

The Dangerous Trade of State Secrets

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Stephen Piepgrass, leader of Troutman Pepper Locke’s Regulatory Investigations, Strategy + Enforcement Practice Group, was quoted in the April 27, 2026 *The Cipher Brief* article, “[The Dangerous Trade of State Secrets](#).”

- Stephen Piepgrass, a regulatory attorney at Troutman Pepper Locke focused on financial enforcement, tells *The Cipher Brief* that the platform’s design features are precisely what make it so difficult to police.
- “The prediction markets are thriving in part because they permit the use of anonymous accounts, allow trading using cryptocurrency, and do not require geofencing,” he explains. “To date, these have been features, not bugs, of this growing market. But these same factors make policing the markets challenging, if not impossible.”
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- Piepgrass offers a concrete example.
- “An adversary could create a new account and place a large bet around, for example, a major regional power grid going down,” he notes. “If U.S. intelligence monitors the markets and believes an attack on the grid is imminent, it could divert resources and focus to that area, leaving the actual target more vulnerable.”
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- The definitional problem compounds the enforcement gap. Piepgrass notes that the Commodity Exchange Act prohibits prediction contracts related to terrorism, assassination, and war — yet those concepts resist precise legal definition.
- “The last time Congress formally declared war was during World War II,” he points out. “Is removing a head of state, like Maduro, a form of war? How about the action in Iran?”

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