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CFTC Sues New Mexico as the State Becomes the Latest Attempting to Infringe on Federal Jurisdiction

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WASHINGTON — The Commodity Futures Trading Commission today filed a lawsuit in federal court against the state of New Mexico, seeking to block the state's efforts to apply state gaming laws against CFTC-registered contract markets.

Just last week, New Mexico filed a lawsuit in a state court against CFTC-registrant KalshiEX LLC, alleging that its prediction market offerings amount to unlawful online sports betting while attempting to "evade state gaming laws." The state's complaint seeks injunctive relief to halt Kalshi's operations within its borders and to prevent Kalshi from further offering sports-related event contracts.

The CFTC's complaint against New Mexico seeks a declaratory judgment that federal law grants it exclusive authority to regulate event contracts and requests a permanent injunction preventing the state from enforcing preempted state laws against its registrants. The CFTC has clear and longstanding exclusive jurisdiction to regulate event contracts and the prediction markets on which they trade under the Commodity Exchange Act, which preempts state laws purporting to regulate designated contract markets.

"New Mexico is the latest state seeking to nullify black letter law and decades of judicial precedent by imposing state gaming laws on federally regulated derivatives exchanges subject to the CFTC's exclusive jurisdiction," said CFTC Chairman Michael S. Selig. "As I've said repeatedly, the CFTC has the expertise and responsibility to protect its exclusive jurisdiction over commodity derivatives, and that's exactly what we'll continue to do."

Today's lawsuit reaffirms the CFTC's continued commitment to its ongoing campaign of preserving exclusive jurisdiction over CFTC-registered prediction markets. New Mexico joins a growing list of states purporting to regulate registrants within CFTC's jurisdiction, following litigation in Arizona, Connecticut, Illinois, New York, Minnesota, Rhode Island, and Wisconsin.

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