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# From Vegas to Venezuela: High-Stakes Predictive Markets

## SPEAKERS

Stephen C. Piepgrass | Lu Reyes

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In this episode of *Regulatory Oversight*, host Stephen Piepgrass, who leads Troutman Pepper Locke's Regulatory Investigation Strategy and Enforcement (RISE) practice, is joined by his partner, Lu Reyes, for a deep dive into the national security and enforcement implications of predictive markets. The discussion centers on a headline-grabbing Polymarket trade that appeared to anticipate former Venezuelan President Nicolás Maduro's capture and yielded roughly \$400,000 in profit, raising questions about insider trading and classified information leaks.

Stephen and Lu discuss how current regulatory frameworks and enforcement tools struggle to keep pace with emerging predictive markets, particularly where anonymity and digital assets can make it difficult to identify traders or trace funds. Drawing on Lu's experience as a senior national security official in the Bush administration, they explore how markets that allow betting on geopolitical and military outcomes could place a cash bounty on secrets, potentially encouraging espionage, recruitment of insiders, and even attempts to influence events rather than merely predict them.

The episode also highlights key differences between predictive markets and traditional gambling, including post hoc event definitions and asymmetric access to information, and considers how regulators, Congress, and market operators might respond.

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