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Prediction Markets Have an Insider Trading Problem. Are They Still Worth the Gamble?

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Stephen C. Piepgrass

Stephen Piepgrass, leader of Troutman Pepper Locke's Regulatory Investigations, Strategy, and Enforcement Practice Group, was quoted in the April 15, 2026 *Money.com* article, "Prediction Markets Have an Insider Trading Problem. Are They Still Worth the Gamble?"

> "I would be very surprised if these markets were banned. From everything I can tell, these markets are here to stay," says Stephen Piepgrass, partner at Troutman Pepper Locke and an expert on gaming law.
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> The CFTC has argued that prediction contracts are swaps or options, so the federal government — not individual states — has the authority regulate them. But limitations may be coming on which types of events can be traded. Piepgrass says sports prediction markets are potentially more vulnerable to legal challenges than other types (like those focused on elections or the economy) because sports trading has been a main target of state lawsuits.
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> The original purpose of prediction markets was to "try to get information out into the marketplace by having people literally put their money where their mouth is," Piepgrass says.
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> That intel can be valuable far beyond satisfying curiosities. For example, an oil company might use prediction markets to monitor geopolitical events that could affect oil prices and its bottom line. "In many ways, the whole idea of insider trading is a little odd to apply to a system that's meant to reward people with more information," Piepgrass adds.

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