



April 10, 2026

David I. Miller
Director
Division of Enforcement
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear Mr. Miller,

Democracy Defenders Fund (DDF) respectfully urges your office to commence an investigation into potential prohibited transactions by officers and employees of the executive and congressional branches in violation of Sections 4c, 6, and 6c of the Commodity Exchange Act (CEA)¹ and Commodity Futures Trading Commission (CFTC) Rule 180.1.² Recent media reports have identified a series of suspiciously timed trades in the futures markets, including “event contracts”³ sold over prediction markets like Polymarket and Kalshi, that were tied to the occurrence of sensitive political and government events.⁴ These trades took favorable positions on geopolitical events, such as the U.S. invasion of Venezuela and war in Iran, mere minutes and hours before they came to pass.

The timing of these investments raises serious concerns about whether the trades were executed utilizing nonpublic government information. As you are aware, “[t]he mission of the Commodity Futures Trading Commission is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation.”⁵ It is imperative that you investigate these trades to both protect the integrity of the futures markets and deter insiders from abusing their positions of power for personal gain.

¹ 7 U.S.C. § 6c.

² 17 C.F.R. § 180.1.

³ “An event contract, also known as a prediction or information contract, is a derivative contract whose payoff is based on a specified event, occurrence, or value such as the value of a macroeconomic indicator, corporate earnings, level of snowfall, or dollar value of damages caused by a hurricane.” *Contracts & Products: Event Contracts*, CFTC, <https://perma.cc/CG2B-3YWY>; *see also* Event Contracts, 89 Fed. Reg. 48968, 48969 (June 10, 2024) (defining event contracts as “a type of derivative contract, typically with a binary payoff structure, based on the outcome of an underlying occurrence or event”) *withdrawn* 91 Fed. Reg. 5386 (Feb. 6, 2026).

⁴ Predictions Markets like Polymarket and Kalshi are Designated Contract Markets subject to the regulatory oversight of the CFTC. *See In the Matter of the Application of QCX LLC as Designation as a Contract Market* (2025), <https://www.cftc.gov/sites/default/files/filings/documents/2025/orgdcmqcexorderofd250709.pdf> (QCX LLC operates under the business name Polymarket US); *In the Matter of the Application of KalshiEX LLC for Designation as a Contract Market* (2020), <https://www.cftc.gov/sites/default/files/filings/documents/2020/orgkexkalshidesignation201103.pdf>.

⁵ U.S. Commodities Futures Trading Commission, About the Commission (last visited April 1, 2026), <https://www.cftc.gov/About/AboutTheCommission>.

In considering investigative action, it is important to note that the CFTC recently published an advance notice of proposed rulemaking on prediction markets that sought feedback from the public on questions, two of which are relevant here: “How are prediction markets likely to be affected by nonpublic information that is available to Federal Government employees or officials?” and “How should the potential for application of this statute inform the Commission's regulation of prediction markets?”⁶ The answer to those questions should be obvious from the millions of dollars that have been traded on these sensitive geopolitical events: the CFTC must prevent federal employees from trading on prediction markets and exclude political events from being eligible for trading on prediction markets.⁷ But the starting place for the CFTC’s commitment to protecting the prediction markets from the abuse of insider information is not just through regulation: it is also through strong enforcement of the laws and regulations currently on the books.

Applicable Laws

Section 4c of the CEA,⁸ as amended by the STOCK Act,⁹ prohibits any “employee or agent of any department or agency of the Federal Government or any Member of Congress or employee of Congress” who has acquired nonpublic “information that may affect or tend to affect the price of any commodity in interstate commerce, of for the future delivery, or any swap” from:

1. “Us[ing] the information in his personal capacity and for personal gain to enter into, or offer to enter into” any futures contract, option, or swap; or
2. “Impart[ing] the information in his personal capacity and for personal gain with intent to assist another person, directly or indirectly, to use the information to enter into, or offer to enter into” any futures contract, option, or swap.¹⁰

It is likewise illegal for any “person” to use or steal nonpublic government information for use by themselves or another person to enter into or offer to enter into any futures contract, option, or swap.¹¹

Section 6 of the CEA,¹² as amended by section 753 of the Dodd-Frank Wall Street Reform and Consumer Protection Act,¹³ provides the CFTC with expansive authority to prohibit manipulation and fraud in the futures markets. Pursuant to Section 9, CFTC passed Rule 180.1 which is modeled on Securities and Exchange Commission Rule 10b-5¹⁴ and broadly prohibits

⁶ 91 Fed. Reg. 12516 (Mar. 16, 2026).

⁷ DDF plans to submit a separate comment to that advance notice of proposed rulemaking.

⁸ 7 U.S.C. § 6c.

⁹ Pub. L. 112–105, § 5, 126 Stat. 293 (2012).

¹⁰ 7 U.S.C. § 6c(a)(3)-(4).

¹¹ *Id.*

¹² 7 U.S.C. § 9.

¹³ Pub. L. 111–203, title VII, § 753(a), 124 Stat. 1750 (2010).

¹⁴ Prohibition on the Employment, or Attempted Employment, of Manipulative and Deceptive Devices and Prohibition on Price Manipulation, 76 Fed. Reg. 41398 (2011) (“Rule 180.1 is modeled on SEC Rule 10b-5”); *U.S. Commodity Futures Trading Comm'n v. Monex Credit Co.*, 931 F.3d 966, 971 (9th Cir. 2019) (explaining that the

any person from “directly or indirectly, in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery” engaging in any form of market manipulation, material misstatement, fraud, or deceit.¹⁵

Section 6c of the CEA provides that any person who “willfully aids, abets, counsels, commands, induces, or procures” any violation of the CEA is liable to the same extent as any person who personally commits a violation.¹⁶ “[T]he legislative history of section [6c] shows that the aiding and abetting provision was modeled on, and was intended to be interpreted consistently with, the federal statute that makes aiding and abetting a crime, 18 U.S.C. § 2.”¹⁷

Request for Investigation

In early January 2026, the United States unilaterally invaded Venezuela and arrested former Venezuelan President Nicolás Maduro.¹⁸ For months prior to the Venezuela invasion, the United States had been engaged in unprovoked hostilities against drug smuggling boats in the seas adjacent to Venezuela.¹⁹ Although President Trump had made oblique references to sending troops into Venezuela, it was unclear whether he intended to act on those statements and, if so, when.²⁰ Notwithstanding, at least one anonymous trader made more than \$400,000 by taking out an event contract predicting that Maduro would be captured mere hours before the U.S. attack.²¹

On February 28 of this year, the United States and Israel launched wide-ranging strikes against Iran. *The New York Times* reported that the day before the strikes there was a huge spike in trades on Polymarket related to the question of whether the U.S. would strike Iran on February 28.²² In fact, mere hours before the strikes began, at least six traders made bets that the U.S. would attack Iran.²³ Those traders collectively made \$1.2 million. And in March, mere *minutes* before President Trump announced that he was standing down from attacks on Iran’s energy

Dodd-Frank amendments “mirrored § 10(b) of the Securities and Exchange Act, and, as did § 10(b), authorized the governing agency to promulgate rules implementing the statute and bring civil enforcement actions”).

¹⁵ 7 C.F.R. § 180.1(a).

¹⁶ 7 U.S.C. § 13c(a).

¹⁷ *Bosco v. Serhant*, 836 F.2d 271, 279 (7th Cir. 1987).

¹⁸ Scott Anderson, et al., *Making sense of the U.S. military operation in Venezuela*, BROOKINGS (Jan. 5, 2026), <https://www.brookings.edu/articles/making-sense-of-the-us-military-operation-in-venezuela/>.

¹⁹ Ben Finley, et al., *A timeline of U.S. military escalation against Venezuela leading to Maduro’s capture*, PBS NEWS (Jan. 3, 2026), <https://www.pbs.org/newshour/world/a-timeline-of-u-s-military-escalation-against-venezuela-leading-to-maduros-capture>.

²⁰ See, e.g., Ashleigh Fields, *Trump: US will ‘very soon’ take action on land against alleged Venezuela drug traffickers*, THE HILL (Nov. 27, 2025), <https://thehill.com/homenews/administration/5625440-us-action-venezuelan-cartels/>.

²¹ Wyatt Grantham-Phillips, *A \$400,000 payout after Maduro’s capture put prediction markets in the spotlight. Here’s how they work*, PBS NEWS (Jan. 12, 2026), <https://www.pbs.org/newshour/nation/a-400000-payout-after-maduros-capture-put-prediction-markets-in-the-spotlight-heres-how-they-work>.

²² Amy Fan, *How Anonymous Bettors Cashed In on the Iran Strike, Just Hours Before It Happened*, THE NEW YORK TIMES (Mar. 3, 2026), <https://www.nytimes.com/2026/03/03/upshot/prediction-markets-iran-strikes.html>.

²³ Mary Cunningham, *Prediction markets draw scrutiny over Iran bets: ‘Insider trading in broad daylight,’ senator says*, CBS NEWS (Mar. 2, 2026), <https://www.cbsnews.com/news/iran-khamenei-prediction-markets-insider-trading/>.

infrastructure, there was a burst of investments in the oil futures markets.²⁴ It is estimated that the transactions occurring at this time resulted in some \$580 million to the traders.²⁵ On April 7, hours before President Trump announced a two-week ceasefire with Iran, over 50 Polymarket users placed substantial bets that Trump would announce a ceasefire.²⁶ It is reported that these were the first times these individuals had placed bets through these accounts.²⁷

As Nick Vaiman, CEO of Bubblemaps analytics firm said, the pattern of trading shows “strong signaling of insider activity”.²⁸ The use of nonpublic information for personal gain by federal officials not only violates basic ethical principles of government services,²⁹ but it also could have serious national security implications. For example, experts have warned that “[i]f, for example, a government official in the Department of War had been invested in the market predicting when President Maduro would be captured, or when the U.S. might strike Iran, they might have altered the timing of the operation in order to make a profit.”³⁰ These trades could also serve as a potential signal to U.S. adversaries concerning imminent foreign and domestic operations. Given the “yes/no” nature of event contracts, sophisticated agents of foreign intelligence agencies may be able to discern the likelihood of specific government action based on trading spikes on prediction markets like Polymarket and Kalshi.

The facts here strongly suggest the possibility that a federal insider, whether in Congress or in the executive branch, may be using or sharing non-public information to game the futures markets. That includes the timing and value of the trades, the fact that they appear to be abnormal against other trading patterns, and the fact that the trades were based on events that would have required inside, nonpublic information to predict accurately. If true, this would be a clear violation of Section 4c, 6, and potentially 6c of the CEA.

To date, the CFTC has taken limited regulatory action to secure prediction markets from manipulation.³¹ Enforcement matters have been likewise sparse. As one notable expert in the

²⁴ Yun Li, *Volume in stock and oil futures surged minutes before Trump’s market-turning post*, CNBC (Mar. 23, 2026), <https://www.cnbc.com/2026/03/23/volume-in-stock-and-oil-futures-surged-minutes-before-trumps-market-turning-post.html>.

²⁵ Paul Krugman, *Treason in the Futures Markets*, PAUL KRUGMAN SUBSTACK (Mar. 24, 2026), <https://paulkrugman.substack.com/p/treason-in-the-futures-markets>; Simon Duffy, *Oil traders bet \$580mn minutes before Trump’s Iran statement; ECB to step up scrutiny of bank’s private credit exposure*, The Banker (Mar. 24, 2026), <https://www.thebanker.com/content/ea9b26b4-073d-448c-8622-3a1c4a3f91e9>.

²⁶ Ken Sweet & Christopher L. Keller, *Newly Created Polymarket accounts bet big on US-Iran ceasefire in hours before Trump’s announcement*, AP NEWS (Apr. 8, 2026), <https://apnews.com/article/polymarket-iran-trump-ceasefire-prediction-markets-350d9fe5ffefa74080ff5dd973aef48>.

²⁷ *Id.*

²⁸ Joel Mathis, *Are insiders profiting from prediction markets over the Iran war?*, THE WEEK (Mar. 27, 2026), <https://theweek.com/politics/insider-profits-prediction-markets-iran-war-polymarket>.

²⁹ *See, e.g.*, 5 C.F.R. §§ 2635.101(b)(3), 2635.703; Code of Ethics for Government Service ¶ 8, H. Con. Res. 175, 85th Cong., 2d Sess., 72 Stat., pt. 2, B 12 (1958) (providing that it is the “sense of Congress that . . . [a]ny person in Government service should . . . [n]ever use any information coming to him confidentially in the performance of governmental duties as a means for making private profit”).

³⁰ Matt Motta & Robert Ralston, *Prediction markets are a national security threat*, RESPONSIBLE STATECRAFT (Mar. 6, 2026), <https://responsiblestatecraft.org/prediction-markets-war/>.

³¹ In fact, CFTC recently rescinded the proposed event contracts proposed rulemaking and withdrew staff guidance that was aimed at protecting consumers from abusive action in prediction markets. U.S. Commodities Futures Trading Commission, Press Release, CFTC Withdraws Event Contracts Rule Proposal and Staff Sports Event

securities and commodities markets remarked in a recent law review article: “there have been very few public or private actions related to insider trading in commodities”.³² Your office has, however, brought at least two enforcement actions involving the abuse of nonpublic information in the prediction markets.³³ These cases are telling: in one case, e.g., a political candidate traded on his own candidacy over Kalshi.³⁴ Your office imposed a \$2,000 penalty and required disgorgement.³⁵

As the CFTC Enforcement Manual explains, a preliminary inquiry may be opened whenever “a lead has sufficient viability to merit further investigatory steps to evaluate whether there are potential violations of the CEA or the Regulations.”³⁶ The pattern of well-timed trades on sensitive foreign affairs operations under circumstances in which there would be limited public information is the exact type of *prima facie* evidence warranting a CFTC investigation of a potential violation of sections 4c, 6, and 6c of the CEA.³⁷ Moreover, potential violations that involve inside *government* information raise issues that violations involving inside *private* information do not. Principally, trading on the basis of nonpublic information could open our government up to national security risks. That is why it is imperative that your office commence an investigation as soon as possible.

Conclusion

The CFTC is charged with “ensur[ing] the financial integrity of all transactions” in the futures markets and “protect[ing] all market participants from fraudulent or other abusive sales practices and misuses of customer assets.”³⁸ The recent spate of suspiciously timed trades related to federal government actions in Iran and Venezuela raises a serious risk that nonpublic information was used to game the system. It is imperative that your office begin an investigation of this activity as soon as possible both to identify the wrongdoers and to deter future abuse of the prediction markets by government insiders.

Sincerely,

/s/

Ambassador Norman L. Eisen
(ret.)
Executive Chair and Founder
Democracy Defenders Fund

/s/

Virginia Canter
Chief Counsel and Director for Ethics and
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Democracy Defenders Fund

Contracts Advisory (Feb. 4, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9179-26>; Tessa Stuart, *Markets Watchdog Rolls Over Amid Iran Insider-Trading Allegations*, ROLLING STONE (Mar. 28, 2026), <https://www.rollingstone.com/politics/politics-features/iran-insider-trading-allegations-cftc-1235538388/>.

³² Andrew Verstein, *Insider Trading and Position Limits*, 72 UCLA L. REV. 1014, 1027 (2025).

³³ Commodity Futures Trading Commission, Division of Enforcement, Advisory on Enforcement Authority over Event Contracts (Feb. 25, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9185-26>.

³⁴ *Id.*

³⁵ *Id.*

³⁶ See, e.g., Commodity Futures Trading Commission, Division of Enforcement, Enforcement Manual 9 (May 20, 2020), <https://www.cftc.gov/LawRegulation/EnforcementManual.pdf>.

³⁷ *Id.*

³⁸ 7 U.S.C. § 5(b); see also 7 U.S.C. § 13a-1 (providing investigatory and enforcement power to the CFTC).

/s/

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