

Mass. man sues Kalshi after losing thousands on sports bets

By [Travis Andersen](#) Globe Staff, Updated April 30, 2026, 11:13 a.m.

The complaint alleged that Kalshi tries to skirt state law requiring that sports books be licensed, deploying jargon known mainly to financial specialists to mask the true nature of the bets.

The company recasts “sports wagers as federally regulated ‘derivatives’ traded on a so-called ‘prediction market’” the complaint alleged. “Kalshi avers that users are not betting on sporting events but are instead buying and selling what Kalshi calls ‘futures,’ ‘swaps,’ or ‘options’ on event outcomes — a characterization aimed at regulators and courts, not ordinary users.”

In reality, such verbiage is a mirage, according to the complaint.

“Users pay real money, select a side of a sporting event, and either lose their stake or receive a fixed cash payout based entirely on the win-loss result of the game,” the lawsuit stated.

And unlike the licensed sports betting operators, Kalshi has no self-exclusion option for [problem gamblers](#), something Smith, who’s in his 40s, had availed himself of to stay off the licensed apps and stay out of local casinos.

“Between January 25, 2026 and February 23, 2026, he lost tens of thousands of dollars placing sports wagers on Kalshi’s mobile app and website,” the complaint said.

Now, he wants his money back, and he wants Kalshi banned from offering sports betting absent a proper license, according to the suit.

“As a remedy for Defendants’ illegal conduct, Plaintiff Smith and the Classes seek to recover, at a minimum, all losses they suffered by placing sports wagers on Defendants’ platforms and disgorgement of Kalshi’s transaction fees, deposit and withdrawal fees and profits,” the complaint said, adding that Smith’s also seeking “injunctive relief requiring that Defendants cease offering sports wagers in Massachusetts without a license from” the state.

The filing didn’t indicate how many losing bettors may comprise the plaintiff class.

Last fall, the state’s attorney general, Andrea Joy Campbell, [filed a similar lawsuit against Kalshi](#).

“If Kalshi wants to be in the sports gaming business in Massachusetts, [it] must obtain a license and follow our laws,” Campbell said when the suit was filed in Suffolk Superior Court.

Campbell's suit remains pending.

Prediction markets operate like financial futures markets, allowing participants to buy and sell contracts based on their expectations. During the last election, for example, people could buy contracts for President Trump or former Vice President Kamala Harris, with the contract prices, or odds, set according to which candidate investors favored.

In its initial civil complaint, the attorney general's office alleged that Kalshi uses an online "exchange" to offer sports wagering, under the guise of "event contracts" on sporting events, including point spread contracts, and over-under contracts.

The "event contracts" closely resemble sports wagers offered by licensed operators, the suit said. Kalshi promotes its sports wagering offerings on television and social media and allows "trading" through retail platforms such as Robinhood, the suit said.

Kalshi has not applied for or received a Massachusetts sports wagering license, according to the lawsuit.

In response to Campbell's suit in September, a Kalshi spokesperson said that the company "offers its users a fair, transparent, federally regulated and nationwide marketplace."

"Rather than engage in dialogue with Kalshi as many other states have done, Massachusetts is trying to block Kalshi's innovations by relying on outdated laws and regulations," the spokesperson said. "Prediction markets are a critical innovation of the 21st century and all Americans should be able to access them."