



215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • www.citizen.org

March 5, 2026

Michael S. Selig, Chair
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

RE: Gambling on politics via prediction markets and the assassination of Iran’s Ali Khamenei – the Commodity Futures Trading Commission needs to look into whether Trump administration officials gruesomely cashed in with insider trading

Dear Chair Selig:

On behalf of more than a million members and supporters nationwide, Public Citizen calls upon the Commodity Futures Trading Commission (CFTC) – in this case, just you, given that the administration has not seen fit to appoint any other commissioners – to investigate highly suspicious bets on the outcome of the recent American-Israeli military assault on Iran and the death of Iran’s Ayatollah Ali Khamenei.

In a very unfortunate reversal of long-standing policy by the CFTC that had prohibited formal betting on elections and political outcomes by prediction markets, such as by KalshiEX, LLC (Kalshi) and Polymarket, Chair Selig and subsequent court decisions now permit prediction markets to bet on almost anything, short of state and tribal gambling laws.¹ The CFTC is plowing ahead on behalf of the prediction markets to deregulate the industry. Chair Selig comes from the industry and has published an op-ed opposing state government oversight.² Kalshi and Polymarket now even advertise that you can bet on almost anything, anywhere.³

While CFTC Rule 40.11 prohibits any gaming contract “that involves, relates to, or references terrorism, assassination, war, gaming, or an activity that is unlawful under any State or Federal law,” the rule is easily and frequently sidestepped through careful wording of the contract. While the markets themselves seek to avoid specific jargon being used as the subject of gambling, such as “assassination,” the clear intent of the bet can be made via proxy without using such triggering terms. This appears to have been the case with the assassination of Iran’s Ayatollah Ali Khamenei. An anonymous account trading under the username "Magamyman" made more than

¹ Julia Shapero, “New coalition calls for crackdown of prediction markets.” *The Hill* (March 2, 2026), available at: <https://thehill.com/policy/technology/5763650-new-coalition-calls-for-state-crackdowns-on-prediction-markets/>

² Michael Selig, “States encroach on prediction markets,” CFTC Public Statements and Remarks (Feb. 17, 2026), available at: <https://www.cftc.gov/PressRoom/SpeechesTestimony/seligstatement021726>

³ Bobby Allyn, “Bet on anything, everywhere, all at once,” NPR (March 1, 2026), available at: <https://www.npr.org/2026/03/01/nx-s1-5718399/trumps-big-bet-on-prediction-markets>

\$553,000 on a Polymarket bet that Khamenei would be removed from power just moments before an Israeli airstrike killed him.⁴ On Polymarket alone, a half-a-billion dollars was traded over when exactly U.S. forces would drop bombs on Iran.⁵

Meanwhile, the public dialogue on events in Iran was much less certain, with American, Israeli and Iranian government officials speaking of ongoing talks to avoid a crisis. Some news media warned of impending strikes against Iranian nuclear development projects or other key military targets. Others dismissed such conjectures as impractical and unlikely. All reported ongoing high-level negotiations. Then, in the early hours of Feb. 28, President Donald Trump announced that American and Israeli forces launched military strikes against Iran. Shortly later, Israel announced that it had killed Ayatollah Khamenei and several other key leaders of the Iranian government.

Eventually, it was revealed that the assassination of Khamenei had been an explicit objective of the military operations. Assassinations of heads of state usually are not part and parcel of military invasions. But it was in this case. And the likelihood of success of the assassination attempt seemed quite high. The CIA had been monitoring the movements of Khamenei for months prior to the invasion, mapping his daily patterns, communication methods and movements to pinpoint his location during the attacks. The CIA shared this intelligence with Israeli officials, who acted on the information.⁶

While bets on the future of the Iranian regime had been sporadic and imprecise for months before the invasion, several very substantial bets were placed in the last-minute moments prior to the Feb. 28 attack. In addition to the Magamyman wager noted above, a crypto-analytics firm identified “six suspected insiders” who had turned a profit of \$1.2 million on Polymarket wagering on the American-Israeli strike happening on Feb. 28, including the “removal” of Khamenei from power.⁷

For most of the year, bets of Khamenei being removed from power were long-shots and low-balled guesses. In just the few hours before public announcement of the Feb. 28 attacks, the odds and amount of the bets changed radically, rising from small bets at less than 25 percent to a few very large bets at over 50 percent.⁸ In the end, a few anonymous bettors hit the nail on its head and became very wealthy.

⁴ Bobby Allen, “Prediction market trader ‘Magamyman’ made \$553,000 on death of Iran’s supreme leader,” NPR (March 1, 2026), available at: <https://www.npr.org/2026/03/01/nx-s1-5731568/polymarket-trade-iran-supreme-leader-killing>

⁵ Id.

⁶ Joel Federman and David Klepper, “CIA tracked Iranian leader for months ahead of attacks that began with 3 strikes in 60 seconds,” *Defense News* (March 1, 2026), available at: <https://www.defensenews.com/flashpoints/middle-east/2026/03/02/cia-tracked-iranian-leaders-for-months-ahead-of-attacks-that-began-with-3-strikes-in-60-seconds/>

⁷ Kevin Dugan and Krystal Hur, “Bets on fate of Iran’s Khamenei spark uproar at leading prediction markets,” *Wall Street Journal* (March 2, 2026), available at: https://www.wsj.com/world/middle-east/bets-on-fate-of-irans-khamenei-spark-uproar-at-leading-prediction-markets-045f093d?gaa_at=eafs&gaa_n=AWetsqeIU4Efd7QKW3bGQM6yPvPWDYvAkG48VzgOs_H92YSHzutxatRdNKqiEqIvWUs%3D&gaa_ts=69a5d427&gaa_sig=PmfsqQAVWuQIyOHm5WgX0yg4I-obGTA1EJjWLQIX4NDL9RV8Sabxw0VS054PfWuQ3AVqyMdmYq1yyNN3d6sPcA%3D%3D

⁸ Id.

The timing and amount of these bets on the Iranian invasion, as well as the sheer gruesome nature of these bets, raise several key issues that *should* be of deep concern to the Commodity Futures Trading Commission. These key issues that weigh on the minds of even the casual observer are:

- Who placed these accurate and very substantial bets on the prediction market platforms moments before the actual attacks on Iran occurred?
- Who within the Trump and Netanyahu administrations were privy to the timing and goals of the American-Israeli attacks?
- Given that some governmental officials do indeed have access to reliable non-public information on likely outcomes of political events, is it prudent to allow betting on such outcomes?
- Might some government officials manipulate public policies based on self-enrichment on prediction market platforms rather than based on the public interest?

In light of the very troubling series of events that accompanied public betting on the outcome of political events – in this case, the American-Israeli attack on Iran (which has yet to come to a conclusion) – Public Citizen strongly encourages the Commodity Futures Trading Commission to investigate whether this tragic series of events was further tarnished by insider trading. The identities of the bettors should be disclosed so as to determine whether specific governmental officials abused their positions of power for purely selfish motives. Right in the middle of the relationship between the prediction market industry and the Trump administration is Donald Trump Jr. Trump’s eldest son is an investor and an unpaid adviser to Polymarket, and a paid adviser to Kalshi, which exacerbates conflict of interest concerns.⁹ The CFTC sorely needs to revisit its new policy of allowing prediction market platforms to bet on virtually anything, any time – especially in the realm of political events subject to manipulation by government officials. At the very least, government officials should be prohibited from trading on the political prediction markets.

Gambling is supposed to be a game of chance on matters that cause no harm to the social fabric, not a game of exploitation that robs society for personal self-enrichment.

Sincerely,

Craig Holman, Ph.D.
 Government affairs lobbyist
 Public Citizen
 215 Pennsylvania Avenue, S.E.
 Washington, D.C. 20003
 (202) 454-5182

⁹ Sharon LaFraniere, “Leading prediction firms share a commonality: Donald Trump, Jr.” *New York Times* (Jan. 15, 2026), available at: <https://www.nytimes.com/2026/01/15/us/politics/donald-trump-jr-prediction-markets.html#:~:text=At%20the%20intersection%20of%20the,own%20platform%20called%20Truth%20Predict>