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'If It Quacks Like a Duck': Prediction Markets, Sports Betting & Insider Trading

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Stephen C. Piepgrass

Stephen Piepgrass, leader of Troutman Pepper Locke's Regulatory Investigations, Strategy + Enforcement Practice Group, was quoted in the January 14, 2026 *Corporate Compliance Insights* article, "["If It Quacks Like a Duck": Prediction Markets, Sports Betting & Insider Trading.](#)"

While prediction platforms like Polymarket and Kalshi reject their products being labeled as gambling, wagering or betting, the similarities are striking, and coupled with the recent high-profile arrests of dozens of people in connection with illegal sports betting, including an NBA head coach, the risks to organizations, even those outside the gaming industry, seem undeniable, **Stephen Piepgrass, a partner in the Richmond office of Troutman Pepper Locke**, told CCI.

"It opened a whole Pandora's box that I think people don't often, as of today, they don't recognize, but I think we're going to be seeing the fallout from this for years and years to come," **Piepgrass** said. "And to use a different analogy, the arrests that we've seen and the cases that have been brought in the sports wagering context to me are maybe just a canary in the coal mine. There may be a lot more to come in other contexts that we haven't even thought about as you play out the implications of what's now available."

Regardless of whether US courts will eventually settle on labeling platforms like Polymarket and Kalshi as betting sites, the increasing popularity of legal sports betting and gray-area prediction markets means new risk vectors for corporations — risks they may not be prepared to address, **Piepgrass** and other experts told CCI.

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Following a 2022 CFTC enforcement action, Polymarket only recently was allowed to return to the US market, and its event contracts are formally considered derivatives, while the commission abandoned its case against Kalshi in 2025 and the company is now focusing on disputes at the state level. The issue is likely to make its way to the US Supreme Court, **Piepgrass** said.

"The states, many of them, have taken the position that, in fact, if it quacks like a duck and walks like a duck, it's a duck, and that this is, in fact, sports betting," **he** told CCI.

While this question is perhaps most immediately pertinent to companies operating in prediction markets, the ripple effects will extend to those providing third-party services as well as potential investors in this lucrative industry, **Piepgrass** said.

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"If you're a publicly traded company, you need to be thinking very carefully about what is the interplay between those things and who's making 'bets' on what you're going to do as a company," **Piepgrass** said. "And is there exposure there for insiders that may be participating in one market and not the other?"

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