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THE HONORABLE SCOT Z. MATAYOSHI, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Thirty-Third State Legislature
Regular Session of 2026
State of Hawai'i

February 4, 2026

RE: H.B. 2198, RELATING TO PREDICTION MARKETS.

Chair Matayoshi, Vice-Chair Grandinetti and members of the House Committee on Consumer Protection & Commerce, the Department of the Prosecuting Attorney of the City and County of Honolulu (“Department”) submits the following testimony in **strong support** of H.B. 2198.

The purpose of H.B. 2198 is to update Hawai'i's gambling laws to expressly prohibit prediction event contracts relating to sports, contests, people, politics, catastrophe, and death. H.B. 2198 safeguards our residents by prohibiting gambling in this evolving form, including new “prediction markets” that ultimately exploit people’s financial vulnerability¹. Legalized gambling has been shown repeatedly to contribute to addiction, financial ruin, and family instability. The Rady School of Management found that “...legalization leads to more irresponsible gambling spending among lower-income consumers than among higher-income gamblers.”² By explicitly including prediction markets, this bill closes loopholes that otherwise allows gambling in our state—disguised as “financial speculation.”

Allowing prediction market contracts to remain in our state, where in some cases participants are incentivized to manipulate real-world events to benefit financially, increases the risk of harmful actions motivated by profit³—including criminal activity or corruption.

¹ UC San Diego Today, *Legalized Gambling Increases Irresponsible Betting Behavior, Especially Among Low-Income Populations* (July 23, 2024); available at <https://today.ucsd.edu/story/legalized-gambling-increases-irresponsible-betting-behavior-especially-among-low-income-populations>.

² Id.

³ LessWrong, *How prediction markets can create harmful outcomes: a case study* (April 2, 2025); available at <https://www.lesswrong.com/posts/8e4QNYSp4LjvdBstx/how-prediction-markets-can-create-harmful-outcomes-a-case>.

Just last month, \$448,667 in bets were placed on whether Gov. Josh Green would say certain words or phrases during his annual State of the State address⁴, which may or may not be harmless, but prediction markets involve betting on sports, tragedies, deaths, or disasters, which raises all of the concerns surrounding legalized gambling as well as serious ethical concerns.

With so many issues already facing our communities, such as lack of affordable housing, homelessness, drug and alcohol addiction, we should continue to safeguard our state and its people—particularly those who are financially vulnerable— by keeping all forms of gambling out of Hawai‘i.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu **strongly supports** the passage of H.B 2198. Thank you for the opportunity to testify on this matter.

⁴ GamingAmerica, *Hawaii Bill Moves to Ban Prediction Markets After \$448K Bet on Gov. Green’s Speech (February 2, 2026)*; available at <https://gamingamerica.com/news/1005678/hawaii-bill-moves-to-ban-prediction-markets-after-448k-bet-on-gov-greens-speech>.



Submitted Online: Tuesday, February 3, 2026

TO: House Committee on Consumer Protection & Commerce
Representative Scot Matayoshi, Chair
Representative Tina Grandinetti, Vice Chair

FROM: Eva Andrade, President

RE: Support for HB2198 Relating to Predication Markets

Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawai‘i. We respectfully **support HB2198**, which updates Hawai‘i’s gambling laws to prohibit prediction markets that allow financial speculation on the outcomes of sports, contests, political events, catastrophes, and even death.

HB2198 addresses an emerging and troubling form of gambling disguised as financial trading. As described in the bill, individuals may stake money on future contingent events involving athletics, politics, disasters, or even the lives and deaths of people. This practice commodifies human events and tragedies for profit, eroding both ethical boundaries and community well-being. Hawai‘i has long chosen to protect its families and communities by maintaining strong limits on gambling, and this measure closes a loophole that would otherwise allow speculative betting markets to bypass those protections.

From a family and community perspective, prediction markets normalize gambling behavior, especially among younger and tech-savvy populations, by presenting speculation as “investing.” This blurring of lines increases the risk of addiction, financial harm, and moral desensitization—particularly when markets can profit from elections, disasters, or death. Public policy should never incentivize people to benefit financially from tragedy or instability. Such markets undermine respect for human dignity and the common good.

HB2198 provides clear statutory language to ensure that contracts or financial products tied to these events are treated as gambling under Hawai‘i law, strengthening safeguards for our keiki and families. We believe this proactive approach reflects Hawai‘i’s values of care, responsibility, and aloha for one another.

For these reasons, Hawaii Family Forum respectfully urges the Committee to **PASS HB2198**.

Mahalo for the opportunity to testify.



Testimony of Les Bernal, National Director of Stop Predatory Gambling,
in Support of HB2198:
A Bill Preventing Predatory “Prediction Markets” Gambling in Hawaii

Hawaii House Committee on Consumer Protection & Commerce
February 4, 2026

Dear Chair Matayoshi and Committee Members:

I am testifying on behalf of our Hawaii members of Stop Predatory Gambling, a national nonprofit organization with members in all 50 states whose mission is to reveal the truth behind commercialized gambling to advocate for those who have suffered harm, to prevent more victims, and to champion policy reforms that stop *predatory* gambling.

We are writing in strong support of to HB2198 that would appropriately place the predatory financial scheme of “prediction markets” under Hawaii’s gambling statutes and urge you to vote YES.

The sponsors of this bill have displayed an uncommon degree of leadership and vision by aggressively standing up for the citizens of Hawaii against these online gambling operators who are blatantly violating Hawaii state law with their financial scheme. Hawaii is at the vanguard of this major national fight against prediction markets and it serves as a model that other states will follow.

There is no citizens grassroots movement for “prediction markets” (or any other form of commercialized gambling) in Hawaii or in any other state. The lobbying effort for prediction markets is driven by the greed of powerful financial interests who stand to reap hundreds of millions of dollars in profits at the expense of your constituents.

(continued)

In Hawaii and across the country, public officials from both parties have put the serious problem of affordability near the top of the political agenda. Yet at the same time, some politicians and gambling industry lobbyists are pushing hard to bring in prediction markets, regional casinos, and other forms of commercialized gambling into Hawaii, proposals that would ***dramatically worsen*** the problem of affordability in the state.

The people of Hawaii have largely been spared the massive, life-changing financial losses suffered by tens of millions of citizens on the mainland because of the foresight and wisdom of prior Hawaii legislatures and governors. HB2198 continues that long history of foresight and wisdom and maintains Hawaii's successful approach to commercialized gambling policy.

Conclusion

Over the last forty years, the citizens of Hawaii have experienced better economic mobility out of poverty, more stable families, less addiction, less domestic violence, stronger communities, less state budget problems, and lower taxes because state officials said No to predatory gambling. The rest of America needs to become more like Hawaii, not the other way around. Passing HB2198 keeps Hawaii on its same course.

Thank you for your serious consideration of the facts presented in our testimony. If you need further information about this issue, I invite you and your staff to please contact me by email mail@stoppredatorygambling.org or phone (202) 567-6996.

Thank you for your work.

Sincerely,



Les Bernal, National Director
Stop Predatory Gambling

HB-2198

Submitted on: 2/3/2026 2:30:31 PM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT

HB-2198

Submitted on: 2/3/2026 3:06:11 PM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Bianca Isaki	Individual	Support	Written Testimony Only

Comments:

Aloha please support controls on prediction market gambling.

Prediction markets create a system that rewards insider information and also creates financial incentives to influence or manipulate outcomes tied to instability, disaster, or violence. I strongly support HB2198, which closes a loophole in Hawai'i's gambling laws by prohibiting prediction markets.

Yours,

Bianca

HB-2198

Submitted on: 2/3/2026 3:26:03 PM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
TERI SAVAIINAEA	Individual	Support	Written Testimony Only

Comments:

Support of HB2198 – Relating to Prediction Markets

Aloha Chair Mayayoshi and Members of the Committee,

I submit this written testimony in my individual capacity in strong support of HB2198. Hawai‘i is a no-gambling state, and this bill reinforces that policy by clearly defining prediction markets as gambling when they involve the purchase, sale, or financial speculation on the outcome of future contingent events, including sports, contests, people, politics, catastrophe, and death. HB2198 provides necessary clarity, closes a growing loophole, and ensures that evolving financial products are not used to circumvent Hawai‘i’s longstanding gambling prohibitions. I respectfully urge your support.

Mahalo,
Teri Kia Savaiinaea

Wai'anae Resident

Prediction markets undermine ethics and public safety!

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee,

Mahalo for introducing this important legislation to safeguard our families and communities. I write in strong support of [HB2198](#), which closes a dangerous loophole in Hawai'i gambling laws by restricting prediction markets.

Most people are unfamiliar with prediction markets, but understanding how they operate raises serious concerns. These online platforms currently operate in all 50 states by exploiting a loophole in state gambling laws--claiming to be "financial products" while allowing people to bet on real-world events.

Prediction markets allow individuals to wager money on outcomes such as sports, elections, government actions, natural disasters, and even events involving real people, including illness or death. If the prediction is correct, the bettor wins. If not, they lose money. Yes, it is gambling, repackaged to avoid regulation.

This is not a hypothetical concern. As noted in the recent Star-Advertiser article, legislators were provided an advance copy of Gov Green's State of the State speech. Before the speech was delivered, nearly \$500,000 was wagered on prediction markets about what would be said or discussed.

Another high-profile example involved a prediction market "contract" tied to whether Venezuelan President Maduro would be removed from power. A newly created account placed about \$32,000 shortly before military action occurred and then made more than \$400,000 when the event took place. That sequence raised serious questions about how these markets operate and the incentives they create.

Prediction markets have also allowed people to bet on natural disasters, including the 2025 California wildfires, where users wagered on the spread, containment, and severity of active fires--profiting from outcomes tied to loss of life, destroyed homes, and community trauma.

These examples highlight a core danger of prediction markets. It's a system that rewards insider information and also creates financial incentives to influence or manipulate outcomes tied to instability, disaster, or violence.

Other states are already acting. At least nine states have issued cease-and-desist notices or taken enforcement action against prediction market platforms, concluding that these products violate state gambling laws or undermine regulatory safeguards. So Hawai'i would not be an outlier. The Legislature would be acting responsibly for the people of our state.

Hawai'i has long prohibited gambling to protect our families and communities. HB2198 reinforces that protection and makes clear that Hawai'i does not tolerate corruption and betting on people, politics, catastrophe, and death.

Mahalo,
Christine Otto Zaa

Info on prediction markets and of legal actions taken by states:

- [Video: Prediction markets aren't just gambling](#)
- [Monetizing Regime Change](#)
- [You Can Now Bet on Wildfire Containment. Is That Such a Good Idea?](#)
- [Trump Media enters prediction market business](#)
- [Prediction Markets Are Bookies With Venture Capital Funding](#)
- [Nevada Court Blocks Polymarket, Raising New Risks for US Users](#)
- [Kalshi can't operate sports-prediction market in Massachusetts, judge rules](#)
- [Kalshi in court over 19 federal lawsuits](#)
- [34 State Attorney Generals File Brief Against Trump Jr.-Backed Startup](#)
 - [Amicus brief](#)
- [Connecticut Consumer Protection Orders Robinhood, Crypto.Com, Kalshi to Cease and Desist Conducting Unlicensed Online Gambling](#)

HB-2198

Submitted on: 2/3/2026 4:36:16 PM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Matayoshi, Vice Chair Grandinetti, and members of the committee,

I am testifying in strong support of HB2198, which would close a dangerous and exploitative loophole in Hawai‘i’s gambling laws by explicitly regulating so-called “prediction markets.”

These online platforms are currently operating in all 50 states, including Hawai‘i, by disguising gambling as a “financial product.” They allow users to place wagers on the outcomes of sporting events, elections, government actions, natural disasters, and even deeply personal events involving the health or life of real people. If the user’s prediction is correct, they win money. If it is wrong, they lose. This is gambling, plain and simple, repackaged with digital sophistication to evade our state’s long-standing prohibitions.

The threat posed by these markets is not theoretical; it is active and present. As noted in recent reporting, nearly **\$500,000 was wagered on prediction markets about the contents of Governor Green’s State of the State address** before it was delivered, while advanced copies of the speech had already been circulated among legislators. This raises alarming questions about insider information and the corruption of public processes.

Other documented examples are even more disturbing:

- A single account profited over \$400,000 by betting on military action against Venezuelan President Nicolás Maduro, a sequence that has drawn scrutiny for potential inside knowledge.
- Users have wagered on the spread and severity of active wildfires, **profiting from predictions tied to loss of life, destroyed homes, and community trauma.**

These are not harmless games. Prediction markets create perverse financial incentives. They can reward those with non-public information and, worse, could incentivize individuals to manipulate or influence tragic outcomes—from election integrity to public safety—for personal gain.

Hawai‘i has wisely prohibited gambling to protect our families and community welfare. This bill is a necessary update to that commitment in the digital age. We would not be acting alone; at least **nine other states have already taken enforcement action** against these platforms, recognizing them as unregulated gambling that undermines consumer protections.

I urge you to pass HB2198. It is a responsible measure to safeguard our communities, uphold the integrity of our public institutions, and make clear that Hawai'i will not tolerate the predatory practice of betting on politics, disaster, and human suffering.

Thank you for the opportunity to testify.

HB-2198

Submitted on: 2/3/2026 4:47:19 PM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
missy	Individual	Support	Written Testimony Only

Comments:

I strongly support HB2198, which closes a loophole in Hawai‘i’s gambling laws by prohibiting prediction markets.

These platforms allow people to bet on real world events, to include elections, government actions, disasters, and even death, while avoiding regulation by disguising as financial products. They reward insider information and create harmful incentives tied to instability and manipulation of outcomes.

Hawai‘i has long prohibited gambling to protect our communities. HB2198 reinforces that protection, aligns our laws with our values, and makes clear that Hawai‘i does not tolerate corruption and betting on people, politics, catastrophe, and death.

February 03, 2026

Aloha Chair, Vice Chair, and Members of the Committee,

I am writing as a concerned member of my community and a resident of the State of Hawai'i in strong support of HB 2198.

HB 2198 is necessary to close a growing loophole in Hawai'i's gambling laws that allows so-called "prediction markets" to operate under the guise of financial products. In reality, these platforms enable betting on real-world events such as elections, government decisions, natural disasters, and even death. This type of wagering creates dangerous incentives that reward insider information, instability, and the manipulation of outcomes that directly affect people's lives.

If this bill does not pass, Hawai'i risks allowing unregulated gambling to expand into areas that undermine public trust, democratic processes, and community safety. Betting on elections, crises, or human suffering erodes confidence in our institutions and normalizes profiting from harm and uncertainty. These impacts do not benefit everyday people and instead expose our communities to exploitation and corruption.

Hawai'i has long chosen to prohibit gambling in order to protect families, preserve integrity, and put people before profit. HB 2198 reinforces those values by making it clear that our state will not tolerate betting on politics, public policy, catastrophe, or human life.

Passing this bill protects the people of Hawai'i, strengthens our laws, and affirms our commitment to ethical governance and community well-being. I respectfully urge the committee to pass HB 2198.

Mahalo for the opportunity to testify.

Respectfully,
Nancy Valdez
Concerned Community Member, Hawai'i

Email: nancyavaldez@yahoo.com

HB-2198

Submitted on: 2/4/2026 12:28:08 AM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Susan Dedely	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill

HB-2198

Submitted on: 2/4/2026 12:29:04 AM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
kamakani de dely	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill!

HB-2198

Submitted on: 2/4/2026 12:29:41 AM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mallory De Dely	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill!

HB-2198

Submitted on: 2/4/2026 1:28:19 AM

Testimony for CPC on 2/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Calvin Yang	Individual	Support	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

I am writing in support of HB2198.

I do not support gambling in Hawai'i. Research shows gambling is linked to financial hardship, addiction, family instability, and increased strain on public services. Even without legalized gambling, an estimated 2% of Hawai'i adults already experience problem gambling, costing the state tens of millions of dollars annually in social and economic harm. Hawai'i also lacks adequate resources to treat gambling addiction.

HB2198 helps protect our communities by closing loopholes that allow gambling-like prediction markets to operate without accountability. Preventing expansion now is far less costly than addressing widespread harm later.

For these reasons, I respectfully urge you to support HB2198.

Mahalo,

Calvin Yang

Hawai'i Resident

Marcus R. Oshiro
Wahiawa, Hawai'i

February 4, 2026

In strong support of HB 2198 Relating to Prediction Markets

Chair, Vice Chair, and Members of the Committee,

Mahalo for the opportunity to submit testimony in **strong support** of **HB 2198**, a critical measure that protects Hawai'i's people, democratic institutions, and national security interests from a rapidly expanding and deeply harmful form of gambling disguised as financial innovation.

I. The Urgent Need for HB 2198

HB 2198 responds to the emergence of “prediction markets” — platforms that allow individuals to wager on real-world events involving sports, politics, natural disasters, public health crises, and even the lives of individual people. Although marketed as innovative financial products, these markets function as gambling systems built on human suffering, political instability, and catastrophic events.

Left unchecked, prediction markets:

- **Monetize tragedy**, enabling bets on death, disaster, and mass-casualty events.
- **Distort democratic processes**, turning elections and government actions into profit opportunities.
- **Target youth**, using app-based interfaces that mimic sports betting and day-trading.
- **Create perverse incentives**, where individuals may financially benefit from harm, instability, or violence.
- **Exploit vulnerable communities**, including Native Hawaiian and Pacific Islander families already disproportionately harmed by predatory financial products.

Hawai'i has long rejected industries that extract wealth from instability and addiction. Prediction markets are simply the newest iteration of this predatory model.

II. What HB 2198 Accomplishes

HB 2198 modernizes the definition of “gambling” in HRS §712-1220 to include the purchase, sale, or financial speculation of securities, commodities, or similar products when the underlying event relates to sports, contests, people, politics, catastrophe, or death.

This brightline rule:

- Ensures these products are treated as gambling, not legitimate investments.
- Provides clarity for regulators and prosecutors.
- Protects consumers from deceptive financial instruments.
- Preserves the integrity of Hawai'i's democratic and civic institutions.

III. Recommended Amendments to Strengthen the Bill

To fully safeguard Hawai‘i’s people and institutions, I respectfully request two targeted amendments.

A. Prohibit Wagering on Legislative Outcomes

I urge the Committee to explicitly prohibit any gambling, wagering, or financial speculation based on the outcome of **any bill, resolution, or legislative measure**, whether introduced, amended, deferred, adopted, or transmitted to the Governor.

Prediction markets tied to legislative outcomes:

- Financially incentivize manipulation of the legislative process.
- Allow outside actors to profit from the failure of public-interest legislation.
- Undermine public trust in the fairness and independence of the Legislature.
- Turn Hawai‘i’s policymaking process into a gambling instrument, rather than a democratic institution.

B. Prohibit Use of Insider Information Related to National Security

I also urge the Committee to prohibit any gambling or financial speculation based on **insider, nonpublic, or sensitive national-security information**, including but not limited to:

- Military transfers
- Deployments
- Assignments
- Strategic decisions
- Operational planning
- Classified or sensitive federal actions

Prediction markets tied to national-security events create unacceptable risks, including incentivizing leaks, enabling foreign or domestic actors to profit from instability, and undermining trust in military and federal operations. Given Hawai‘i’s strategic role in the Indo-Pacific, this protection is essential.

IV. Suggested Amendments to Language

For clarity and enforceability, I suggest that you pass the following language to the House Majority Office for additional amendments to HRS §712-1220:

“Gambling” includes the purchase, sale, or financial speculation of any security, commodity, contract, or similar instrument whose value or payout is contingent upon: (1) the introduction, progress, amendment, passage, failure, adoption, or veto of any bill, resolution, or legislative measure before the Legislature, or any measure transmitted to the Governor; or (2) any insider, nonpublic, or sensitive information relating to national security matters, including but not limited to military transfers, deployments, assignments, strategies, or operational decisions.”

This language aligns with the bill's purpose and closes two significant loopholes. One, that the Legislature's own proceedings and the numerous events and micro-decisions do not provide the means of any gambling profiteering. Second, any information relating to national and/or state security matters, and plans do not become fodder for games of chance. Certainly, all of you can appreciate the serious and consequential ramifications that these opportunities provide.

V. Protecting Hawai'i's Values

Hawai'i's approach to gambling has always been grounded in **aloha, kuleana, and collective well-being**. Allowing markets that profit from death, catastrophe, political turmoil, legislative functions, or national-security vulnerabilities would erode the social fabric that binds our communities and undermine trust in public institutions.

HB 2198 — strengthened with the suggested amendments — ensures that Hawai'i remains a national leader in protecting its residents from predatory financial schemes.

VI. Conclusion

For these reasons, I respectfully urge the Committee to **pass HB 2198** and consider the proposed amendments to safeguard Hawai'i's people, democracy, and national and state security interests.