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Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission Three Lafayette Centre
1155 21st Street, N.W. Washington, D.C. 20581

Dear Chairman and Commissioners of the Commodity Futures Trading Commission:

 I am a retired union stagehand who consistently lost money in the stock market. I had to give up sports betting because I consistently lost at that too. Both of those attempts to supplement my small, fixed retirement income wound up being drains on my income and my family. And then I discovered prediction markets. I found that my knowledge of politics and probabilities were actual assets that I could use to make money. I found that my critical thinking skills and the ability to learn quickly were even more valuable than I had ever dreamed. I found that when I was able to keep my bias in check, I could profit from those who could not. I found that when I didn’t understand something, I could learn about it, and be rewarded for that learning!

 Unlike sports betting, casino gambling, or even investing in the stock market, I felt as if I was providing a public service by predicting election outcomes, and polling averages, even climate change, and economic indicators. Prediction markets have been proven to aggregate large swaths of data and make accurate predictions that are much more useful to the economy, and the world, than predicting who will, for example, win the Super Bowl.

I was a “Superforecaster” at the Good Judgement Project where our predictions regularly wound up on the desks of the President, Senators, and many other members of the US government who found our predictions to be a valuable tool. I was a forecaster at Intrade where we accurately predicted several elections and even managed to keep predictions accurate when millions of dollars were coming in on what would prove to be the losing side. Those markets worked well despite the attempts by some very wealthy people to paint a narrative by manipulating those markets. Those of us who saw that one side was attempting to influence prices to influence the media narrative (and thereby the election outcome) knew exactly what was happening and profited from it. We were the poster children of efficient market theory!

I have been predicting elections and polling averages at Predictit since its founding and have become an expert on making those markets more efficient using “linked margin” in what Kalshi refers to as “mutually exclusive groups.” I’ve appeared on multiple podcasts to help people understand these methods of creating liquidity and efficiency in these markets. My years of work in this area have proven quite profitable and helped me in retirement by providing regular income for my efforts.

I work with a team of people who have all become amazingly good at what we do. The efficiency and accuracy of the markets at Predicit are a testament to the good work we (and many others) have done, and it’s a shame that all that hard work could be meaningless now in a world where anyone with a phone can bet on a football game, but those of us who actually invest in futures (that help scientists, economists, and politicians create a better world more accurately based on facts and implied probabilities) will be left with no place to use our talents and skills.

Since Kalshi has moved into the prediction market arena, I’ve discovered that I can use their site to hedge economic risks to me, such as inflation, interest rates, and even recessions. Even better: I’ve discovered that the large institutions to whom I likely lost money when I was investing in stocks and bonds are hedging on these economic indicators like inflation, and they often distort prices away from what is the likely reality, offering me excellent expected values that have proven quite profitable.

 The same reasoning behind having prediction markets that allow Wall Street to hedge against risk in economic indicators such as inflation, GDP, and interest rates apply even more to elections! Because much of what happens economically is directly related to political power, prediction markets on who will have that power provide two extremely beneficial effects: hedging against the risk of political change and accurately predicting future events that have an outsized impact on economics.

 I’m especially interested in predicting climate change, something with the potential to greatly upset economic markets all over the world. I would relish the chance to invest in more markets that predict the long-term impacts of climate change, from polar ice caps melting to global temperatures, from sea-level rise to freshwater reservoir demise. By investing in a future where climate change impacts are much worse than they are now, I can create wealth to help my family deal with those impacts. And since what we Americans do about climate change is highly dependent on electoral outcomes, I would relish the ability to minimize the risks my family might face in this climate emergency future by investing in the political futures I see coming.

 In the more immediate political future, the hedging benefits are obvious: since I’m no longer employed through my union, my wife no longer has health coverage through my union, so we must purchase (very expensive) health insurance from the marketplace. When it seems that Republicans are likely to take control, I can invest in that possibility, and hedge against the risk that her health insurance premiums will go up (or that the subsidy will get smaller, or that her ability to purchase insurance at all is taken away completely).

 But even in markets where I am not hedging risk, I am still providing a valuable service by making the markets more liquid, and more predictive. I’ve learned valuable skills in market-making, and liquidity-providing that provide me with a regular income while I’m making the markets more efficient and predictive. In many cases, especially with “linked markets” or “mutually exclusive groups” as I mentioned above, I’ve been able to make money with little, or even no risk, to myself. These kinds of arbitrage opportunities just aren’t realistically possible for small investors in big markets like the stock market, and they don’t exist at all in the gaming world of sports and casino gambling.

 I hope for all our sakes, and especially for the sake of my granddaughter, that the CFTC embraces this innovative and beneficial possibility for Kalshi to provide election markets so that we can live in a world where facts, logic, and reason are still valuable commodities that one can use to create value.

Thank you,

Scott Supak