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Attorneys for Plaintiff

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

STATE OF NEVADA ex rel. NEVADA
GAMING CONTROL BOARD,

Plaintiff,

vs.

COINBASE FINANCIAL MARKETS,
INC.,

Defendant.

Case No. 26 OC 00030 1B

Dept. No. II

**~~PROPOSED~~ ORDER GRANTING PLAINTIFF'S APPLICATION FOR *EX PARTE*
TEMPORARY RESTRAINING ORDER**

This matter having come before the Court on Plaintiff, STATE OF NEVADA, ex rel. NEVADA GAMING CONTROL BOARD's ("BOARD") Complaint for Permanent Injunction and Declaratory Relief and its Ex Parte Application for Temporary Restraining Order and Motion for Preliminary Injunction filed by the BOARD on February 2, 2026. On February 3, 2026, Defendant COINBASE FINANCIAL MARKETS, INC. ("COINBASE") filed a Preliminary Opposition to Plaintiff's Application for Ex Parte Temporary Restraining

1 Order and Motion for Preliminary Injunction, and Request for Opportunity to File a Full
2 Opposition and to be Heard Thereon.

3 The Court having reviewed the Complaint, the Application, and Opposition, hereby
4 CONCLUDES as follows:

5 The BOARD seeks to restrain and enjoin COINBASE and any of its agents,
6 employees, officers, or affiliates from operating a derivatives exchange and prediction
7 market that offers event-based contracts relating to sporting and other events to people
8 within Nevada without obtaining all required Nevada gaming licenses, and from allowing
9 its market to accept wagers from persons under the age of 21.

10 A temporary restraining order or a preliminary injunction may be issued pursuant
11 to NRCF 65. Under Nevada law a temporary restraining order is authorized when it
12 "appear[s] by the complaint that the plaintiff is entitled to the relief demanded"; the relief
13 involves "restraining the commission or continuance of the act complained of"; and when
14 continuance of the act "would produce great or irreparable injury to the plaintiff." NRS
15 33.010; *Posner v. U.S. Bank N.A.*, 140 Nev. Adv. Op. 22, 545 p.3d 1150, 1152 (Nev. 2024)
16 (holding injunctive relief is "proper where the moving party can demonstrate that it has a
17 reasonable likelihood of success on the merits and that, absent [such relief], it will suffer
18 irreparable harm for which compensatory damages would not suffice." (internal citation
19 omitted)).

20 In addition, the balance of hardships and public interest may be considered in
21 determining whether injunctive relief is warranted and, if so, the scope and nature of that
22 relief. *University & Cmty. College Sys. of Nev. v. Nevadans for Sound Gov 't*, 120 Nev. 712,
23 721, 100 P.3d 179, 187 (2004).

24 Although the doctrine of horizontal *stare decisis* does not strictly apply in Nevada,
25 see NRS 3.220 (district courts of state have equal and coextensive jurisdiction), the Court
26 is persuaded by the reasoning of Judge Woodbury in *State ex rel. Nevada Gaming Control*
27 *Board v. Blockratize, Inc.*, No. 26 OC 00012 1B (Order Granting Plaintiff's Renewed Ex
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1 Parte Application for Temporary Restraining Order, January 29, 2026). The Court
2 therefore adopts that reasoning in large part below.

3 **I. The BOARD is reasonably likely to prevail on the merits.**

4 The Complaint, Application, and Declaration in support of Application satisfy the
5 requirements of NRCP 65(b)(1) for issuance of the requested temporary restraining order
6 without notice. As a threshold matter, the BOARD has a "reasonable likelihood of success
7 on the merits."

8 **First**, the Complaint establishes that gaming in Nevada is expansively and strictly
9 regulated. The BOARD, in conjunction with the Nevada Gaming Commission, has virtually
10 comprehensive statutory authority over gaming in Nevada. *See generally* NRS Chapter 463
11 et seq. The strict regulation of gaming promotes the public interest in several respects,
12 including the prevention of underage gambling, preservation of the integrity of the events
13 which are the subject of gaming wagers, and exclusion of unsuitable individuals from
14 gaming activities. NRS 463.166, .350, *Nev. Gam 'g Comm. Reg.* 22.1205(2). Gaming in
15 Nevada may only be conducted by an entity licensed under the authority of the Nevada
16 Gaming Control Act. NRS 463.160.

17 **Second**, "gaming" as used in Nevada law includes a "percentage game," and a
18 "wager" in a "sports pool." NRS 493.0152, .0193, .01962. "Percentage games are ... games
19 where patrons wager against each other and the house takes a percentage of each wager
20 as a 'rake-off.'" *Hughes Properties v. State*, 100 Nev. 295,297,680 P.2d 970,971 (1984). A
21 "wager" is "a sum of money or representative of value that is risked on an occurrence for
22 which the outcome is uncertain." NRS 463.01962. And a "sports pool" is "the business of
23 accepting wagers on sporting events or other events by any system or method of wagering."
24 NRS 463.0193.

25 **Third**, the record at this early stage in the proceedings indicates COINBASE is not
26 licensed under the Nevada Gaming Control Act.

27 **Fourth**, the record at this early stage in the proceedings indicates COINBASE offers
28 "event-based contracts" that relate to sporting and other events, including college

1 basketball games, college and professional football games and elections. Under Nevada law,
2 this conduct constitutes the operation of a "sports pool" as it involves the acceptance of
3 "wagers" concerning "sporting events or other events" "for which the outcome is uncertain."
4 Further, the record indicates COINBASE takes a commission on contracts purchased
5 through its system, meaning it is operating a "percentage game" as defined in Nevada law.

6 **Finally**, the Court has considered COINBASE's assertions that it offers Nevada
7 users the ability to trade event contracts on its platform through a partnership with
8 KalshiEX, LLC ("KALSHI"), a CFTC-registered exchange that lists event contracts for
9 trading; that COINBASE is a CFTC-registered intermediary between COINBASE
10 customers and KALSHI's exchange acting as execution and clearing agents that facilitate
11 access to markets; that Nevada gaming laws are preempted with respect to the event
12 contracts offered on a federally regulated exchange; and that the CEA grants the CFTC
13 exclusive jurisdiction to regulate "transactions involving swaps traded or executed on a
14 [federally designated] contract market." 7 U.S.C. §2(a)(1)(A).

15 The question of federal preemption in this regard is nuanced and rapidly evolving.
16 At the moment, the balance of convincing legal authority weighs against federal
17 preemption in this context. *See KalshiEx, LLC v. Hendrick*, No. 2:25-cv-00575-APG-BNW,
18 2025 U.S. Dist. LEXIS 234246 at *11-38 (D. Nev. Nov. 24, 2025) [hereinafter referred to as
19 "*KalshiEx*"]; *see also North American Derivatives Ex., Inc. v. Nev. Gaming Control Bd.*, No.
20 2:25-cv-00978-APG-BNW, 2025 U.S. Dist. LEXIS 466366 (D. Nev. Oct. 14, 2025) (holding
21 contracts based on outcome of sporting events are not "swaps" under the Commodity
22 Exchange Act and are not subject to exclusive jurisdiction of CFTC), *KalshiEx, LLC v.*
23 *Martin*, No. 25-cv-1283-ABA, 793 F. Supp. 3d 667, 2025 U.S. Dist. LEXIS 147815 (D.
24 Maryland Aug. 1, 2025) (holding state law not preempted by Commodity Exchange Act as
25 applied to sports-related event contracts). *But see KalshiEx, LLC v. Flaherty*, No. 25-cv-
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1 02152-ESK-MJS, 2025 U.S. Dist. LEXIS 79893 (D.N.J. April 28, 2025) (holding state law
2 preempted by Commodity Exchange Act as applied to sports-related event contracts).¹

3 The reasoning in *KalshiEx* is persuasive. Therefore, this Court concludes that based on the
4 current state of the law, the Commodities Exchange Act, more specifically 7 U.S.C.
5 §2(a)(1)(A), fairly interpreted, does not vest exclusive jurisdiction over COINBASE event
6 contracts with the Commodity Futures Trading Commission. As such, Nevada law is not
7 preempted and the BOARD has authority to prosecute the enforcement action presented
8 by the Complaint and the Application.

9 **II. The BOARD's injuries are irreparable and non-compensable.**

10 If COINBASE's acts are wrongful, the resulting harm to Nevada's "comprehensive
11 regulatory structure" and "strict licensing standards" is immediate, irreparable and not
12 sufficiently remediable by compensatory damages. The BOARD has a statutory duty to
13 protect the public and advance Nevada's interest in administering a reputable gaming
14 industry with integrity. In furtherance of that duty, the BOARD is obliged to consistently
15 and equitably monitor and enforce regulatory and statutory compliance among all industry
16 participants and protect the health, safety, morals, good order, and general welfare of
17 gaming consumers. An unlicensed participant beyond the BOARD's control, such as
18 COINBASE, obstructs the BOARD's ability to fulfill its statutory functions. For example,
19 the BOARD lacks authority to ensure that wagers are not being accepted by COINBASE
20 from owners, coaches, players or officials who are in a position to influence the outcome of
21 a sporting event. The BOARD also has no means to ensure that underage individuals are
22 not allowed to purchase COINBASE's contracts and no ability to enforce any sanction
23 against COINBASE if it determined this to be the case. Additionally, the BOARD has no
24 way to know, much less prevent, if unsuitable individuals are involved with COINBASE's
25 activities in Nevada. By their nature, the nature of these injuries cannot be mitigated,

26
27 ¹ Notably, the New Jersey federal district court relied primarily on the reasoning of
28 the Nevada federal district court in *KalshiEx* in that court's initial grant of KALSHI's
motion for preliminary injunction—an injunction that was later dissolved. *See generally*
Flaherty, 2025 U.S. Dist. LEXIS 79893

1 much less restored, by compensatory damages after the injury is incurred. The fact that
2 KALSHI is not currently enjoined from offering event contracts in Nevada does not negate
3 the harm caused by COINBASE's facilitation of event contracts absent a temporary
4 restraining order.²

5 These potential consequences must be characterized as irreparable under Nevada
6 law. As such, they support issuance of a temporary restraining order.

7 **III. The *Declaration* establishes that immediate and irreparable injury will**
8 **result if COINBASE is allowed a full opportunity to respond before the**
9 **temporary restraining order is issued.**

10 As the *Declaration* and the record establish, COINBASE has been provided notice of
11 the BOARD's filings as well as the actual filings themselves. Further, COINBASE has been
12 given some opportunity to respond and, in fact, responded with its Preliminary Opposition.
13 COINBASE requests an opportunity to file a full opposition and be heard thereon, or that
14 the Court deny the BOARD's request for a TRO and set an expedited briefing schedule and
15 hearing on the BOARD's motion for preliminary injunction. Issuance of the temporary
16 restraining order in advance of COINBASE's comprehensive response may necessitate
17 conversion of the response to a motion to dissolve under NRCP 65(b)(4), but there is nothing
18 to otherwise prevent COINBASE from being fully and fairly heard on the issues in dispute
19 and on an expedited basis. The nature of the BOARD's injuries which are alleged and, at
20 least preliminarily, substantiated are imminent. They are also the types of injuries that
21 exacerbate with each day that COINBASE operates in Nevada outside the authority of the
22 BOARD. A day means more consumers. More consumers mean more transactions. More
23 transactions means more potential harm to the BOARD. As such, every day matters in this
24 case in a literal sense. For these reasons, this Court deems immediate action to be
25 necessary and issues the temporary restraining order in advance of COINBASE providing
26 the comprehensive response it contemplates.

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28 ² KALSHI is currently involved in litigation with the BOARD in *KalshiEx*, and its
unique circumstances are not before this Court.

1 **IV. The balance of hardships and public interest weigh in favor of issuing the**
2 **temporary restraining order.**

3 Largely for the reasons that have already been explained above, the balance of hardships
4 and public interest in maintaining meaningful control over Nevada's gaming industry for
5 the purpose of ensuring its integrity strongly supports issuance of the temporary
6 restraining order. Beyond the factors previously addressed, if it is later determined that
7 the temporary restraining order was issued wrongfully, COINBASE would have been
8 denied a brief period in the market which damaged them in an amount that should be
9 relatively straightforward to quantify and, if legally redressable, compensate. There is no
10 reciprocal remedy for the BOARD if the temporary restraining order is wrongfully denied.

11 **V. No security is required.**

12 A party who is the beneficiary of a temporary restraining order is typically required
13 to post security for damages resulting from wrongful issuance of the temporary restraining
14 order. NRCP 65(c). However, the BOARD, as an agency of the State of Nevada, is exempted
15 from that typical requirement. *Id.* Therefore, no security will be required.

16 **VI. The duration of the temporary restraining order is limited to 14 days.**

17 NRCP 65(b)(2) limits the duration of a temporary restraining order without notice
18 to a maximum of 14 days unless it is extended for good cause or the adverse party consents
19 to a longer period. There is no request to extend the deadline nor has COINBASE
20 consented to a longer period, so the duration of the TRO is 14 days from the date of this
21 Order.

22 Therefore, good cause appearing,

23 **IT IS HEREBY ORDERED** that Plaintiff's Ex Parte Application for Temporary
24 Restraining Order and Motion for Preliminary Injunction filed on February 2, 2026 is
25 **GRANTED** insofar as it requests issuance of a temporary restraining order to prohibit
26 COINBASE from offering or facilitating the offering of event contract in Nevada.

IT IS HEREBY FURTHER ORDERED that a hearing on Plaintiff's Ex Parte Application for Temporary Restraining Order and Motion for Preliminary Injunction filed February 2, 2026 will be held in the First Judicial District Court, located at 885 East Musser Street, Carson City, Nevada, Department II, on February 17, 2026, at 2:00 P.M.

IT IS HEREBY FURHTER ORDERED that the BOARD will serve a notice of entry of the order on COINBASE and file proof of such service within 7 days after the date the court sent the order to the attorney.

2/5/2026

Kristi. Lewis

KRISTIN LUIS
DISTRICT COURT JUDGE

Respectfully submitted:

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Attorney General

By: /s/ *Jessica E. Whelan*

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