

attorney general action. Plaintiffs do not seek to recover for the family members of any gambler who lost \$75,000 or more during the limitations period.

2. As explained in detail below, Defendants Kalshi, Inc.; KalshiEX, LLC; Kalshi Klear Inc.; Kalshi Klear, LLC; Kalshi Trading LLC; Susquehanna International Group, LLP; and Susquehanna Government Products, LLP (collectively “Kalshi” or “Defendants”) created and run an online gambling platform that violates Alabama law.

INTRODUCTION

3. This action seeks declaratory and injunctive relief, as well as damages, against Kalshi for evading Alabama gaming laws by offering illegal, unconstitutional, and untaxed sports betting on its mobile app and website, which it makes available to the public throughout the state of Alabama.

4. In the last fifteen years, gambling companies have found a lucrative new way of doing business. In the past, slot machines, table games, and sports betting were limited to casinos and other venues that had to attract gamblers to come to particular venues in specific jurisdictions. Now, Kalshi is one of many companies that has begun offer the ability for gamblers to satisfy their gambling addiction 24 hours a day, 365 days a year, without having to leave their homes or workplaces. On Kalshi and similar sites, they can place bets for real money from

home, work, restaurants, the grocery store, while on vacation, and anywhere else where the gambler's device can receive signal.

5. Some of the "social casinos" available on the internet and on smartphone apps do not afford gamblers the opportunity to earn real money, instead allowing them to gamble only "virtual coins." Kalshi, however, allows users to bet real money on everything from elections to tennis matches. The placing of such bets is illegal in Alabama.

6. According to professionals who study the issue and treat gambling addicts, gambling causes many social and familial harms, including "financial stress, relationship breakdown, family violence, mental illness, and suicide." <https://www.who.int/news-room/fact-sheets/detail-gambling>. Further, "[t]he legacy of gambling harm can endure throughout one's life and transmit intergenerationally." *Id.*

7. The social ills caused by gambling, especially social gaming that allows people to risk their hard-earned money anywhere in the world with nothing more than a smartphone, are well-documented. One nurse in Houston is reported to play a slot machine game similar to defendant's here for a minimum of two hours a day. (Ex. 1, <https://www.nbcnews.com/tech/technews/addicted-losing-how-casino-apps-have-drained-people-millions-n1239604> (last accessed on September 7, 2023)). Between her and her husband, who plays the game with her, she estimates

they have lost \$150,000. She asked NBC News to withhold her name “so her family does not find out how much money they have spent on the game.” (Id.). She said her and her husband “lie in bed next to each other, we have two tablets, two phones and a computer and all these apps spinning Reel Rivals at the same time. We normalize it with each other.” (Id.). This is not an isolated instance.

NBC News spoke to 21 people, including Shellz [the Houston nurse] and her husband, who said they were hooked on the casino-style games and spent significant sums of money. They described feelings of helplessness and wanting to quit but found themselves addicted to the games and tempted by the company’s aggressive marketing tactics.

Most of the 21 players wished to remain anonymous, as they were ashamed of their addictions and did not want their loved ones to find out about their behavior.

(Id.). For example, a “42-year-old Pennsylvania woman said she felt saddened that she spent \$40,000 [on a social casino app that competes with defendant’s] while working as an addiction counselor. ‘The whole time I was working as an addiction counselor, I was addicted to gambling and with no hope of winning any money back,’ she said.”

8. Anecdotal reports of gambling addictions in connection with online gambling and apps like Kalshi’s are buttressed by recent scientific studies that confirm that such apps appeal to gambling addicts in much the same way as real Las Vegas-style casinos, and have a particular appeal to teenagers. One of the more troubling statistics comes from studies that show that 30% of users of these games

between the ages of 12 and 18 later become regular gamblers. Hollingshead, et al., “Motives for playing social casino games and the transition from gaming to gambling (or vice versa): social casino game play as harm reduction?” 46 Journal of Gambling Issues 43 (2021). More broadly, over half of social casino and sweeps casino players reported gambling on a regular basis. (Id.). One study showed that an astonishing 58.3 percent of gamblers seeking treatment for gambling addiction “reported social casino games as being their first introduction to gambling activities.” Kim, “Social Casino Games: Current Evidence and Future Directions,” Gambling Research Exchange Ontario.

9. Sports betting in particular appeals to minors, and many companies target teenagers in their marketing. <https://www.cbc.ca/news/health/youth-sports-betting-advertisements-enticing-doctors-1.7627752>. Kalshi is no different, and it both permits and encourages users under the age of 21 to wager on sporting outcomes. <https://gamblingharm.org/kalshi-college-ambassadors-program/>.

10. To protect its residents from these harms, Alabama prohibits gambling-related activities within its borders. The Alabama constitution not only outlaws gambling but also strips the Alabama Legislature of any power to enact a law that would allow gambling. See Ala. Const. art. IV § 65.

11. Kalshi believes it is above Alabama law, operating what it calls a “prediction market” that allows Alabama residents to buy and sell “event

contracts” related to, among other things, sporting outcomes. Kalshi takes millions out of Alabama’s economy with this activity each year, all without registering to do business in Alabama or paying any taxes to the state.

PARTIES, JURISDICTION, AND VENUE

12. Plaintiff Nick Willis is an adult resident citizen of Franklin County, Alabama.

13. Defendant Kalshi Inc is a Delaware corporation headquartered at 594 Broadway Rm 407, New York City, NY 10012. This defendant is the parent company of all other Kalshi entities and operates an interactive website accessible in all counties in Alabama.

14. Defendant KalshiEX LLC is a Delaware corporation with its principal place of business at 594 Broadway Rm 407, New York City, NY 10012.

15. Defendant Kalshi Klear LLC is a Delaware corporation with its principal place of business at 594 Broadway Rm 407, New York City, NY 10012.

16. Defendant Kalshi Trading LLC is a Delaware corporation with its principal place of business at 594 Broadway Rm 407, New York City, NY 10012.

17. Defendant Susquehanna International Group LLP is a Delaware corporation with its principal place of business at 401 City Avenue Suite 220, Bala Cynwyd, PA 19004.

18. Defendant Susquehanna Government Products, LLP is a business entity organized under the laws of the state of Delaware with its principal place of business at 80 State Street, Albany, NY 12207.

19. Plaintiff Nick Willis seeks to recover for individuals throughout Alabama, including in his home county of Franklin County. Defendant has no place of business in the state of Alabama. Therefore venue is proper in Franklin County.

20. This Court has personal jurisdiction over the Defendants because Defendants have sufficient minimum contacts with Alabama to support specific personal jurisdiction in the state, and those contacts are directly related to Plaintiff's claims. See International Shoe Co. v. Washington, 326 U.S. 310 (1945).

21. The Defendants choose to operate their gambling website in Alabama. Their minimum contacts with the state of Alabama include ongoing contractual relationships created by the terms and conditions on the Sportzino website. Defendant required Plaintiff and all other Alabama customers to agree to these terms. Both the Eleventh Circuit and the United States Supreme Court have found that personal jurisdiction is proper where a defendant created an ongoing contractual relationship with parties in the forum state. Diamond Crystal Brands, Inc. v. Food Movers Intern., Inc., 593 F.3d 1249, 1269-70 (11th Cir. 2010); Burger King Corp. v. Rudzewicz, 471 U.S. 462, 471-72 (1985).

22. Defendants operate the website Kalshi.com, which is an interactive website available continuously throughout Alabama. Unlike passive websites, Kalshi.com requires users to create accounts, invites them to contact Kalshi directly through the website, allows users to place bets on events including sports, and sends money to users when they withdraw money.

23. Defendants also actively advertise and solicit Alabama residents to create accounts and participate in gambling, creating additional minimum contacts with the state. For example, Kalshi promotes its gambling site with advertisements on AL.com. <https://www.al.com/betting/kalshi-promo-code>.

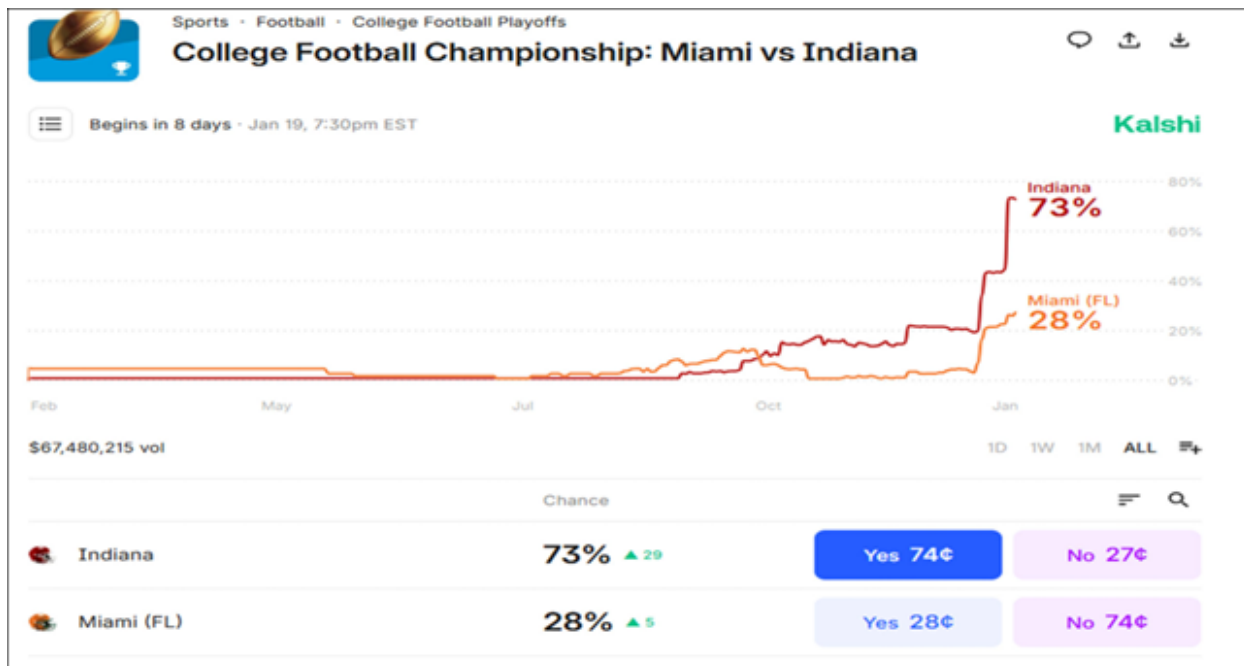
24. Kalshi also uses geo-targeted digital advertisements, banner ads and search engine optimization to specifically target Alabama residents. Kalshi admits in its privacy policy to using information from customers to “tailor ... product offerings” and provide Alabama residents a “personalized and enhanced user experience.” <https://kalshi.com/privacy-policy> (last visited Jan. 28, 2026).

25. Kalshi knowingly accepts payments from Alabama bank accounts and debit/credit cards to place wagers on its website. When users owe money on the site, it contacts them directly in their home state, including in Alabama. <https://kalshi.com/privacy-policy> (last visited Jan. 28, 2026),

FACTUAL ALLEGATIONS

26. Kalshi operates an online “prediction market” accessible in Alabama,

whereby Alabama residents can buy and sell “event contracts” related to, among other things, sporting outcomes. Defendants attempt to cleverly disguise these contracts as unique securities and/or commodities purportedly regulated by the Commodities Future Trading Commission, these event contracts are nothing more than thinly veiled illegal wagers based on the outcome of specific future events. For example, one can bet on whether a sports team will win or lose, as the figures below reflect:



Rules summary

Indiana ▼

If Indiana wins the College Football Playoff National Championship, then the market resolves to **Yes**. Sources from [Fox Sports](#), [ESPN](#), [The Wall Street Journal](#), and [AP](#).

Kalshi is not affiliated, associated, authorized, endorsed by, or in any way officially connected with the NCAA. All trademarks, logos, and brand names are the property of their respective owners. Note: this event is mutually...

27. Not only can Alabama residents bet on who will win the game, but Kalshi also provides other traditional sports gambling offerings, such as the point spread, total combined points and prop bets like how many yards or touchdowns a player may have:

The screenshot displays a betting interface for the game 'Houston at Pittsburgh'. It features several sections for different types of bets:

- Spread and Total:**
 - Houston wins by over 2.5 points:** Odds are 54% (Yes 54¢, No 47¢). A range selector shows values from 3.5 to 6.5, with 2.5 selected.
 - Over 39.5 points scored:** Odds are 44% (Yes 45¢, No 56¢). A range selector shows values from 33.5 to 45.5, with 39.5 selected.
- Props - Touchdowns:**
 - Filters: Anytime TD (selected), 1st TD, 2+ TDs.
 - Who will score a touchdown?**
 - Nico Collins:** 39% (Yes 40¢, No 62¢)
 - Woody Marks:** 34% (Yes 34¢, No 67¢)
 - Kenneth Gainwell:** 31% (Yes 31¢, No 70¢)

28. Kalshi claims its offerings are legal because they are merely “futures” or “swaps” or “options” intended to hedge financial risks. But it is clear that these are simply bets on what will occur in the sporting event. Kalshi has admitted that these sports contracts “serve no commercial purpose at all.” Multiple courts have

rejected Kalshi's wordplay and found that the bets on the website constitute gambling. *KalshiEX, LLC v. Schuler*, 2026 WL 657004 (S.D. Ohio 2026).

29. Kalshi describes its prediction market as follows:

The NYSE and Kalshi both deal in markets, but with a key difference: what's being traded. The NYSE is a traditional stock exchange where you buy and sell shares of ownership in companies. Kalshi, on the other hand, is a prediction market. Here, you trade contracts based on whether specific events will happen, like "Will interest rates rise in the next quarter?" Think of it like predicting the future, with the price of the contracts reflecting the collective prediction of the market participants.

<https://help.kalshi.com/kalshi-101/what-are-prediction-markets>.

30. Kalshi admits that this model is an "exchange where you can buy and sell contracts on the outcome of events," even admitting that the exchange is chance-based, the hallmark of illegal gambling. <https://help.kalshi.com/kalshi-101/what-are-prediction-markets>.

31. The defendants essentially operate as bookmakers, which Kalshi calls market makers, including Kalshi Trading LLC, Susquehanna International Group, LLP and Susquehanna Government Products, LLP.

32. Market Makers set probabilities for future events on Kalshi by buying what they consider to be undervalued event contracts and selling those that they considered to be overvalued. They do this to bring prices to an equilibrium reflecting all publicly available information. This process ensures that there is enough price movement to set the "yes" and "no" options on Kalshi to equal \$1.00.

Kalshi's own website admits that market makers play a vital role in propping up the prediction market.

ALABAMA'S GAMBLING LAWS

33. “[T]he public policy of this State, as recorded in the Constitution, is that illegal gambling is harmful.” Alabama v. Epic Tech, L.L.C., 323 So.3d 572, 582 (Ala. 2020). Indeed, as stated by our Supreme Court as long ago as 1888 and as recently as 2020, Alabama's judiciary has long recognized the Legislature's condemnation of the societal harm of illegal gambling:

This construction is in full harmony with the policy of the constitution and laws of Alabama prohibitory of the vicious system of lottery schemes and the evil practice of gaming, in all their protean shapes, tending, as centuries of human experience now fully attest, to mendicancy and idleness on the one hand, and moral profligacy and debauchery on the other. No state has more steadfastly emphasized its disapprobation of all these gambling devices of money-making by resort to schemes of chance than Alabama. For more than 40 years past -- we may say, from the organization of the state, with some few years of experimental leniency -- the voice of the legislature has been loud and earnest in its condemnation of these immoral practices, now deemed so enervating to the public morals.

State v. Epic Tech, LLC, 323 So. 3d 572, 582 (Ala. 2020) (quoting Johnson v. State, 83 Ala. 65, 3 So. 790, 791 (1888)).

34. Alabama's public policy against gambling, as embodied in the Alabama Constitution, is so strong that its Legislature cannot permit a game of chance involving some skill unless skill is the dominant factor, not chance. Opinion of

Justices, 795 So. 2d 630 (Ala. 2001) (referencing Section 65 of the Alabama Constitution).

35. The Alabama criminal laws pertaining to gambling are codified at Sections 13A-12-20 through 13A-12-92 of the Code of Alabama, 1975. Section 13A-12-22(a) states “[a] person commits the crime of promoting gambling if he knowingly advances or profits from unlawful gambling activity otherwise than as a player.” Section 13A-12-23 adds: “A person commits the crime of conspiracy to promote gambling if he conspires to advance, or profit from gambling activity, otherwise than as a player.”

36. The statute also defines gambling itself. “A person engages in gambling if he stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he or someone else will receive something of value in the event of a certain outcome.” Ala. Code § 13A-12-20(4) (1975).

37. As noted above, players of defendants’ games pay real money to purchase “futures contracts”, which are essentially wagers on what will happen. These include bets on the outcome of sporting events. In other words, they risk money on the hopes that they will receive more money if a particular outcome occurs. This is gambling.

38. As noted above, Alabama law provides a statutory civil cause of action to recover money paid and lost due to gambling. Ala. Code § 8-1-150. This statute makes it clear that “[a]ll contracts founded in whole or in part on a gambling consideration are void.” Ala. Code § 8-1-150(a); see also Macon County Greyhound Park, Inc. v. Hoffman, 226 So. 3d 152, 169 (Ala. 2016) (“To suggest that a court should enforce any provision in a contract that is based on illegal gambling and that is void as a matter of law... is unconscionable.”).

39. Accounts on Defendants’ website are governed by Terms and Conditions that Kalshi wrote and requires all customers to agree to. These terms are contracts founded on a gambling consideration and are thus void.

40. Alabama law also provides the cause of action presented in this case. Subsection (b) of the same statute provides:

(b) *Any other person* may also recover the amount of such money, thing, or its value by an action commenced within 12 months after the payment or delivery thereof for the use of the wife or, if no wife, the children or, if no children, the next of kin of the loser.

Ala. Code § 8-1-150(b) (emphasis supplied). Plaintiff Nick Willis is an “other person” with respect to every Alabama citizen who paid money to Defendants to play gambling games within the past 12 months and suffered a net loss on any of its websites. The Alabama Legislature, therefore, has explicitly authorized him to bring this action to return that money to the families of the Alabamians who lost it.

Plaintiff does not seek to recover the losses of any Alabama citizen who lost \$75,000 or more during the statute of limitations period.

41. While there is a dearth of Alabama caselaw interpreting the plain language of Section 8-1-150(b), authority from other states with similarly-worded statutes make it plain that such provisions should be enforced according to their unambiguous meaning. A notable recent example is Commonwealth ex rel. Brown v. Stars Interactive Holdings (IOM), Ltd., 617 S.W. 3d 792 (Ky. 2020), where the Supreme Court of Kentucky was faced with a similar gambling recovery statute authorizing “any other person” to sue and recover for gambling losses incurred by Kentucky citizens. In that case, the state of Kentucky sued the offshore operator of an online gambling site called PokerStars. The state sought recovery of all losses by Kentucky citizens, invoking a statute very similar to Alabama’s authorizing “any other person” to recover gambling losses. The defendant argued that the state was not a “person” within the meaning of the statute. The supreme court rejected that argument and reinstated the state’s judgment against the defendant, reasoning that the word “any” in the phrase “any other person” “means one indiscriminately of whatever kind or class; one, no matter what one and is an indefinite pronominal adjective used to designate objects in a general way without pointing out any one in particular. By using the phrase ‘any other person,’ the General Assembly plainly expressed that it meant to confer standing on *all* the kinds and classes of persons . .

. *without exception.*” Id. at 799 (internal quotations and citations omitted; emphasis supplied). Using this definition, plaintiffs unquestionably have standing to represent the family of gamblers who lost money betting on Defendant’s website.

THIS CASE IS NOT SUBJECT TO FEDERAL COURT JURISDICTION

42. This action is not a class action. The legislature authorized “any person” to bring the suit, not just a person who could meet the requirements of Rule 23.

43. The Alabama Supreme Court has held that when a statute authorizes “any person” to bring an action, it means what it says. See Bates v. Crane, 157 So. 3d 171, 174-75 (Ala. 2014) (interpreting statute that allowed any person to bring complaint before police board).

44. Instead of a class action under Rule 23, this case is what is typically called a “private attorney general action.” See Smith v. Southeastern Financial Corp., 337 So. 2d. 330 (Ala. 1976) (“The Civil Worthless Check Act by using the word ‘unlawful’ and allowing a civil action to be maintained regardless of whether a criminal action has been instituted promotes the private Attorney General concept.”). In such an action, the state or other governmental unit authorizes an individual to act on its behalf and enforce the statute in a private action to enforce a public interest. See, e.g., National Consumers League v. Flowers Bakeries, LLC,

36 F. Supp. 3d 26, 32-33 (D.D.C. 2014). In the Flowers Bakeries case, the plaintiff brought the case, as authorized by a District of Columbia statute, on behalf of purchasers of particular types of bread, who would recover if it prevailed in the case. Id. at 29. Likewise, Mr. White brings this case as a private attorney general for the benefit of the family of Alabamians who have lost money to Kalshi in illegal gambling, pursuant to Section 8-1-150, which explicitly authorizes this type of suit. Mr. Willis does not seek to recover for the family members of any Alabamian who lost \$75,000 or more during the limitations period.

45. The United States Supreme Court has held that actions by an attorney general, no matter how many people may benefit from them, are not “mass actions” or “class actions” under the Class Action Fairness Act, and so cannot be removed to federal court. Mississippi ex rel. Hood v. AU Optronics Corp., 571 U.S. 161, 176 (2014). In Hood, the defendants argued that a case like this one was a mass action under CAFA because, even though there was a single plaintiff, 100 or more persons would benefit from a recovery in the action. Id. at 169. The Supreme Court, in a unanimous decision, rejected this argument, stating that the 100 or more persons mentioned in CAFA “are not unspecified individuals who have no actual participation in the suit, but instead the very ‘plaintiffs’ referred to later in the sentence—the parties who are proposing to join their claims in a single trial.” Id. The Supreme Court stated: “CAFA’s ‘100 or more persons’ phrase does

not encompass unnamed persons who are real parties in interest to claims brought by named plaintiffs.” Id. Likewise, the federal circuit courts of appeals that have considered the issue have unanimously held that an attorney general or private attorney general action not invoking Rule 23 or a state law counterpart is similarly not a class action with the meaning of CAFA. Canela v. Costco Wholesale Corp., 071 F. 3d 845, 851 (9th Cir. 2020); Mississippi ex rel. Hood v. AU Optronics Corp., 701 F.3d 796, 799 (5th Cir. 2012), rev’d on other grounds, 571 U.S. 161. Because a suit by the Attorney General, like a private attorney general action, has only one plaintiff, and is not brought under Rule 23 or any state law equivalent, it is not removable under CAFA. Id. at 176. The same is true in the case at bar.

46. Since Hood was decided in 2014, multiple federal courts have relied upon it to hold that private attorney general suits are likewise not covered by CAFA, and thus not removable unless the claims of the named plaintiffs exceed \$75,000 dollars in controversy. See, e.g., National Consumers League v. Flowers Bakeries, LLC, 36 F. Supp. 3d 26, 32-33 (D.D.C. 2014); Canela v. Costco Wholesale Corp., 971 F.3d 845, 853 (9th Cir. 2020). This case should likewise be heard in state court. The federal courts thus lack jurisdiction because the amount-in-controversy requirement for the named plaintiffs cannot be met.

47. The federal courts do not have jurisdiction over this civil action because the plaintiffs do not allege that they seek to recover for any person an

amount of \$75,000 or more, exclusive of interest and costs. Therefore, diversity jurisdiction does not exist because of the lack of the requisite amount in controversy. In related cases, the Northern District of Alabama determined that no federal jurisdiction existed, and the Eleventh Circuit denied other gambling companies' petition to appeal. See, e.g., Mills v. Playtika, Ltd., 2025 WL 44266 (N.D. Ala. 2025).

CLAIM FOR RELIEF

48. Pursuant to Section 8-1-150(b) of the Alabama Code, Plaintiff Chase White seeks recovery of all sums paid by Alabama residents to the Defendants betting on future events on its Kalshi website during the period beginning one year before the filing of this complaint until this case is resolved, except that she does not seek recovery of any money lost by an Alabama resident who lost \$75,000 or more during the statute of limitations period.

48. Plaintiff seeks this recovery to go to the benefit of the families of the gamblers who paid the money, as required by Section 8-1-150(b).

PRAYER FOR RELIEF

Plaintiffs respectfully prays that this court:

- 1) take jurisdiction of this cause;
- 2) following discovery, enter a final judgment against Defendants, awarding to the family and next of kin of all gamblers that made payments from

- Alabama all money lost on bets placed on the “prediction market” website described herein, except for amounts paid by gamblers who lost \$75,000 or more during the statute of limitations period;
- 3) appoint a special master to determine all proper recipients of the money at issue;
 - 4) award interest and costs; and
 - 5) award any other relief to which the Court finds plaintiff and the family members are entitled.

/s/ Jeffrey L. Bowling
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