



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

HENRY L. WILLIAMS, JR.
EXECUTIVE DIRECTOR

April 29, 2025

The Honorable Caroline Pham, Acting Chairperson
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

*Sent via email only to
ChairmanPham@cftc.gov*

Re: Prediction Markets

Dear Acting Chairperson Pham:

The Michigan Gaming Control Board (MGCB) is writing to provide feedback to the Commodity Futures Trading Commission (CFTC) regarding the topic of prediction markets. As discussed herein, the MGCB has several concerns regarding certain event contracts that presumably are available in Michigan.

The MGCB regulates internet sports betting in Michigan pursuant to the Lawful Sports Betting Act (LSBA),¹ a state statute duly passed by the Michigan Legislature and signed into law by the honorable Governor Gretchen Whitmer. LSBA was enacted to establish a secure, responsible, fair, and legal system of internet sports betting to protect Michigan residents and capture revenue in the form of taxes and payments.² The law applies to any transaction in which an individual risks cash or cash equivalents through the internet on an athletic event or other approved event, including, but not limited to, a single-game bet, moneyline bet, straight bet, or exchange bet.³ Internet sports betting may only be conducted in Michigan to the extent it is conducted in accordance with LSBA.⁴

The MGCB understands that event contracts involving sporting events (sporting event contracts), in which an individual acquires a position on the outcome of a sports-related event such as a game, series, or tournament, are offered by entities regulated by the CFTC in all 50 states, including Michigan. The MGCB further understands that purchasing a sporting event contract is tantamount to risking cash or cash equivalents through the internet on the outcome of an athletic event – a transaction that, at its core, is materially identical to an internet sports betting wager that is subject to LSBA in Michigan. The sporting event contracts presumably offered by CFTC-regulated entities in Michigan are not operating pursuant to or in accordance with LSBA.

The MGCB is concerned that the availability of sporting event contracts in Michigan, operating outside the boundaries of the legal framework established by LSBA, places Michigan citizens at undue risk. Under

¹ 2019 PA 149, MCL 432.401 *et seq.*

² MCL 432.402(d).

³ MCL 432.403(s), (w), & (bb).

⁴ MCL 432.404(1).

Michigan law, internet sports betting may only be offered by a sports betting operator, which must be a licensed commercial casino or a federally recognized tribe (operating independently or in partnership with an internet sports betting platform provider).⁵ Each sports betting operator, any suppliers it utilizes to conduct internet sports betting in Michigan, and certain key persons and employees must be investigated and licensed by the MGCB. The licensing process is intended to ensure that sports betting operators and suppliers are suitable in terms of character, reputation, integrity, business probity, and financial ability, thereby protecting Michigan citizens from potential bad actors and reducing their risk of financial harm.⁶ A license is considered a revocable privilege, and offering internet sports betting without a sports betting operator license is a felony under Michigan law.⁷

Beyond licensing, LSBA and the administrative rules promulgated thereunder establish numerous requirements for the conduct and regulation of internet sports betting that serve to protect Michigan citizens and safeguard the integrity of sports betting and the events on which wagers are accepted. Some key examples include, without limitation, the following:

- Responsible Gaming: The MGCB operates a statewide self-exclusion program, and each sports betting operator is required to offer various responsible gaming tools. At a minimum, such tools must include temporary and permanent self-exclusion, self-imposed responsible gaming limits (e.g., periodic deposit and wagering limits), temporary account suspension, and links to responsible gaming information and resources.⁸
- Patron Protection: Sports betting operators must comply with numerous requirements meant to protect patrons from financial and other harms. For example, an operator must segregate patron funds from operating funds, must maintain a reserve sufficient to ensure the security of all patron funds, and must timely honor a patron's valid withdrawal request. In addition, each operator must receive and investigate patron complaints, and patrons are given the option of filing unresolved complaints with the MGCB. Sports betting operators must also adhere to requirements designed to protect the confidentiality of patrons and their accounts, including requirements for passwords and strong authentication (or multi-factor authentication), privacy and information sharing, encryption, and system security.⁹
- Age and Identity Verification: A sports betting operator must verify an individual's age and identity before allowing the individual to create an account and place a wager. The operator must ensure the individual is not under the age of 21, self-excluded, or otherwise prohibited from participating in internet sports betting in Michigan. In addition, the operator must prevent certain individuals from wagering on events with which they are associated or for which they have access to nonpublic information (e.g., athletes and coaches are prohibited from wagering on any event overseen by the sports governing body with which they are affiliated).¹⁰

⁵ MCL 432.404(7) & 432.406(1).

⁶ MCL 432.406 & 432.408; Mich Admin Code R 432.723, R 432.725a, & R 432.725b.

⁷ Mich Admin Code R 432.728(1); MCL 432.413(1)(a) & (2).

⁸ MCL 432.412; Mich Admin Code R 432.752, R 432.753, R 432.754, R 432.759, R 432.772, & R 432.774.

⁹ Mich Admin Code R 432.733, R 432.735, R 432.738, R 432.739, R 432.741, R 432.744, R 432.751b, R 432.752, R 432.753, R 432.755d, R 432.762, & R 432.763(2); [Identity Verification and Strong Authentication Memo](#).

¹⁰ MCL 432.411(1) & (4); Mich Admin Code R 432.751a, R 432.751b, R 432.755, R 432.763(2), R 432.771, R 432.772, R 432.774, & R 432.775; [Identity Verification and Strong Authentication Memo](#).

- Integrity: Each sports betting operator must partner with an independent integrity monitoring provider to review and identify suspicious wagering activity that may threaten the integrity of internet sports betting or events on which wagers are accepted. In addition, sports betting operators must adopt procedures designed to prevent and detect fraud, cheating, theft, collusion, money laundering, identity theft, and other illegal activity. Sports betting operators must also comply with applicable provisions of the Bank Secrecy Act.¹¹
- Events and Wager Types: All events and wager types must be reviewed and approved by the MGCB before they are offered for wagering by a sports betting operator. The MGCB prohibits the acceptance of wagers on any events or the offering of any wager types that are illegal under state or federal law, inherently objectionable, or inconsistent with the public policy of Michigan (e.g., events played by individuals at the high school level or below). All events must be subject to effective supervision and integrity safeguards, and a sports governing body may object to the acceptance of wagers on its events in the case of an integrity concern.¹²

The comprehensive licensing and regulatory framework established by LSBA and the related administrative rules supports public policy objectives that are critical to the State of Michigan. To the extent CFTC-regulated entities and the sporting event contracts offered thereby do not meet the minimum standards of this framework, the MGCB believes there is an elevated risk of harm to Michigan citizens, their personal information, and their funds.

The MGCB is also concerned that the availability of sporting event contracts will cause financial harm to state, local, and tribal governments in Michigan. Under LSBA, sports betting operators are required to remit taxes or payments – equal to 8.4% of their adjusted gross sports betting receipts – to state and local governments. The taxes and payments provide funding for various state and local programs, including programs dedicated to public safety, economic development, compulsive gambling prevention, and public education. The City of Detroit receives municipal services fees from certain sports betting operators (commercial casinos), while internet sports betting conducted by tribes generates revenue for tribal governments.¹³ Sports betting operators paid over \$20 million in taxes, payments, and municipal services fees in calendar year 2024. Any reduction in internet sports betting participation that results from the offering of sporting event contracts to Michigan citizens will deprive state, local, and tribal governments of these critical funds.

Finally, the MGCB is concerned that the promotion of sporting event contracts as an investment vehicle is antithetical to the agency's stance and foundational message on responsible gaming – that gambling in any form is for entertainment purposes only. The notion that internet sports betting can and should be pursued as a viable means of financial gain undermines this position and increases the risk of irresponsible and problem gambling behavior.

¹¹ MCL 432.411(3); Mich Admin Code R 432.742, R 432.743, R 432.759, R 432.762, & R 432.763(2).

¹² MCL 432.410(3) & (4); Mich Admin Code R 432.745; [MGCB Sports Wagering Catalog](https://www.michigan.gov/mgcb).

¹³ MCL 432.407(1)(f), 432.414, 432.415, 432.415a, & 432.416.

The MGCB respectfully requests that the CFTC consider these concerns as it continues to evaluate whether sporting event contracts are contrary to the public interest, particularly to the extent they are offered in Michigan in any manner that is inconsistent with Michigan law.¹⁴

The MGCB appreciates the opportunity to comment and stands ready to answer any questions or provide any additional information the CFTC may need.

Sincerely,

/s/

Henry Williams
Executive Director
Michigan Gaming Control Board

CC: Kristin N. Johnson, Commissioner, CFTC
Christy Goldsmith Romero, Commissioner, CFTC
Summer K. Mersinger, Commissioner, CFTC

¹⁴ While the MGCB understands and respects the authority granted to the CFTC under the Commodity Exchange Act, this letter should in no way be interpreted or construed as an indication that the MGCB believes it has no other avenues or remedies to prevent entities from violating Michigan law.