

Event-betting Platform Polymarket to Pay \$1.4 Million U.S. Fine

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As we discussed in previous blog posts, [Decentralization of the Gambling Industry Through Blockchain](#) and [Blockchain and Cryptocurrency: the Future of Online Gambling?](#), blockchain technology has entered the online gambling market due to its benefits of security, privacy, and efficiency in facilitating transactions. One major player in the space, Polymarket, will wind down existing contracts and pay \$1.4 Million to settle U.S. regulators' allegations it offered illegal trading. Polymarket is an online platform for betting on politics, economic indicators, and other real-world events. Instead of U.S. dollars, customers use USD Coin—a stable coin pinned to the U.S. dollar and backed by Coinbase Global Inc—to facilitate transactions. The platform displays existing markets live on the Ethereum blockchain and does not take custody of the coins.

On January 3, the Commodity Futures Trading Commission (CFTC) said in a [statement](#) that Polymarket began operations around June 2020 and has been operating an unregistered platform that allows users to bet on the outcome of events. Vincent McGonagle of the CFTC said, "All derivatives markets must operate within the bounds of the law regardless of the technology used, and particularly including those in the so-called decentralized finance or 'DeFi' space." The CFTC did not specify how Polymarket can come within compliance but obtaining approval for binary options like those offered by the firm can be a lengthy and complicated process.

According to the settlement order, Polymarket must certify to the CFTC that it has wound down all its non-compliant contracts by January 24 and must make funds available for redemption by those who had bet in the market.

Read the full article on *Bloomberg Law* [here](#).

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