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**FIRST JUDICIAL DISTRICT COURT OF NEVADA
IN AND FOR CARSON CITY**

STATE OF NEVADA ex rel. NEVADA
GAMING CONTROL BOARD.,

Plaintiff,

v.

COINBASE FINANCIAL MARKETS, INC.,

Defendant.

Case No.: 26 OC 00030 LB

Dept. No.: II

**DEFENDANT'S (I) PRELIMINARY OPPOSITION TO PLAINTIFF'S APPLICATION
FOR EX PARTE TEMPORARY RESTRAINING ORDER AND MOTION FOR
PRELIMINARY INJUNCTION, And (II) REQUEST FOR OPPORTUNITY TO FILE A
FULL OPPOSITION AND TO BE HEARD THEREON**

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DEPUTY

1 Defendant Coinbase Financial Markets, Inc. (“Coinbase”) respectfully asks this Court to
2 deny the State’s request for extraordinary relief in the form of an *ex parte* temporary restraining
3 order and preliminary injunction. Nevada seeks a sweeping order to stop Defendant from offering
4 access to *all* federally regulated event contracts—even though those contracts will remain available
5 to Nevada users on another platform and even if the contract has nothing to do with sports. And
6 the State asks this Court to issue that order now, thus answering this industry-defining question of
7 first impression without affording Defendants the chance to respond or be heard.

8 Plaintiffs come nowhere close to justifying that extraordinary request. Most obviously, the
9 State cannot make the heightened showing of immediate, irreparable harm required to justify *ex*
10 *parte* relief. The question of whether States may regulate federally registered event contracts is
11 actively being litigated in courts across country. Indeed, the very event contracts at issue in this
12 case—event contracts that are offered by Defendant’s partner, Kalshi, to users in Nevada—are
13 already the subject of ongoing litigation that has advanced to the U.S. Court of Appeals for the
14 Ninth Circuit, in which the State is a party. And critically, during the pendency of Kalshi’s stay
15 application to the Ninth Circuit, the State *has agreed to refrain* from enforcing its laws against
16 Kalshi. This means that a consumer in Nevada who wishes to trade a Kalshi-issued event contract
17 can log into the Kalshi platform and trade event contracts. But for some inexplicable reason, the
18 State believes that *ex parte* TRO relief is warranted so that Nevadans cannot access the *very same*
19 Kalshi-issued event contracts on *Coinbase’s* platform. Indeed, the State is asking this Court to
20 prohibit Coinbase from offering a *far broader* scope of Kalshi-issued event contracts than it has
21 sought in the federal-court proceedings to prohibit Kalshi itself from offering, without even hearing
22 from Coinbase first. None of that makes sense, which is reason enough to deny the State’s late-
23 breaking motion for a TRO that strips Coinbase of the opportunity to respond and be heard.

24 Nevada also cannot satisfy the other factors for injunctive relief. The merits strongly favor
25 Coinbase: the plain text of the Commodity Exchange Act, along with its context and history,
26 confirms that event contracts fall within the CFTC’s exclusive jurisdiction, and that any
27 countervailing state law is therefore preempted. And the balance of hardships and public interest
28 cut decidedly in Coinbase’s favor because the State has no interest in enforcing a preempted law—

1 particularly when the State intends only selective, uneven enforcement. This Court should deny
2 Nevada's request for a TRO and set an expedited briefing schedule and hearing on the State's
3 preliminary-injunction motion.

4 MEMORANDUM OF POINTS AND AUTHORITIES

5 I. FACTS

6 Coinbase and its affiliated exchange, Coinbase, Inc., offer its customers a trusted, user-
7 friendly platform to trade digital assets. In January 2026, Coinbase began offering its customers,
8 including Nevada users, the ability to trade event contracts on its platform through a partnership
9 with KalshiEx, LLC ("Kalshi"), a CFTC-registered exchange that lists event contracts for trading.
10 Kalshi-listed event contracts run the gamut from politics to music to climate to movies to sports.
11 Coinbase Financial Markets is a CFTC-registered intermediary between Coinbase customers and
12 Kalshi's exchange, assuring users that they are trading on a secure platform that fully complies with
13 all relevant laws.

14 An event contract is a type of derivative instrument that enables parties to trade on their
15 predictions about "a specified event, occurrence, or value," "such as the value of a macroeconomic
16 indicator, corporate earnings, level of snowfall, or dollar value of damages caused by a hurricane."¹
17 Event contracts are typically structured as binary, yes-or-no questions in which each "yes" position
18 corresponds to an opposing "no" position. For example, an event contract may ask whether the
19 President will impose new tariffs on Europe by the end of 2026. Once the defined occurrence has
20 taken place, the contract settles accordingly: The party who purchased the position representing
21 the occurrence (*i.e.*, "tariffs imposed") receives the contract's payout, and the party representing
22 the non-occurrence (*i.e.*, "tariffs are not imposed") receives nothing.

23 Importantly, parties can exit their positions before the contract expires, so the price will
24 fluctuate as parties trade positions based on, among other things, new information. Because of
25 these price-discovery dynamics, event contracts generate valuable predictive data about local,
26 national, and world events. At the same time, event contracts allow market participants to mitigate
27 risk by offsetting underlying exposure to a particular event (for example, a retailer whose business
28

¹ *Contracts & Products*, CFTC, <https://tinyurl.com/bdmrjfew>.

1 is particularly vulnerable to tariff-related costs).

2 Much like the market for event contracts relating to political or economic issues, the market
3 for sports-related event contracts has also grown substantially. Although such event contracts
4 sometimes concern the same underlying events as state-regulated sportsbooks, the financial
5 products themselves are markedly different. Unlike traditional sportsbooks, sports-related event
6 contracts are derivative instruments listed on centralized exchanges pursuant to extensive federal
7 product-certification, registration, market-integrity, and approval procedures. Event-contract
8 prices are formed by matching buyers and sellers on these national exchanges, much like a public
9 company's stock price is set at a stock exchange through the buying and selling of its securities.

10 In other words, like all other derivative exchanges, an event-contract exchange serves as a
11 neutral market operator; it does not set prices or act as a counterparty to its members' trades. And
12 intermediaries, like Coinbase, likewise do not take the other side of their customers' trades but
13 instead act as execution and clearing agents that facilitate access to these markets. A traditional
14 state-regulated sportsbook, by contrast, sets the terms of its wagers and acts as the counterparty to
15 each bettor, who bets against the house. Unlike event-contract exchanges, the sportsbook's interest
16 is directly adverse to each bettor's. And the odds (price) offered by a sportsbook are determined
17 not by transparent competition across a unified market but by the operator's own risk exposure and
18 revenue objectives.

19 As the CFTC has consistently recognized, event contracts—including those that Coinbase
20 intends to offer—are “swaps,” subject to the CFTC's exclusive jurisdiction. *See, e.g., In re*
21 *Blockratize (d/b/a Polymarket.com)*, CFTC No. 22-09, at *1 (Jan. 3, 2022). The CEA expressly
22 authorizes the CFTC to “review and approv[e] . . . event contracts” and thereby permit those
23 contracts to be “listed” for “trading” on federally registered exchanges. 7 U.S.C. § 7a-2(c)(5)(C)(i)-
24 (ii). Indeed, just a week ago, CFTC Chairman Selig reaffirmed that event contracts have “operated
25 within the CFTC's regulatory perimeter for more than two decades” and directed CFTC staff to
26 “draft[] an event contracts rulemaking.” Remarks at Joint SEC-CFTC Event (Jan. 29, 2026),
27 <https://tinyurl.com/ydv9r8wf>. The companies that offer access to event contracts are extensively
28 regulated under federal law. *See, e.g.,* 7 U.S.C. §§ 2(e), 7b-3(a)(1), 7a-2(c)(5)(B).

1 Kalshi began offering event contracts in July 2021. In January 2025, the company added
2 sports-related event contracts after certifying that the contracts complied with applicable
3 requirements under the CEA and federal regulations. *See* Ex. A. As event-contract markets have
4 matured into a multi-billion-dollar industry, the CFTC has never prohibited any of Kalshi's sports-
5 related contracts.

6 II. PROCEDURAL HISTORY

7 Last night, Nevada moved for an *ex parte* TRO without providing any meaningful notice.
8 On February 2, 2026, at 4:27 PM ET, Nevada's lawyers informed Coinbase that the State intended
9 to file a lawsuit seeking an *ex parte* TRO. By the time Coinbase responded at 6:40 PM ET with a
10 request to confer before Nevada seeks extraordinary relief, Nevada's lawyers explained that the
11 State had already filed its application at 6:09 PM ET—less than two hours after the State provided
12 illusory notice.

13 Nevada is currently litigating the same preemption question against several other entities
14 that provide event contracts, including Kalshi, in the U.S. Court of Appeals for the Ninth Circuit.
15 But Nevada's approach there sharply diverges from its approach here. Critically, Nevada has
16 entered into a non-enforcement agreement with Kalshi that allows Nevadans to access Kalshi's
17 event contracts on Kalshi's platform until the Ninth Circuit rules on Kalshi's stay application.
18 Nevada's application here is also an outlier in the breadth of its requested relief. Rather than simply
19 target sports-based event contracts, Nevada also requests that this Court prohibit Coinbase from
20 offering "event-based contracts relating to . . . other events," such as "elections," seemingly
21 capturing the entire universe of event contracts that Coinbase currently offers its customers.

22 III. LEGAL STANDARD

23 To obtain an emergency TRO without notice, a movant must show "specific facts" that
24 "clearly show that immediate and irreparable injury, loss, or damage will result to the movant before
25 the adverse party can be heard in opposition." Nev. R. Civ. P. 65(b). And for injunctive relief,
26 more generally, a movant must show "a reasonable likelihood of success on the merits and that,
27 absent [such relief], it will suffer irreparable harm for which compensatory damages would not
28 suffice." *Posner v. U.S. Bank N.A.*, 545 P.3d 1150, 1152 (Nev. 2024). Courts may also consider

1 the balance of hardships and the public interest in determining whether injunctive relief is
2 warranted. *University & Cmty. Coll. Sys. of Nev. v. Nevadans for Sound Gov't*, 120 Nev. 712, 721
3 (2004).

4 IV. ARGUMENT

5 A. Nevada Has Not Shown That It Will Suffer Irreparable Harm Without A TRO.

6 Nevada's application for *ex parte* relief fails at the most basic level: Nevada's own course
7 of conduct conclusively demonstrates that it will not suffer irreparable harm absent the immediate
8 relief it seeks. If Nevada's request for a TRO were granted in full, Coinbase would be prohibited
9 from offering *any* Kalshi event contracts, but *Kalshi* itself would still be allowed to offer its full
10 range of event contracts at least until the Ninth Circuit decides its stay application (and longer still,
11 if that court grants the application). Nevadans thus will retain access to Kalshi event contracts
12 whether or not the Court grants a TRO here, revealing that the State does not genuinely fear any
13 irreparable harm from the offering of Kalshi's products while the Ninth Circuit litigation is pending.

14 Moreover, Nevada has been litigating these questions with Kalshi for almost a year through
15 the federal courts. And Kalshi has been offering its event contracts, which fully comply with all
16 relevant federal laws, in the State in the interim—again, pursuant to an agreement with the State
17 that it would not enforce its laws against Kalshi during the pendency of the federal district court
18 proceedings. There is no reason to distinguish between Kalshi's offering of event contracts and
19 Coinbase's offering the same contracts, and the State makes no attempt to justify its disparate
20 treatment of two identically situated entities—or to explain why the State will suffer irreparable
21 harm if Nevadans continue to trade event contracts on Coinbase's platform but not on Kalshi's.

22 And in any event, because Coinbase has made a robust case on the merits that the State's
23 gambling laws are preempted with respect to the event contracts it offers on a federally regulated
24 exchange, *see infra* at 6-9, Nevada lacks any cognizable interest in enforcing those laws. It is
25 blackletter law that the State has no legitimate interest in enforcing a preempted law. *See Felder*
26 *v. Casey*, 487 U.S. 131, 138 (1988). It would turn our constitutional system on its head if a State
27 can override federal law by simply spelling out the elements of a preempted law in an application
28 for emergency relief and asserting that the State suffers irreparable harm because it cannot enforce

1 its unconstitutional law at this very moment. Indeed, if Nevada is right about this, then courts will
2 be forced to answer weighty, difficult questions of public law regularly on the emergency docket.
3 That is the opposite of the proper process for ventilating the difficult, weighty questions that
4 animate cases like this one.

5 Moreover, this case is a particularly poor candidate for emergency relief because the State's
6 proposed TRO extends far further than just sports event contracts. If the State's requested relief is
7 accepted wholesale, then Coinbase would be unable to offer *any* event contracts in Nevada—
8 including event contracts that relate to paradigmatic commodities such as soybean futures or oil
9 prices. No judicial decision made with the benefit of adversarial briefing has come close to
10 embracing this sweeping conclusion, and the State provides no argument for why this Court should
11 enter a TRO that would shut down an entire market for a single company without, at a minimum,
12 full briefing and an opportunity to be heard. Thus, to the extent this Court is inclined to agree with
13 Nevada's position, it should provide some meaningful opportunity for the parties to join issue
14 before it effectively imposes a categorical ban on Coinbase's operations in the State.

15 **B. Nevada Cannot Show That It Is Likely To Succeed On The Merits Because The**
16 **CEA Expressly Preempts Nevada's Gambling Laws.**

17 “[W]hen state and federal law clash,” federal law must prevail. *Armstrong v. Exceptional*
18 *Child Ctr., Inc.*, 575 U.S. 320, 325 (2015). Here, among other things, federal law expressly
19 preempts Nevada's gambling laws.² See Plaintiff's Motion for Preliminary Injunction, *Coinbase*
20 *Financial Markets, Inc. v. Tong*, No. 25-cv-02121 (D. Conn. Nov. 18, 2025). That is because the
21 CEA squarely preempts any state laws that purport to regulate swaps traded on DCMs.

22 The CEA grants the CFTC “*exclusive jurisdiction*” to regulate “transactions involving
23 swaps . . . traded or executed on a [federally designated] contract market.” 7 U.S.C. § 2(a)(1)(A)
24 (emphasis added). The ordinary meaning of “exclusive” is “debarring from interference or
25 participation; vested in one [entity] alone.” *Exclusive*, Black's Law Dictionary (5th ed. 1979).

26
27 ² The CEA also preempts Nevada's gambling laws through field preemption and conflict preemption. The CEA's
28 structure evinces “a comprehensive scheme for regulation” of event contracts, DCMs, and FCMs, from start to finish.
CFTC v. Brit. Am. Commodity Options, 560 F.2d 135, 138 (2d Cir. 1977). Nevada's attempts to regulate sports event
contracts also frustrate Congress's efforts to create uniformity in the derivatives market and directly conflict with
federal law.

Likewise, “exclusive jurisdiction” is defined as “power . . . over a[n entity] to the exclusion of all other[s].” *Exclusive Jurisdiction*, Black’s Law Dictionary (5th ed. 1979). Most naturally read, the CFTC’s “exclusive jurisdiction” over swaps traded on DCMs thus precludes State interference in those transactions. Indeed, virtually every court to consider Section 2(a)(1)(A)’s grant of exclusive jurisdiction has interpreted that provision to preempt state laws that purport to regulate transactions on CFTC-regulated exchanges. *See, e.g., Leist v. Simplot*, 638 F.2d 283, 322 (2d Cir. 1980). The CEA’s history buttresses this conclusion. Originally, the CEA did not “impair any State law applicable to any transaction” regulated by the Act. But in 1974, Congress eliminated this provision to “assure that Federal preemption is complete.” 120 Cong. Rec. 30, 418, 30,464 (Sep. 9, 1974) (statement of Sen. Curtis). The 1974 amendments therefore “preempt[ed] the field insofar as futures regulation is concerned.” H.R. Rep. No. 93-1383, at 35-36.

Here, the CEA preempts Nevada’s attempts to apply state law because the event contracts at issue are swaps traded on federally registered exchanges. Congress defined a “swap” broadly to reach, among other things, “any agreement, contract, or transaction” that “provides for any purchase, sale, payment, or delivery . . . that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” *Id.* § 1a(47)(A)(ii). The event contracts that Coinbase plans to offer fall squarely within this definition, and thus within the CFTC’s exclusive jurisdiction. The contracts at issue here are executed on Kalshi’s exchange, a DCM that is registered with and regulated by the CFTC, in compliance with the CEA’s robust regulatory requirements. *See* Ex. G. And event contracts are binary “contract[s]” that pay out depending on the “occurrence [or] nonoccurrence” of a future “event or contingency” that carries potential economic consequences. *Id.* § 1(a)(47)(A)(ii).³

³ That event contracts qualify as “swaps” within the CFTC’s exclusive jurisdiction is further confirmed by Congress’s enactment in 2010 of a “Special Rule” governing the CFTC’s “approval of event contracts.” 7 U.S.C. § 7a-2(c)(5)(C)(i)-(ii). Congress’s decision to vest the CFTC with authority to review “event contracts” underscores that these instruments are “swaps” falling within the CFTC’s “exclusive jurisdiction,” consistent with the “swap” definition itself. Moreover, the 2010 Special Rule expressly authorizes the CFTC to “review” certain event contracts, including those involving “gambling,” to determine if such contracts should be approved or prohibited. 7 U.S.C. § 7a-2(c). The Rule is thus predicated on the premise that event contracts involving “gambling” are swaps within the CFTC’s remit. But on the State’s logic, event contracts involving gambling would fall categorically outside the CFTC’s jurisdiction, leaving no gambling-related contracts for the CFTC to review in the first instance—this

1 The State has no response to these arguments. Instead, it simply recites (at 7-8) the elements
2 of Nevada’s gambling laws, and concludes that Coinbase’s offering of event contracts satisfies
3 those elements. But it is *Congress*, not the States, that determines the scope of the CFTC’s
4 jurisdiction. And on Nevada’s view, all sorts of federal derivatives could be subject to state
5 gambling laws. Consider, for instance, Michigan’s gambling laws, which prohibit “accept[ing]
6 from any person any money or valuable thing with the agreement . . . that any money or valuable
7 thing will be paid . . . where the payment or delivery is . . . contingent upon the result of any . . .
8 happening of any event not known by the parties to be certain.” Mich. Penal Code § 750.301.
9 Michigan could criminalize the trading of soybean futures or weather event contracts or emissions
10 swaps by copying and pasting Nevada’s application for emergency relief and changing out the
11 relevant nouns. That cannot be right, but Nevada provides no plausible basis whatsoever for
12 drawing the line between sports-related event contracts and other event contracts when the CEA
13 does not distinguish between these subjects. Indeed, Nevada requests relief that, if granted, would
14 prohibit parties from trading commodity-based event contracts on federal exchanges whenever a
15 State drafts its gambling laws to cover such products. Nevada does not explain why it should be
16 allowed to upend the Nation’s derivative markets.

17 **C. The Balance Of The Equities And Public Interest Favor Injunctive Relief.**

18 The balance of equities and the public interest decidedly favor Coinbase. The public interest
19 is furthered when state officials comply with, rather than flout, federal law. And the balance of
20 equities in our constitutional system favors the regulated party rather than the government.

21 Nevada’s harms lack any legitimate foundation because its laws are preempted with respect
22 to these contracts. And if Coinbase is wrong on the merits (it is not), then, at most, Nevada will be
23 delayed in preventing its citizens from accessing event contracts on Coinbase’s platform. But
24 Nevada already committed to that outcome when it agreed to suspend enforcement of its laws
25 against Kalshi until the stay application in the Ninth Circuit was resolved. Thus, Nevada cannot
26 prevail on the public-interest or balance-of-equities prongs.

27 _____
28 provision of the Special Rule would cover a null set. There is no basis to read the Special Rule out of the statute. *See*
Pulsifer v. United States, 601 U.S. 124, 143 (2024).

The public interest also firmly supports Coinbase’s preliminary-injunction motion. There is “a strong public interest in ensuring the Supremacy Clause is properly effectuated.” *Ill. Bankers Ass’n v. Raoul*, 760 F. Supp. 3d 636, 665 (N.D. Ill. 2024). Indeed, the public’s interest in this case is “represented by . . . Congress’ decision to ensure the uniformity of law” governing derivatives trading. *Staffing Servs. Ass’n of Ill. v. Flanagan*, 720 F. Supp. 3d 627, 642 (N.D. Ill. 2024). And the public has a substantial interest in accessing the event contracts that Coinbase seeks to offer and that federal law authorizes. Granting the requested relief would both vindicate these interests and protect Coinbase from existential harm.

For the foregoing reasons, Coinbase respectfully requests that the Court deny Defendants' application for emergency TRO relief, and clarify that Coinbase may continue offering access to event contracts traded on federally registered exchanges.

Pursuant to NRS 239B.030

The undersigned does hereby affirm that the preceding document does not contain any personal information of any person.

Dated: February 3, 2026.

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CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury, that I am over the age of eighteen (18) years, and I am not a party to, nor interested in, this action. On this date, I caused to be served a true and correct copy of the foregoing **DEFENDANT'S (I) PRELIMINARY OPPOSITION TO PLAINTIFF'S APPLICATION FOR EX PARTE TEMPORARY RESTRAINING ORDER AND MOTION FOR PRELIMINARY INJUNCTION, And (II) REQUEST FOR OPPORTUNITY TO FILE A FULL OPPOSITION AND TO BE HEARD THEREON** by the method indicated:

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