. Dorson, *These States Are in Court With CFTC, Kalshi, or Both, but Their Elected Officials Took Money From Kalshi*, *CDC Gaming*, May 27, 2026, available at <https://cdcgaming.com/brief/these-states-are-in-court-with-cftc-kalshi-or-both-but-their-elected-officials-took-money-from-kalshi/>.

⁹⁹ Samuel Larreal, *Kalshi Co-founders Are Hedging Their Bets on 2026 Midterms*, *The Washington Sun*, July 7, 2026, available at <https://www.washingtonsun.com/2026-election/kalshi-donations-midterms>.

¹⁰⁰ Douglas Gillison, *Polymarket, Kalshi Expand Political Donations as Firms Face State, Federal Scrutiny*, *Reuters*, Oct. 22, 2026, available at <https://www.reuters.com/business/finance/polymarket-kalshi-expand-political-donations-firms-face-state-federal-scrutiny-2026-10-22/>.

¹⁰¹ Mark Alfred, *Kalshi's Clout in Washington Grows as New Regulatory Efforts Languish*, *The Washington Sun*, Sept. 3, 2026, available at <https://www.washingtonsun.com/money/kalshi-prediction-market-congress-legislation>; Claire Cleary, *Kalshi Leads Prediction Markets' \$3 Million Effort to Fight Off State Regulations*, *Arkansas Advocate* (republished from OpenSecrets), Oct. 5, 2026, available at <https://arkansasadvocate.com/2026/10/05/kalshi-leads-prediction-markets-3-million-effort-to-fight-off-state-regulations/>.

¹⁰² Cleary, *Arkansas Advocate*, *supra* note 101. Available at <https://arkansasadvocate.com/2026/10/05/kalshi-leads-prediction-markets-3-million-effort-to-fight-off-state-regulations/>.

¹⁰³ Declan Harty, *Polymarket taps former Trump adviser as first lobbyist*, *PoliticoPro*, Jan. 28, 2025, available at <https://subscriber.politicopro.com/article/2025/01/polymarket-taps-former-trump-adviser-as-first-lobbyist-00200935>.

hired former Rep. Sean Patrick Maloney (D-N.Y.) as its president and CEO, with former Rep. Patrick McHenry (R-N.C.) as a senior adviser.¹⁰⁴

Influencers and celebrities are getting a slice of the profits by promoting the platforms to their followers.¹⁰⁵ In June, Kalshi premiered its first ad in a multi-year “creative initiative” with Timothée Chalamet,¹⁰⁶ while LeBron James reportedly earns \$15 million per year for his recently announced deal with Polymarket.¹⁰⁷ On the platforms themselves, most of the winnings go to a small group of professional traders.¹⁰⁸ A *Wall Street Journal* analysis found that more than 70% of Polymarket users lose money, and that 67% of profits went to just 0.1% of accounts.¹⁰⁹

IX. CONCLUSION

Election forecasters agree that predicting primary election results is often far more difficult than predicting general elections,¹¹⁰ so a 7.3-point calibration miss across all competitive contests in a primary season may not conclusively demonstrate poor performance.

Kalshi, however, in its post about its 2026 Midterms Hub, continued to point to data suggesting its forecasts had near-perfect accuracy. While some markets, measured at certain moments, may indeed have been nearly perfectly calibrated, CfA’s analysis of the full 2026 primary season shows that was not uniformly true. CfA’s findings also build on evidence elsewhere, including in Kalshi’s own working paper, showing that prediction markets for electoral contests do not improve—and appear to decline—in the final week.

¹⁰⁴ Alfred, *The Washington Sun*, *supra* note 101. Available at <https://www.washingtonsun.com/money/kalshi-prediction-market-congress-legislation>.

¹⁰⁵ Camila Grigera Naón, *Prediction Markets Spend Big on Celebrity Campaigns Even as Sydney Sweeney and LeBron James Ads Stir Backlash*, *Fortune*, Sept. 9, 2026, available at <https://fortune.com/2026/09/09/prediction-markets-celebrity-campaigns-sydney-sweeney-lebron-james-ads-backlash/>; Knibbs, *Wired*, *supra* note 3.

¹⁰⁶ Frazier Tharpe, *Timothée Chalamet Gets Into Kalshi Promo in the Most Timothée Chalamet Way*, *GQ*, June 11, 2026, available at <https://www.gq.com/story/timothee-chalamet-kalshi>.

¹⁰⁷ Ryan Glasspiegel and Ben Horney, *LeBron James Polymarket Deal Worth \$15 Million a Year*, *Front Office Sports*, Sept. 16, 2026, available at <https://frontofficesports.com/article/lebron-james-polymarket-deal-worth-15-million-year/>.

¹⁰⁸ Neil Mehta, Katherine Long, and Caitlin Ostroff, *Why Almost Everyone Loses—Except a Few Sharks—on Prediction Markets*, *The Wall Street Journal*, May 3, 2026, available at <https://www.wsj.com/finance/investing/polymarket-kalshi-betting-profits-prediction-markets-eb23ac11>.

¹⁰⁹ *Id.*

¹¹⁰ Ryan Holeywell, *Why It’s So Hard for Pollsters to Correctly Predict the Primaries*, *Kinder Institute for Urban Research*, Mar. 1, 2016, available at <https://kinder.rice.edu/urbanedge/why-its-so-hard-pollsters-correctly-predict-primaries>; G. Elliott Morris, *Why Polling Primary Elections Is So Hard*, *Strength In Numbers*, Aug. 12, 2026, available at <https://www.gelliottmorris.com/p/2026-08-12-primary-polls>; Andrew Gelman, Jessica Hullman, and Christopher Wlezien, *Information, Incentives, and Goals in Election Forecasts*, Sept. 8, 2020, available at https://sites.stat.columbia.edu/gelman/research/unpublished/forecast_incentives3.pdf.

Society is starting to recognize the harm of expanding gambling to states that never wanted it as well as to impressionable young people. Gambling addiction diagnoses are rising,¹¹¹ and 18- to 21-year-olds are wagering billions of dollars, many risking money they cannot afford to lose.¹¹² Meanwhile, disinformation and distrust generated by election betting may further erode already low confidence in U.S. elections.¹¹³

Some have benefited greatly from the rapid rise of prediction markets. Kalshi and Polymarket executives, media partners, market-friendly politicians, Washington insiders, and celebrity endorsers all have a stake in keeping the markets running unabated.

For everyone not on the payroll, election markets offer a set of predictive probabilities that have not yet proven consistently superior to conventional forecasters—who often generate equally actionable information without such clear collateral damage to society and democracy. And for races like the 2026 primaries, where Kalshi provides probabilities that other forecasters do not, its numbers appear less reliable.

¹¹¹ Bartelt et al., *Epic Research*, *supra* note 57. Available at <https://www.epicresearch.org/articles/gambling-disorder-diagnoses-have-risen-more-than-60-in-states-that-legalized-sports-betting/>.

¹¹² Cohen, *CNN*, *supra* note 62. Available at <https://www.cnn.com/2026/08/28/business/young-adults-trading-kalshi>.

¹¹³ Andrew Daniller, *How Confident Are Americans in the Midterm Elections' Fairness and Accuracy?*, *Pew Research Center*, Aug. 5, 2026, available at <https://www.pewresearch.org/short-reads/2026/08/05/how-confident-are-americans-in-the-midterm-elections-fairness-and-accuracy/>.

X. MORE ON METHODOLOGY

CfA collected Kalshi prices (midpoint between the highest bid and lowest ask) on 645 primary contests, resulting in 713 forecasts. The analysis sought to collect price data on all scorable Kalshi markets asking which U.S. primary candidates would win their party's nomination or advance to the November general election. Many 2026 primary races—including uncontested or lower-profile statewide offices and mayoral races—did not have markets on Kalshi. CfA omitted from its analysis other types of election markets on Kalshi, such as margin of victory or turnout markets.

Day-before-election prices were fetched 24 hours before the polls closed in each race. If the quotes for that hour were missing or too wide to be meaningful (15 points or more apart), CfA used the most recent usable quote. For races that went to a runoff, 'day-before-election' prices were taken the day before the initial primary.