

**Short answer:** usually not directly. The lawsuits and regulatory fights over event contracts primarily concern whether federally regulated prediction markets may offer contracts on events such as sports outcomes—or whether those products fall under state gambling laws. Offshore sportsbooks raise a different set of legal and enforcement questions. The two issues can overlap in headlines, payment channels, and state investigations, but one does not automatically determine the other.

The distinction matters because “sports contracts” can mean different things. A customer may place a traditional sportsbook wager, buy or sell an event contract on a federally regulated exchange, or use an offshore operator that is not licensed in the customer’s state. Those products may look similar to a consumer, but they do not necessarily rest on the same legal authority.

This article separates the facts from the inferences: federal and state disputes over prediction markets may influence how regulators describe sports-related products, but they do not give offshore sportsbooks a new license or shield them from state enforcement.

## First, separate the three categories

| Category                                   | Typical legal framework                                                                             | Why it matters                                                                                                                |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| State-licensed sportsbook                  | State gambling laws, licensing rules, and related federal requirements                              | Operates under a state’s authorization and oversight, subject to that state’s limits.                                         |
| Prediction market offering event contracts | Federal commodities law and CFTC oversight, with disputes about the reach of state gambling law     | The central question is whether a product is a regulated derivative or unlawful gambling under state law.                     |
| Offshore sportsbook                        | Depends on the operator, its location, its conduct, and the laws of the U.S. jurisdictions involved | Being located overseas does not by itself establish that the operator can legally serve customers in a particular U.S. state. |

These categories should not be collapsed into a single label such as “sports betting.” A licensed sportsbook is not the same thing as an exchange-listed contract, and an offshore operator does not become a federally regulated prediction market simply because it offers a yes-or-no sports product.

## What the CFTC prediction-market lawsuits are about

The core jurisdictional fight is between state gambling law and federal derivatives law. The Commodity Futures Trading Commission (CFTC) regulates commodity derivatives markets under the Commodity Exchange Act. Prediction-market firms may argue that certain event contracts are swaps or other derivatives traded on a federally regulated platform. State regulators, meanwhile, may argue that contracts tied to sports outcomes are gambling products that require state authorization—or are prohibited outright under state law.

That disagreement has produced litigation and regulatory actions involving companies such as Kalshi and Crypto.com, as well as disputes over how platforms may offer or market event contracts. Robinhood has also entered the picture as a distributor of event contracts. In a key operational detail, **Robinhood exchange infrastructure routes event contracts**; the company’s role in the customer experience does not mean every contract is created or listed by Robinhood itself. The contractual structure and the regulated entities involved matter.

The legal questions can include whether a contract fits the federal definition of a derivative, whether a sports-related event contract is barred or restricted under federal law, and how far federal oversight limits [thecoinrepublic.com](https://thecoinrepublic.com) state enforcement. A court may also have to assess the particular product, platform, and facts rather than decide that every event contract—or every sports-related market—has the same status.

# Why offshore sportsbooks are a separate issue

**Offshore sportsbooks are a separate issue** because their legal position does not ordinarily depend on whether a prediction-market contract qualifies as a derivative. An offshore operator may accept wagers from U.S. customers without holding a license in their state. State regulators and law-enforcement agencies may then focus on whether the operator is unlawfully offering gambling, soliciting residents, processing payments, or otherwise conducting business in that jurisdiction.

That is different from asking whether a federally regulated exchange can list an event contract under the Commodity Exchange Act. The offshore operator's location, corporate structure, payment arrangements, and customer-facing conduct may all be relevant. So may federal laws that apply to unlawful gambling businesses or payment activity. But the existence of a CFTC lawsuit does not automatically settle those questions.

Nor does a foreign address necessarily put an operator beyond reach. Enforcement can be complicated when a company, its servers, or its owners are outside the United States, but regulators may still pursue available measures involving U.S.-based conduct, intermediaries, assets, or individuals. The practical reach of a particular action depends on its facts and the legal tools available.

## How the lawsuits could affect offshore operators indirectly

The connection is more likely to be indirect than automatic. Litigation over event contracts can shape the language regulators use, influence how platforms design products, and prompt states to scrutinize sports-related offerings more closely. That may affect the broader market environment in which offshore operators compete, but it is not a legal safe harbor.

- **Product comparisons:** Regulators may compare an offshore product with a prediction-market contract when evaluating its structure, advertising, or customer appeal. Similarity alone does not make the products legally identical.
- **Enforcement priorities:** A state campaign aimed at unlicensed gambling could address multiple types of operators, including offshore sites, regardless of the outcome of a CFTC case.
- **Payment and access scrutiny:** Investigations can examine payment processors, marketing partners, app distribution, and other parts of an operator's U.S. footprint. That scrutiny can matter even when the underlying operator is overseas.
- **Regulatory arguments:** A ruling on federal preemption or the definition of an event contract might inform later disputes. It would not necessarily resolve whether a particular offshore sportsbook violated state law.

For readers, a useful rule is to ask what conduct the regulator is challenging. Is the dispute about the listing of a derivative on a regulated exchange? The acceptance of wagers by an unlicensed operator? Advertising to residents? Payment processing? The answer determines which legal framework is most relevant.

## Cease-and-desist letters, subpoenas, and enforcement campaigns

State responses can take several forms. A regulator may issue a cease-and-desist order or letter asserting that an operator must stop offering an unlicensed product in that state. Agencies may also send subpoenas or information requests to companies they believe have relevant records, or open broader enforcement campaigns targeting operators and their business partners.

These actions are not interchangeable. A cease-and-desist demand is an assertion of the regulator's position; its legal effect and the consequences of ignoring it depend on the authority cited and the next steps taken. A

subpoena or information request seeks information and may be directed to a company that is not itself the alleged operator. An enforcement campaign can involve multiple agencies and targets, rather than one lawsuit against one platform.

For example, **app stores have been referenced in Connecticut information requests** connected to the state's inquiries into gambling-related products and distribution. That fact should not be overstated: a request for information is not the same as a court finding that an app store is liable, nor does it prove that every app or product under review is unlawful. It does show why regulators may look beyond the operator to how a product reaches consumers.

Offshore sportsbooks can face state offshore enforcement independently of CFTC litigation. A state may pursue a site based on its own gambling statutes, even while a separate federal court is considering whether a prediction-market platform falls under federal derivatives law. The targets, legal theories, and remedies can differ.

## What preliminary injunctions do—and do not—tell us

Some disputes produce requests for preliminary injunctions. A preliminary injunction is a temporary court order sought before a final judgment. In broad terms, courts consider factors such as the likelihood of success on the merits, the possibility of irreparable harm, the balance of hardships, and the public interest. The precise test depends on the court and the case.

When a judge grants or denies preliminary relief, that ruling can affect what a platform may do while litigation continues. It does not, by itself, settle every question about the product or bind every state in every context. A ruling involving a particular exchange, contract, or regulator should not be treated as a blanket decision governing offshore sportsbooks.

That is especially important for headlines. "Court blocks state" or "court allows market" may describe a preliminary ruling with a limited scope, not a final nationwide answer. Readers should check which parties are covered, what conduct is enjoined, whether the order is temporary, and whether an appeal is pending.

## Is there a circuit split?

There is real court uncertainty, but the phrase "circuit split" should be used carefully. A formal circuit split generally means federal appellate courts have reached conflicting decisions on the same legal question. Different trial-court rulings, state-level actions, or temporary injunctions do not automatically create one.

Prediction-market cases have produced contested legal positions and procedural outcomes that can look inconsistent from the outside. Appeals may clarify whether state gambling laws are preempted in particular circumstances, how the federal derivatives framework applies, and what relief is available while a case proceeds. Until appellate courts squarely conflict on the same issue, it is more accurate to describe the landscape as unsettled than to declare a completed circuit split.

Even if a circuit split eventually develops, its effect would be about the legal questions actually decided. It would not mean every offshore sportsbook is suddenly lawful in one circuit or unlawful in another. State licensing rules and the facts of each operator's conduct would remain important.



## Practical takeaway for consumers and operators

For consumers, the name on the app is not enough to tell you what legal protections or regulatory oversight apply. Check whether a sportsbook is licensed in your state, who operates the platform, what entity is on the other side of a contract, and which regulator oversees the product. Also remember that digital assets and stablecoins are not immune from controls: certain intermediaries can freeze or restrict funds when legally required or permitted.

For operators and business partners, the key question is not simply whether a product is called a “prediction market.” The relevant analysis includes its contract terms, trading and settlement mechanics, exchange structure, marketing, customer location, and regulatory status. A platform’s use of exchange infrastructure or a federal regulatory argument should not be treated as a substitute for state-by-state legal analysis.

## Bottom line

**CFTC prediction markets** and offshore sportsbooks can intersect, but they are not the same legal problem. The lawsuits focus on the boundary between federal derivatives law and state gambling law, particularly for event contracts offered through exchanges or related platforms. Offshore sportsbooks face a separate issue: whether they may lawfully serve customers in a particular state and what enforcement tools that state can use.

Preliminary injunctions can shape conduct while cases proceed, and appeals may deepen or resolve the uncertainty. But a ruling in a CFTC-related prediction-market case does not automatically legalize offshore wagering, erase state licensing requirements, or end state offshore enforcement. Until courts and regulators provide clearer answers, the safest reading is to distinguish the product, the operator, the jurisdiction, and the specific legal claim behind each headline.

