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SDNY's Jay Clayton Signals Aggressive Focus on Prediction Markets, Crypto, and Corporate Cooperation

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At the Securities Enforcement Forum New York 2026, held on February 5, U.S. Attorney for the Southern District of New York (SDNY) Jay Clayton outlined enforcement priorities that should capture the attention of prediction market operators, crypto market participants, and public companies. As reported by *Law360*, Clayton made clear that the SDNY is actively considering how existing laws apply to prediction markets and that he fully expects fraud cases to be brought in that space. He also stressed that crypto markets are not exempt from traditional fraud scrutiny and described an enforcement approach that encourages companies to self-report misconduct and cooperate in exchange for potential nonprosecution agreements.

Prediction Markets: Innovation Without Immunity

Clayton's most striking comments concerned prediction markets, *i.e.*, online platforms that allow users to trade on the outcome of future events, including sports, elections, and financial benchmarks. In response to an audience question at the conference about whether he anticipates prosecutions involving prediction markets, Clayton's answer was a direct "Yes." He emphasized that simply labeling a venue as a prediction market does not shield it from the reach of antifraud laws.

According to *Law360*'s report, Clayton used a hypothetical about fixing a golf game through prediction markets to illustrate this point. If individuals conspire to influence the outcome of an event in order to profit from related prediction market positions, that conduct, in his view, is plainly criminal. "Because it's a prediction market doesn't insulate you from fraud," he said. The message is that familiar concepts like manipulation, deceit, and collusion will still trigger traditional fraud theories, even when they occur on novel platforms.

Crypto Markets: No "Leave Us Alone" Zone

Clayton also addressed how the SDNY views the crypto industry. He acknowledged that crypto markets are "important," but rejected what he described as an "absolutist" approach among some in the crypto community who argue that regulators and prosecutors should largely stand aside and let caveat emptor govern. He did not mince words in responding to that view, calling it "absurd."

This framing underscores that, in the SDNY's view, crypto markets are subject to the same core fraud and market integrity principles that have long applied to more traditional financial markets. Misrepresentations to investors, manipulative trading practices, undisclosed conflicts, and schemes to defraud will continue to draw enforcement interest, regardless of whether the underlying instruments are tokens, stablecoins, or other digital assets.

Corporate Cooperation and NPAs: “Get the Bad People Out”

Clayton also offered insight into his office’s expectations for corporate cooperation. He expressed a desire to move away from past models in which there was uncertainty about how companies’ cooperation would translate into tangible benefits when dealing with the Department of Justice.

Clayton indicated that his aim is to secure nonprosecution agreements (NPAs) that require continuous cooperation and that are structured to remove “bad people” from otherwise “good companies.” He described his goal as getting “the bad people out of, hopefully, the good companies, and to do that as quickly as possible.” He linked this approach directly to shareholder interests, stating that corporate leaders should investigate alleged misconduct sufficiently to feel comfortable signing an NPA and committing to cooperation, and that, in exchange, the government can signal to the market that the company is fundamentally sound and working to address the problem.

Practical Implications

Taken together, Clayton’s comments at the Securities Enforcement Forum New York 2026 send a consistent message: innovation does not create immunity from the application of existing fraud and securities laws. Prediction markets, whether focused on sports, financial outcomes, or other events, should be treated as serious legal environments where traditional fraud concepts apply.

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