

United States (Federal Layer)

Jurisdiction code: US | Tier: Federal Subnational | Posture: Patchwork | Direction: Mixed

Live page: <https://advennt.io/jurisdictions/united-states/>

Overall status: Amber

Data current to 2026-10-25. Free jurisdiction — this report is available to everyone on advennt.io.

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OVERVIEW

Executive Summary

Enter state-by-state in high-value markets with a federal AML overlay; there is no single federal licence.

Recommendation	Conditional
Time to revenue	6 18 months
Capital requirement	High
Regulatory posture	Patchwork
Confidence	Probable

Top risks

- Wire Act interstate constraint on online sports wagering
- Federal BSA/AML compliance and enforcement

- Extreme state tax rates

Top opportunities

- Largest addressable market globally
- Continued state legalisation
- Multi-state poker liquidity (MSIGA)

Analyst assessment

Entry by Product

The United States continues to present a fractured, product-by-product entry picture rather than a single national verdict, and the most consequential development sits squarely at the boundary between derivatives regulation and state gambling law. On October 9, 2026, the Commodity Futures Trading Commission issued an interim final rule, effective immediately, that excludes sportsbook and casino-style wagers from the Commodity Exchange Act's definition of a "swap," while simultaneously proposing, via a companion notice of proposed rulemaking, to bring sports, political, cultural and weather event contracts within that same swap definition under exclusive federal jurisdiction. For an operator evaluating event-contract and prediction-market products, this is the single most material signal of the cycle: the CFTC is actively trying to draw a federal-jurisdiction line around sports and political event contracts that would, if finalized, pull those products out from under state gambling licensing regimes entirely. Traditional sportsbook and casino-style betting is deliberately carved out of this reclassification and remains governed by the existing state-by-state licensing patchwork, which is unchanged by the developments. Operators offering conventional sports betting or online casino products should treat their state licensing posture as unaffected by the CFTC action; operators offering or contemplating event-contract or prediction-market products face a live and unresolved jurisdictional question about which regulator, and which body of law, actually governs them.

That jurisdictional question is sharpened, not settled, by an active circuit split. The Sixth and Ninth Circuits have each held that sports-event contracts of the Kalshi type are not "swaps," meaning state gambling law can continue to apply to them, while the Third Circuit has preliminarily sided with federal preemption and enjoined New Jersey from applying its own gambling law to such contracts. Multiple certiorari petitions are now pending before the Supreme Court. An operator cannot currently rely on a uniform federal answer to whether a prediction-market product needs a state gambling license, a CFTC-regulated derivatives registration, or both, and the answer may differ by circuit until the Supreme Court resolves the split or the CFTC's rulemaking is finalized. Sweepstakes-style casino products form a third, separate track: Pennsylvania's HB 2801, a bill restricting sweepstakes casinos, was reported out of committee on October 5, 2026, signaling that state legislatures remain an independent and active front against this product category even as the federal event-contract fight continues on its own track.

Regulatory Picture

No change in the underlying state licensing and regulation framework was evidenced, and the baseline licensing architecture for conventional sports betting and casino products remains stable. The material regulatory movement is confined to the federal derivatives side of the picture: the CFTC's interim final rule and NPRM are themselves the primary instrument altering the landscape for event-contract platforms, and they operate

independently of any state gambling statute or licensing authority. Because the research did not surface new material in licensing and regulation, entry pathways, or enforcement proper, the regulatory picture for a conventional sportsbook, casino, or poker operator is unchanged in substance from the prior dated position, and the operative question for those products is not one of new law but of continued compliance with the existing state-by-state regime.

Cost & Compliance

No cost-to-operate, AML/CFT, or player-protection development was evidenced, and nothing in the current research changes the compliance-cost picture for conventional gambling licensees. The compliance burden that has shifted is narrower and more specific: any operator whose product mix includes event contracts or prediction markets must now track a federal rulemaking process whose outcome will determine whether that product line sits inside the CFTC's exclusive derivatives jurisdiction or within state gambling law, each of which carries a materially different compliance architecture. That tracking cost is real but is not yet a quantified rate, fee, or lift that the evidence supports stating numerically.

Enforcement & Risk

The defining risk is jurisdictional rather than enforcement-driven in the traditional sense. The CFTC's interim final rule is already in effect, and its companion NPRM is live; the Sixth and Ninth Circuit holdings that event contracts are not swaps stand on one side of the split, while the Third Circuit's preliminary ruling enjoining New Jersey's application of state gambling law stands on the other, and three certiorari petitions are now before the Supreme Court awaiting resolution. For an operator building an event-contract or prediction-market platform, this split means the applicable regulatory and enforcement regime can differ depending on which circuit a dispute arises in, with no single federal answer until the Supreme Court acts or the CFTC's NPRM is finalized. No enforcement action was evidenced against any gambling operator, and no new instrument touching licence revocation, penalties, or criminal referral was identified; the risk profile for conventional sportsbook and casino operators is therefore unchanged. The risk profile for event-contract and prediction-market operators, by contrast, is elevated and actively deteriorating: a platform operating on the assumption that it sits outside state gambling law because it is not a "swap" could find that assumption reversed in a circuit that follows the Third Circuit's preemption reasoning, or could find its product reclassified as a swap entirely if the CFTC's NPRM is finalized as proposed.

Outlook

The near-term path for US prediction-market and event-contract entry runs through two converging tracks that have not yet resolved: the CFTC's rulemaking process on its NPRM, and the Supreme Court's handling of the pending certiorari petitions arising from the circuit split. Either could materially change the entry position for event-contract products — a finalized CFTC rule bringing these products within exclusive federal derivatives jurisdiction would displace state gambling licensing requirements for that product class, while a Supreme Court ruling resolving the circuit split in favor of state-law applicability would have the opposite effect. Separately, Pennsylvania's HB 2801 bears watching as an indicator that state legislatures continue to move independently against sweepstakes-casino products regardless of how the federal event-contract question resolves, though this bill rests on a single tracked source and has not been independently corroborated.

Board Briefing

Headline

The US federal layer issues no gambling licence; entry is state-by-state under a federal boundary of Wire Act, UIGEA and FinCEN AML.

What has changed

Wire Act confined to sports wagering (1st Cir. 2021; D.R.I. 2022); FinCEN issued AML modernisation NPRMs in 2024 and April 2026; casino AML enforcement momentum returned in 2024.

What to do now

Plan multi-state entry, confine online sports wagering intrastate, build a FinCEN-compliant BSA/AML program, and ensure UIGEA-compliant state-gated payments.

What to watch

Possible Supreme Court resolution of Wire Act scope if a circuit split emerges; finalisation of the April 2026 FinCEN AML effectiveness rule; further state iGaming legalisation.

Product Coverage

Status for each product as published for this jurisdiction.

Probable: Two independent AI models agree; not checked by an expert.

Product / vertical	Status	How this answer was reached
Casino	Reserved to sub-national authority	Probable
Poker	Reserved to sub-national authority	Probable
Sports Betting	Reserved to sub-national authority	
Lottery	Reserved to sub-national authority	
Software / B2B	Reserved to sub-national authority	
Bingo	Reserved to sub-national authority	Probable
eSports Betting	Reserved to sub-national authority	Probable
Exchange Betting	Reserved to sub-national authority	Probable
Other Event Betting	Reserved to sub-national authority	Probable
Skill Games	Reserved to sub-national authority	Probable
Virtual Events Betting	Reserved to sub-national authority	Probable
Fantasy Sports	Reserved to sub-national authority	
Sweepstakes	Grey zone	
Crypto Gambling	Grey zone	
Affiliate Marketing	Reserved to sub-national authority	
Payments for Gambling	Restricted	

Service provider risk

Provider type	Risk level	Traffic light
Payment Processor	Medium	Amber

Regulatory Pulse

Direction	Mixed
Conviction	High
Lead signal	CFTC moves to carve sportsbooks out of, and pull sports event contracts into, its 'swap' definition (19 Oct 2026)
Category	Regulated Activity Classes

Section-by-section cycle summary

Concise per-section summaries from the latest interpret cycle. These findings are folded additively into the persistent-state and are reflected in the baseline narratives throughout this report.

Overview: The CFTC's October 2026 interim final rule and companion proposed rule reset the federal/state boundary for exchange-traded sports and event contracts, excluding state/tribal-licensed casino-style gambling from the 'swap' definition while proposing to bring sports, politics, culture and weather event contracts within it. Separately, Oklahoma's SB1589 criminalises dual-currency sweepstakes operation from 1 November 2026, prompting market exits.

Executive Summary: The dominant development for this jurisdiction is the CFTC's jurisdictional move on sports event contracts, paired with active state litigation (Missouri, Ohio, Utah) and Oklahoma's incoming sweepstakes ban.

Licensing & Regulation: No change to state gambling-licensing frameworks was evidenced this cycle; the active development is at the federal commodities-regulation boundary (CFTC) rather than within state licensing regimes themselves.

Enforcement: Active litigation was identified across three states: Novig and Crypto.com sued Missouri, Polymarket sued Ohio alleging discriminatory enforcement, and Utah sued Kalshi, its affiliates and two Susquehanna trading firms, all contesting the application of state gambling law to exchange-traded sports contracts.

Technical Compliance: No technical-compliance development was evidenced this cycle.

Distribution & Platform Rules: No distribution or platform-rule development was evidenced this cycle.

Commercial Activity: No disclosed commercial transactions (M&A, investment, partnerships) specific to gambling operators were identified in this consumer's research this cycle.

Extraterritorial Reach: No extraterritorial-reach development was evidenced this cycle.

Market Opportunity: Prediction markets have traded an estimated \$410 billion so far in 2026, a figure cited amid the unresolved federal/state jurisdictional dispute; commentary does not expect Supreme Court resolution before summer 2027.

Entry Pathways: No change to entry pathways was evidenced this cycle.

Cost to Operate: No change to cost to operate was evidenced this cycle.

Operational Obligations: No change to operational obligations was evidenced this cycle.

AML / CFT Regime: No change to AML/CFT obligations for gambling operators was evidenced this cycle.

Player Protection: No change to player protection requirements was evidenced this cycle.

Payments & Money Flow: No gambling-specific payments development was evidenced this cycle.

Competitive Landscape: Operators including ACE Casino, Baba Casino and Stake are exiting the Oklahoma sweepstakes market in October 2026 ahead of SB1589's 1 November 2026 effective date, which makes operating or promoting a dual-currency sweepstakes site a felony.

Reform Horizon: The CFTC's companion proposed rule remains open for a 30-day comment period after Federal Register publication; a second state sweepstakes ban, Pennsylvania HB 2801, remains before the legislature with a 30 November 2026 session deadline and no carry-over.

Regulated Activity Classes: The CFTC's interim final rule, effective 19 October 2026, excludes state/tribal-licensed casino-style gambling products not traded on a multilateral market from the federal 'swap' definition. A companion proposed rule would add sports, politics, culture and weather event contracts to that same swap definition, directly affecting whether exchange-traded sports contracts (Kalshi, Polymarket, Novig, Crypto.com, ProphetX) are federally regulated derivatives or state-regulated gambling. Oklahoma's SB1589 separately makes operating or promoting a dual-currency sweepstakes site a felony from 1 November 2026, reaching both sweepstakes and free-to-play/sweeps-coin models bundled with a cash-purchasable second currency.

Consumer Protection: No consumer-protection development was evidenced this cycle.

Key Judgments

Analyst key judgments from the 2026-10-25 interpret cycle.

- The CFTC's swap-definition rulemaking creates a genuine risk that exchange-traded sports contracts will be treated as federally regulated derivatives outside state gambling licensing entirely, which would materially reshape competitive dynamics between sportsbooks and prediction-market platforms.
- Oklahoma's criminalisation of dual-currency sweepstakes is likely to be followed by similar action in other states, given Pennsylvania's pending HB 2801 and the broader legislative trend against sweeps-coin models.

Reform Horizon

Reform Horizon: Amber

Two reform threads are live this period. The CFTC's companion proposed rule, which would add sports, politics, culture and weather event contracts to the federal swap definition, remains open for public comment for thirty days following Federal Register publication of the related interim final rule; its outcome will determine whether exchange-traded sports contracts sit inside federal derivatives regulation or remain within state gambling-law classification. Separately, Pennsylvania's HB 2801, which would impose a statewide ban on sweepstakes games, remains before the legislature with the current session ending 30 November 2026 and no carry-over provision, meaning the bill must pass within that window or lapse. One internal judgment treats Oklahoma's enacted ban as a likely precursor to further state action against dual-currency sweepstakes models, though that judgment is held with uncertainty given the limited evidence base for a broader legislative trend at this point.

Reform stage	Consultation
Confidence	Probable

Reform horizon scenario

The US reform horizon is dense and directionally uncertain. The base scenario is continued state-by-state sports-wagering expansion with stable traditional licensing frameworks, while the CEA preemption circuit split proceeds to probable Supreme Court review

following the Ninth Circuit Nevada decision — expected on a probable 60-to-120-day timeline from April 16, 2026 oral argument. Under the base scenario, the CFTC issues its advance notice of proposed rulemaking for event contracts, providing a clearer federal pathway signal without resolving the preemption question. The adverse scenario is a Ninth Circuit ruling for Nevada that confirms a direct circuit split, triggering Supreme Court review on an adverse preemption theory, combined with enactment of the Fair Markets and Sports Integrity Act (HR 7477) amending the CEA to preserve state authority over prediction markets — effectively closing the DCM pathway for sports-event contracts. The favourable scenario for prediction-market operators is a Ninth Circuit ruling affirming CEA preemption, accelerating SCOTUS review on a favourable theory, and CFTC rulemaking that formalises the DCM pathway. For traditional operators, the favourable scenario includes SAFE Bet Act failure and BSA modernisation reducing compliance burden.

RISK ASSESSMENT

Enforcement

Status: Amber

Enforcement activity this period centres on litigation rather than regulator-issued penalties. Novig and Crypto.com sued Missouri, Polymarket sued Ohio alleging that the state's sports-betting rules and enforcement efforts are discriminatory, and Utah sued Kalshi, its affiliates and two Susquehanna trading firms, all as of 23 October 2026 contesting the application of state gambling law to exchange-traded sports contracts. This is active, multi-front litigation across three states running concurrently with the CFTC's own rulemaking on the swap-definition boundary, and it has not been resolved this period. Separately, Oklahoma's SB1589 creates a distinct and more severe enforcement exposure: operating or promoting a dual-currency sweepstakes site becomes a felony from 1 November 2026, a criminal rather than civil-penalty mechanism, and its reach extends to free-to-play and sweeps-coin models bundled with a cash-purchasable second currency. Operators including ACE Casino, Baba Casino and Stake have already begun exiting the Oklahoma market in anticipation of that date. No enforcement event touching conventional state-licensed sportsbook or casino operators was evidenced this period.

Enforcement events

- —
- —
- —: CFTC issued an emergency order under CEA Section 8a compelling Kalshi to continue normal operations in New York despite the state's \$36B lawsuit and shutdown request, asserting exclusive federal jurisdiction over the interstate derivatives exchange.
- —: Court ordered Kalshi to geofence event contracts on sports, elections, politics, entertainment, culture, tech and science by Aug. 19 and Sept. 2 deadlines, rejecting Kalshi's federal 'impartial access' preemption defence — the third such rejection in roughly a week after Connecticut and Utah.
- —: Court denied Kalshi's request for an injunction pending appeal, rejecting reliance on the CFTC's Aug. 11 New York emergency order as authority in Connecticut, holding the agency lacks power to issue an order conflicting with the court's interpretation of federal law.
- —: Kalshi implemented GeoComply geofencing in Michigan and Nevada to meet Aug. 12 deadlines, facing penalties of up to \$500,000/day (Michigan) and \$120,000/day (Nevada); a subsequent dispute arose in Nevada over how state investigators accessed the platform to test compliance.

- —: Connecticut federal district court denies Kalshi's preliminary injunction; rules sports-event contracts are not CEA swaps and are not preempted from state gambling enforcement.
- —: Utah federal court grants summary judgment to Utah in first final merits ruling holding CEA does not preempt state anti-gambling law enforcement against Kalshi.
- —: Federal prosecutors move to revoke bond of Deniro Laster, co-defendant of NBA player Terry Rozier, alleging witness tampering in ongoing sports-betting-corruption prosecution; trial set for Feb 8, 2027.
- —: PokerStars reached a settlement with the DOJ resolving claims arising from offshore online poker operations serving US players, agreeing to forfeit funds (reported at \$731M including Full Tilt assets).
- —: Renewed federal and state focus on casino AML compliance in 2024, with multi-million-dollar fines for casinos that failed to maintain effective AML programs and report suspicious activity.
- —: First Circuit affirmed in New Hampshire Lottery Commission v. Rosen that the Wire Act applies only to sports wagering; DOJ did not appeal, narrowing federal enforcement exposure for non-sports interstate gaming.
- —: District Court in IGT v. Garland granted summary judgment that the Wire Act applies only to sporting events or contests as to the parties before it, reinforcing the narrow interpretation.
- —: FinCEN published an April 2026 NPRM (RIN 1506-AB72) superseding its July 2024 NPRM, proposing that casinos maintain 'effective', governance-driven, risk-based AML/CFT programs; the proposal has not been finalised and imposes no obligation yet.

Extraterritorial Reach

Status: Amber

The CFTC's October 9, 2026 interim final rule, effective immediately, excludes sportsbook and casino-style wagers from the Commodity Exchange Act's "swap" definition, while a companion notice of proposed rulemaking would bring sports, political, cultural and weather event contracts within that definition under exclusive federal jurisdiction. This sits atop an unresolved circuit split: the Sixth and Ninth Circuits have held that event contracts are not swaps, meaning state gambling law can continue to apply, while the Third Circuit has preliminarily sided with federal preemption and enjoined New Jersey from applying its own gambling law to such contracts. Multiple certiorari petitions are now pending before the Supreme Court, and no resolution has yet been reached. For operators, this means the applicable regulatory regime for event-contract and prediction-market products can presently differ by circuit, and the CFTC's own rulemaking could still displace state gambling law entirely for this product class if finalized as proposed. Conventional sportsbook and casino-style wagering is unaffected and continues to be governed by state law.

Reform Horizon

Status: Amber

Two reform threads are live this period. The CFTC's companion proposed rule, which would add sports, politics, culture and weather event contracts to the federal swap definition, remains open for public comment for thirty days following Federal Register publication of the related interim final rule; its outcome will determine whether exchange-traded sports contracts sit inside federal derivatives regulation or remain within state gambling-law classification. Separately, Pennsylvania's HB 2801, which would impose a statewide ban on sweepstakes games, remains before the legislature with the current session ending 30 November 2026 and no carry-over provision, meaning the bill must pass within that window or lapse. One internal judgment treats Oklahoma's enacted ban as a likely

precursor to further state action against dual-currency sweepstakes models, though that judgment is held with uncertainty given the limited evidence base for a broader legislative trend at this point.

Outlook

Status: Amber

The federal level issues no gambling licences, and a federal iGaming bill — though repeatedly introduced — is unlikely to pass near-term. The dominant federal uncertainty is the Wire Act's scope: the First Circuit (2021) and Fifth Circuit (2002) confine §1084 to sports wagering, and the Rhode Island District Court (2022) reinforced this, but there is no nationally binding precedent. A contrary ruling in another circuit could force Supreme Court resolution. FinCEN's 2024/2026 AML NPRMs signal a tightening federal AML posture. State-by-state expansion (IN, IL, NY considering iGaming) continues to drive the market.

Red Flags

[US-RF-002] Operating online sports wagering across state lines

Wire Act §1084 prohibits interstate transmission of sports bets.

Evidence: [SRC-US-001](#)

[US-RF-003] Processing payments for unlicensed gambling

UIGEA criminalises facilitation of unlawful internet gambling funding.

Evidence: [SRC-US-009](#)

[US-RF-004] Failure to maintain an effective BSA/AML program

Casinos >\$1M GGR are financial institutions; \$25,000/day penalty and criminal exposure.

Evidence: [SRC-US-008](#)

[US-RF-006] Serving US players from an offshore base

DOJ pursues offshore operators (e.g. PokerStars \$731M settlement).

Evidence: [SRC-US-005](#)

[US-RF-001] Assuming a single federal licence exists

There is no federal gambling licence; entry is state-by-state.

Evidence: [SRC-US-002](#)

[US-RF-005] Late or missing CTR/SAR filings

CTR (>\$10,000) and SAR ($\geq$ \$5,000) reporting are mandatory federal obligations.

Evidence: [SRC-US-004](#)

[US-RF-008] Assuming B2B suppliers need no licence

B2B supplier licensing is required independently in each state.

Evidence: [SRC-US-002](#)

[US-RF-009] Underestimating extreme state tax rates

NY 51% sports and PA 36% rates are margin killers.

Evidence: [SRC-US-009](#)

[US-RF-010] Relying on Wire Act narrowness nationally

Only First and Fifth Circuits bind; a contrary ruling could change exposure.

Evidence: [SRC-US-002](#)

[US-RF-011] Inadequate geolocation

Geolocation is mandatory to enforce intrastate operation.

Evidence: [SRC-US-002](#)

[US-RF-012] Operating in tribal gaming areas without a compact

IGRA Class III requires a tribal-state compact and NIGC oversight.

Evidence: [SRC-US-004](#)

[US-RF-015] Card processing in prohibited states

MCC 7995 is blocked in prohibited states per UIGEA.

Evidence: [SRC-US-009](#)

[US-RF-018] Offering crypto gambling federally

Crypto gambling sits in a grey/closed federal zone with AML exposure.

Evidence: [SRC-US-009](#)

[US-RF-019] Underestimating returning casino AML enforcement

Enforcement momentum returned in 2024 with multi-million-dollar fines.

Evidence: [SRC-US-005](#)

[US-RF-023] Underestimating multi-state capital intensity

50+ separate entries plus federal AML overlay are capital-intensive.

Evidence: [SRC-US-002](#)

[US-RF-007] Ignoring IRS W-2G withholding

24% withholding on winnings >\$5,000 or $\geq 300\times$ wager is a federal requirement.

Evidence: [SRC-US-004](#)

[US-RF-013] Assuming the 2026 FinCEN NPRM's proposed effectiveness-focused standard is already in force

The April 2026 NPRM proposes a shift to effectiveness-focused programs that would require re-engineering if finalised; no final rule has yet been published.

Evidence: [SRC-US-006](#)

[US-RF-014] Deceptive advertising

FTC and state AGs increasingly scrutinise gambling advertising.

Evidence: [SRC-US-005](#)

[US-RF-016] Ignoring suitability/background investigations

State suitability reviews of beneficial owners are a key bottleneck.

Evidence: [SRC-US-002](#)

[US-RF-017] Assuming a federal self-exclusion register

There is no federal register; self-exclusion is state-by-state.

Evidence: [SRC-US-005](#)

[US-RF-020] Hub-jurisdiction licensees ignoring US reputational pressure

US licensees in MT/GI/IM face US-driven enforcement spillover.

Evidence: [SRC-US-005](#)

[US-RF-021] App-store submission without state gating

Apple/Google gate real-money gambling to licensed states.

Evidence: [SRC-US-009](#)

[US-RF-022] Sweepstakes/social casino assumed safe federally

These sit in a state-variable grey zone under lottery/consumer law.

Evidence: [SRC-US-009](#)

[US-RF-025] Outsourced AML audit by unqualified firm

Independent testing must be conducted by gaming-AML-qualified reviewers.

Evidence: [SRC-US-008](#)

[US-RF-024] Banking on near-term federal iGaming legalisation

Federal iGaming bills are introduced repeatedly but unlikely to pass.

Evidence: [SRC-US-002](#)

Controls & Mitigations

Recommended controls derived from red flags and architecture patterns.

Control	Description	Linked patterns
BSA/AML program	Written, risk-based AML program with designated compliance officer, internal controls, training and independent testing.	US-AP-004
CTR/SAR filing system	Electronic CTR (>\$10,000/gaming day) and SAR (≥\$5,000) filing via FinCEN BSA E-Filing.	US-AP-004
Geolocation enforcement	Multi-factor geolocation to confine operation intrastate and to licensed states.	US-AP-002
UIGEA-compliant payment gating	State-gated payment rails with MCC 7995 blocking in prohibited states.	US-AP-003
Per-state licensing matrix	Track licensing, suitability and B2B requirements per state.	US-AP-001

Liability Exposure

Counterparty	Liability head	Sources
Operator	interstate wire transmission (Wire Act)	SRC-US-001
Payment Processor	unlawful internet gambling funding (UIGEA)	SRC-US-009
Casino Financial Institution	BSA/AML program failure	SRC-US-008

Architecture Patterns

[US-AP-001] State-by-state licensing under 10th Amendment

Typology: Federal Subnational Division

Liability heads: Unlicensed Operation

[US-AP-002] Wire Act intrastate constraint on online sports wagering

Typology: Federal Boundary Condition

Liability heads: Interstate Wire Transmission

[US-AP-003] UIGEA payment-blocking overlay

Typology: Payments Interdiction

Liability heads: Unlawful Internet Gambling Funding

[US-AP-004] FinCEN BSA/AML financial-institution obligations

Typology: Aml Cft

Liability heads: Aml Program Failure, Reporting Failure

[US-AP-005] IGRA tribal gaming track (Class I/II/III)

Typology: Tribal Gaming Framework

Liability heads: Non Compact Operation

[US-AP-006] Multi-state internet gaming compact (MSIGA poker liquidity)

Typology: Interstate Compact

Liability heads: Interstate Pooling

[US-AP-007] Federal extraterritorial offshore enforcement

Typology: Extraterritorial Enforcement

Liability heads: Offshore Unlicensed Operation

Worked Examples

An EU operator wants a single federal US online casino licence.

Entities: EU operator

No federal licence exists; the operator must license state-by-state (NJ, PA, MI, WV, CT, DE) and build a FinCEN BSA/AML program.

Recommendation: Prioritise 1-2 high-value states (NJ/PA/MI), then expand; budget for multi-state duplication.

Operator plans interstate online sports wagering between two states.

Entities: sports betting operator

The Wire Act §1084 prohibits interstate transmission of sports bets; only intrastate operation is safe.

Recommendation: Confine each state's sports wagering operation intrastate; do not pool sports liquidity across states.

Online casino exceeds \$1M GGR but has no AML program.

Entities: online casino

It is a non-bank financial institution under the BSA; absence of an AML program risks \$25,000/day penalties and criminal exposure.

Recommendation: Implement a written risk-based BSA/AML program with CTR/SAR filing before launch.

PSP wants to process gambling payments nationally.

Entities: payment service provider

UIGEA prohibits processing for unlicensed gambling; MCC 7995 must be blocked in prohibited states.

Recommendation: Implement state-gated processing and block transactions to unlicensed operators.

Operator seeks online sports wagering in Florida via tribal route.

Entities: operator, Seminole Tribe

Online sports wagering runs under the Seminole IGRA Class III compact with NIGC oversight and litigation history.

Recommendation: Engage via the tribal compact framework; monitor ongoing litigation status.

Decision Tree

- Q:** Is the operator seeking a single federal gambling licence?
- Q:** Does the operator understand there is no federal licence and entry is state-by-state?
- Q:** Is the product online sports wagering?
- Q:** Is operation confined intrastate to avoid Wire Act §1084?
- Q:** Is the product casino/poker/lottery (outside Wire Act sports scope)?
- Q:** Does annual GGR exceed \$1M (FinCEN financial-institution threshold)?
- Q:** Is a BSA/AML program with CTR/SAR reporting in place?
- Q:** Are payment rails UIGEA-compliant and state-gated?

LEGAL BASIS

Overview

Status: Amber

Two separate developments reset the market structure this period. A CFTC interim final rule, effective 19 October 2026, excludes state- or tribal-licensed casino-style gambling products not traded on a multilateral market from the federal swap definition, while a companion proposed rule would bring sports, politics, culture and weather event contracts within that same definition — a move that bears directly on whether exchange-traded platforms operate as federally regulated derivatives markets or as state-regulated gambling. Separately, Oklahoma's SB1589 criminalises operating or promoting a dual-currency sweepstakes site from 1 November 2026, prompting operators including ACE Casino, Baba Casino and Stake to exit that state's market in October 2026. Neither development touches conventional state-licensed sportsbook or casino regimes directly, but together they mark an active period of boundary-setting between federal commodities regulation, state criminal law, and the gambling-licensing frameworks that otherwise remain unchanged.

Licensing & Regulation

Status: Amber

This cycle's licensing-and-regulation development centers on Wisconsin, where Act 247, the durable primary legislation authorizing statewide mobile sports betting through the tribal gaming compact system, faces a newly filed state constitutional challenge from the Wisconsin Institute for Law & Liberty on behalf of two taxpayer associations. The suit alleges the statute violates Wisconsin's 1993 constitutional amendment restricting expansion of gambling and the state's Equal Protection Doctrine, and seeks to block new tribal compacts and the statewide mobile betting launch. No ruling has issued, and Act 247 remains in force and operative pending the outcome, meaning the licensing framework itself has not yet been altered. The challenge nonetheless introduces a live source of uncertainty for the tribal operator coalition relying on the compact structure, and the mixed durability of the outcome, an operative statute facing a constitutional-mechanism attack, means the practical licensing picture in Wisconsin could shift materially depending on how the litigation resolves.

Product coverage

Product	Status
Casino	Reserved To Subnational
Poker	Reserved To Subnational
Betting	Reserved To Subnational
Skill Games	Reserved To Subnational
Lottery	Reserved To Subnational
Software B2B	Reserved To Subnational
Bingo	Reserved To Subnational
Fantasy Sports	Reserved To Subnational
Esports Betting	Reserved To Subnational
Sweepstakes	Grey Zone
Crypto Gambling	Grey Zone
Affiliate Marketing	Reserved To Subnational
Payments For Gambling	Restricted
Exchange Betting	Reserved To Subnational
Other Event Betting	Reserved To Subnational
Virtual Events Betting	Reserved To Subnational

Technical Compliance

Status: Amber

Technical standards (RNG, RTP, geolocation, hosting) are set at state level — there is no federal technical compliance standard for online gambling. Federal-layer requirements are AML/BSA recordkeeping and reporting (CTR/SAR via FinCEN BSA E-Filing). Geolocation is mandated at state level to enforce intrastate-only operation consistent with the Wire Act. Common state testing standards include GLI and BMM.

Distribution & Platform Rules

Status: Amber

The cycle's distribution-platform-rules development is the CFTC's staff letter mandating platform-level review of odds presentation for CFTC-regulated event-contract entities. The letter warns against sportsbook-style American odds formatting and requires regulated firms to confirm receipt and to review pricing displays, marketing materials, and affiliate practices by August 31, 2026. This is a fragile guidance instrument rather than a codified rule, but it imposes a concrete, deadline-bound compliance obligation on how CFTC-regulated prediction-market platforms present pricing and market their products,

extending regulatory attention beyond core product classification into the presentation layer that shapes customer-facing platform design. The obligation did not previously exist in the operational baseline and represents a new platform-facing compliance vector distinct from, but converging with, the state-level marketing and odds-disclosure standards long applied to conventional sportsbook operators.

AML / CFT Regime

Status: Amber

This cycle brings a material correction rather than a new instrument to the AML/CFT baseline. The operative federal framework governing casino anti-money-laundering programs remains 31 CFR Part 1021 as currently codified, together with the Bank Secrecy Act as amended by the AML Act of 2020. FinCEN's April 2026 notice of proposed rulemaking, which proposes a risk-based effectiveness framework, superseded an earlier June 2024 proposal, and neither is yet in force; the comment period on the current proposal remained open as of mid-2026. This corrects a prior baseline assertion that had treated the 2024 proposal as binding from June 28, 2024, an overstatement of the current compliance lift. Accordingly, the practical AML/CFT compliance burden for casino operators is properly assessed as moderate rather than significant pending finalization of the pending rulemaking, and operators should treat the 2020-amended Bank Secrecy Act framework, not the proposed rule, as the governing standard until a final rule issues.

Player Protection

Status: Amber

State-level player-protection tightening this cycle is proceeding on three separate but converging tracks. Pennsylvania's legislature held hearings in February 2026 on a bill to establish a state-wide, cross-platform self-exclusion list, which would let a player's exclusion choice follow them across every licensed operator in the state rather than being enforced operator-by-operator. New Jersey's Division of Gaming Enforcement has proposed a rule requiring mandatory, rather than optional, minimum deposit-limit prompts at account creation, shifting the default from opt-in friction to a required checkpoint. Michigan's Gaming Control Board is separately reviewing its internet gaming rules to strengthen reality-check and session-time-reminder requirements. None of the three items has yet reached a primary-source anchor this cycle, and each remains a proposal or review rather than an enacted rule, but taken together they describe a structural, multi-state trend toward tighter harm-mitigation defaults rather than an isolated regulatory event.

Operational Obligations

Status: Amber

The principal operational-obligations development this cycle is the increase of the slot machine hand-pay reporting threshold under Form W-2G from 1,200 dollars to 2,000 dollars, effective January 1, 2026 under the One Big Beautiful Bill Act's Section 70114. This is a confirmed, durable statutory change that reduces the volume of mandatory reporting events operators must process for slot hand-pays, representing a liberalising shift in reporting burden even as the same legislation tightened the player-facing tax treatment of gambling losses. No other operational-obligation developments, such as technical certification or cross-border transfer requirements, were identified this cycle.

Reporting obligations

- —: CFTC staff letter on event-contract odds presentation
- Currency Transaction Report (Ctr): 31 CFR 1021.311
- Suspicious Activity Report (Sar): 31 CFR 1021.320 / FinCEN Form 111
- Irs Form W 2G Winnings Reporting/Withholding: IRS Form W-2G

Advertising & Marketing

Status: Amber

Advertising is regulated primarily at the state level, with federal FTC oversight of deceptive practices and increasing scrutiny from state attorneys general. There is no federal gambling advertising ban; restrictions on bonuses, affiliates and sponsorship vary by state. Federal-layer exposure is mainly via FTC consumer-protection authority and the CFPB.

CONTEXT & EVIDENCE

Cost to Operate

Status: Amber

The One Big Beautiful Bill Act's Section 70114 caps deductibility of gambling losses against winnings at 90 percent for tax years beginning 2026, a durable statutory change effective January 1, 2026 that raises the effective tax burden borne by bettors. The same provision raised the slot machine hand-pay reporting threshold under Form W-2G from 1,200 dollars to 2,000 dollars, effective the same date, a liberalising operational offset that reduces the volume of mandatory reporting events. This is a confirmed, mixed-direction federal intervention: it tightens the player-facing cost of gambling while easing an operator's reporting compliance load, both traced to the same durable primary legislation with no state-level cost changes identified this cycle.

Fee schedule

- Federal Gambling Licence Fee

Taxes

Status: Amber

There is no federal gambling tax on GGR. Players pay federal income tax on net winnings; operators pay corporate income tax (21%). IRS Form W-2G withholding is 24% on winnings above \$5,000 or where proceeds are at least 300x the wager. No federal VAT/GST applies; state sales taxes generally do not apply to gambling services. Effective tax burden is set at state level and can be globally extreme (NY 51% sports wagering, PA 36%).

Payments & Money Flow

Status: Amber

The primary federal payment-flow instrument governing US gambling operators is UIGEA (2006), which prohibits acceptance of payment in connection with unlawful internet gambling. In recent tribal litigation, UIGEA has been characterised on a probable basis as a narrow payment-processing statute that does not alter or supersede IGRA — a judicial gloss on a durable statute that remains at the litigation stage and has not been finalised by a circuit court. The BSA CTR threshold for casinos remains \$10,000, unchanged this cycle. No new federal payment-flow instrument or restriction was issued this cycle.

Treasury's National Money Laundering Risk Assessment flags online and mobile sports-betting operators potentially acting as unregistered money transmitters outside casino BSA coverage, creating an 18 U.S.C. §1960 unlicensed-money-transmitter exposure for operators who have not addressed MSB classification risk in their compliance programmes. No gambling-specific cross-border capital controls apply in the US context.

Payments & Banking

Status: Amber

UIGEA (31 U.S.C. §5363) prohibits payment processors from knowingly accepting funds in connection with unlawful internet gambling, requiring blocking of transactions to unlicensed operators. MCC 7995 treatment varies: in regulated states acquirers can process; in prohibited states processors block. Licensed-state operators access cards, e-wallets, bank transfers and (increasingly) some crypto rails. PSPs falling within FinCEN's scope carry BSA obligations. Banking risk is moderate and state-dependent.

Market Opportunity

Status: Green

The United States is, on a probable basis, the largest regulated gambling market globally, with continued state-by-state expansion of sports wagering representing the primary growth vector for licensed operators. The prediction-market segment is a rapidly growing but legally contested vector, with platforms operating as CFTC-regulated Designated Contract Markets facing a patchwork of state bans, criminal enforcement actions, and tribal IGRA challenges. The traditional sports-wagering and casino-gaming market offers substantial commercial opportunity for operators who can meet the compliance demands of the state-by-state licensing architecture and the elevated federal AML enforcement environment. No precise market-size figure was cited in the evidence this cycle; the market-scale characterisation is assessed as probable based on available commercial-intelligence framing. The prediction-market segment's commercial trajectory is upward but its legal status is unresolved pending the Ninth Circuit Nevada decision and probable Supreme Court review, creating a bifurcated opportunity picture: established for traditional operators, speculative for event-contract entrants.

Entry Pathways

Status: Amber

Entry pathways in the United States are determined at the state level for sports wagering and casino gaming, with each state maintaining its own enabling statute, licensing authority, and conditions. Tribal Class III gaming constitutes a distinct pathway governed by the Indian Gaming Regulatory Act and state-tribal compact arrangements, with the National Indian Gaming Commission as the federal oversight body. A contested federal pathway exists for event-contract operators via the CFTC-regulated Designated Contract Market route under the Commodity Exchange Act; however, this pathway is actively litigated across multiple circuits and is not a settled entry route. The DCM pathway's viability for sports-event contracts was affirmed by the Third Circuit in a two-to-one ruling on April 6, 2026, but the Ninth Circuit expressed skepticism at April 16, 2026 oral argument, and a direct circuit split is probable pending the Nevada decision. No new state licence category was created or removed this cycle. The B2B supply chain for state-

licensed operators is governed by state-level vendor and supplier licensing requirements that vary by jurisdiction.

Product coverage

Product	Status
Casino	Reserved To Subnational
Poker	Reserved To Subnational
Betting	Reserved To Subnational
Lottery	Reserved To Subnational
Software B2B	Reserved To Subnational
Bingo	Reserved To Subnational
Esports Betting	Reserved To Subnational
Exchange Betting	Reserved To Subnational
Other Event Betting	Reserved To Subnational
Skill Games	Reserved To Subnational
Virtual Events Betting	Reserved To Subnational

Competitive Landscape

Status: Amber

The clearest competitive-dynamics signal this period is the exit of sweepstakes operators from Oklahoma: ACE Casino, Baba Casino and Stake began pulling dual-currency sweeps-coin products from that state in October 2026 ahead of SB1589's 1 November 2026 effective date, which makes operating or promoting such a site a felony. This is a direct, observable market-structure consequence of a single state's criminal statute rather than a broader national trend, though Pennsylvania's pending HB 2801 raises the prospect of a second state following the same path before its legislative session closes on 30 November 2026. Separately, the competitive boundary between state-licensed sportsbooks and exchange-traded prediction-market platforms (Kalshi, Polymarket, Novig, Crypto.com, ProphetX) remains unsettled, with the CFTC's swap-definition rulemaking and parallel state litigation in Missouri, Ohio and Utah all bearing on which operators ultimately compete under which regulatory regime.

Gaps Register

Evidence gaps identified by the pipeline — areas where confirmation from primary sources is outstanding.

- **[adv-int-20261025-US-G001]** No primary CFTC Federal Register text was retrieved directly; the rule's content rests on law-firm/press summaries of the Oct 9/19 rulemakings, not the agency's own published text.
- **[adv-int-20261025-US-G002]** No state-level licensing register was checked individually for all 50 states this cycle; coverage limited to items with a dated primary/press source.

Sources & Provenance

10 sources. T1 = primary instrument/regulator; lower tiers = secondary. Inline [SRC-XX] markers link to this table.

ID	Tier	Source / instrument	URL
SRC-US-001	T1	18-USC-1084	https://www.justice.gov/olc/file/1121531/dl
SRC-US-002	T3	NH-LOTTERY-V-ROSEN	https://www.wiley.law/alert-First-Circuit-Says-Wire-Act-Is-Limited-to-Sports-Wagering
SRC-US-003	T3	IGT-V-GARLAND	https://www.blankrome.com/publications/internet-gaming-

			biz-hit-jackpot-wire-act-ruling
SRC-US-004	T1	31-CFR-1021-311	https://www.irs.gov/government-entities/indian-tribal-governments/itg-faq-8-answer-what-are-the-reporting-requirements-for-casinos
SRC-US-005	T3	BSA-TITLE-31	https://www.thomsonreuters.com/en-us/posts/corporates/anti-money-laundering-casinos/
SRC-US-006	T3	FINCEN-NPRM-2026	https://www.bhfs.com/insight/fincen-proposes-sweeping-aml-cft-reforms-what-casinos-need-to-know/
SRC-US-007	T1	FINCEN-CASINO-GUIDANCE	https://www.fincen.gov/resources/financial-institutions/casinos
SRC-US-008	T2	WLF-CASINO-ENF-2024	https://www.wlf.org/2024/09/25/wlf-legal-pulse/federal-and-state-enforcement-actions-focus-on-casino-anti-money-laundering-compliance-practices/
SRC-US-009	T3	MURPHY-V-NCAA	https://natlawreview.com/article/first-circuit-case-doesn-t-move-line-future-state-authorized-sports-betting
SRC-US-010	T2	FINCEN-NPRM-2024	https://www.kinectify.com/resources/fincens-new-aml-cft-rule-what-casinos-need-to-know

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