ANTI CORRUPTION DATA COLLECTIVE

GAMBLING ON DEMOCRACY

Briefing 4:
A Midterms Update and the Global Picture

Data current as of **29 October 2026**

28,845 congressional markets examined

$431M bet on 2026 congressional races

1% of wallets control **75%** of trading volume

90% of markets cost less than $1,000 to move five cents

Over **$618,000** bet in low-stakes roundtrip transactions

PUBLISHED NOVEMBER 2026

In the two months since ACDC first published analysis of the congressional midterms on prediction markets, these platforms have become a very visible part of our election ecosystem for the first time. News outlets have consistently referenced prediction market prices in their coverage. The major platforms such as Polymarket and Kalshi have promoted midterm dashboards to showcase the electoral markets offered. And millions more Americans have either visited these sites looking for information, or placed bets on electoral outcomes.

Across the three platforms analyzed – Kalshi, Polymarket and Polymarket US – betting volumes on 2026 congressional markets have nearly tripled since 2024, reaching a total of **$431M** as of October 29. This count does not include popular governor and mayor races, which alongside state level races and referendums, also are also featured on the platforms. Since our first August briefing, ACDC has examined almost 20,000 more markets, bringing the total to **28,845** markets related to 2026 races for the House of Representatives and Senate. This amounts to **61** times more markets compared to those offered for congressional races in 2024.

We found:

- Risks of insider trading remain and are only becoming more pronounced in the final scratch of campaigns.
- Price manipulation and misinformation risks continue to be a concern, even as more liquidity enters many markets.
- Markets on fringe outsider candidates attract wash-trading or money laundering

Prediction markets are also now a global phenomenon. Media reporting shows that the risks above, which we observe with regard to U.S. races, are also appearing on electoral markets around the world. In some countries, the major platforms offer markets on elections in countries even though local regulators have banned them. Similarly, malign foreign actors can participate in markets on U.S. elections.

MORE BETS, MORE MARKETS

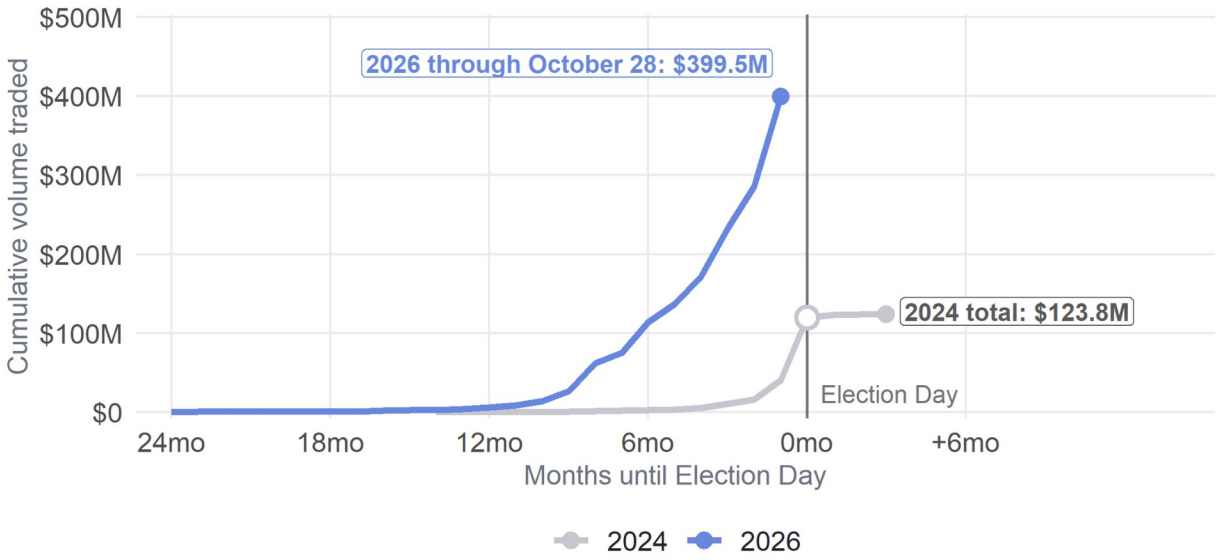
Across the three platforms analyzed, **$431M** has been bet on the 2026 congressional races so far. Kalshi remains the dominant platform, topping **$286M**, with nearly twice the volume of Polymarket and Polymarket US combined.

The volume bet in 2026 is increasing steadily in the run up to election day, but with a less sudden acceleration in the final weeks than was observed in 2024. Our earlier estimate of a possible $1.1 - $1.4B in 2026 seems unlikely to materialize.

FIGURE 1

Volume bet in 2026 is steadily increasing in run-up to Election Day[1]

Cumulative total volume traded each month across all markets and platforms related to congressional races, the dashed line is totals published in ACDC's August briefing and the solid line is totals as of October 29, 2026 | Trading continued after election day in 2024 before results settled markets



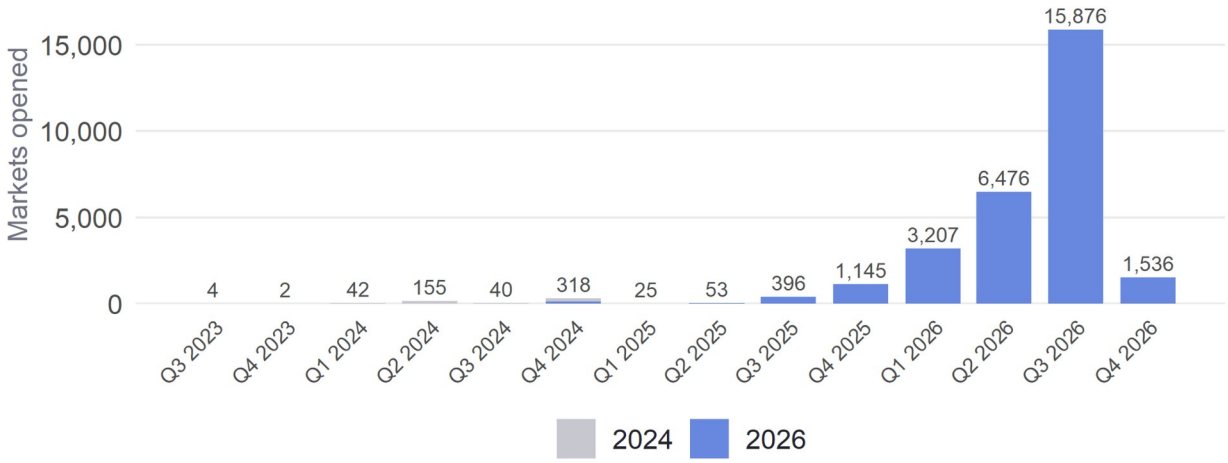
However, the number of markets continues to grow exponentially, approximately doubling each quarter to reach 28,845 by October 29. Every single congressional race is represented with trades on one of the three platforms. Kalshi alone offers markets for every race. There is now an average of 154 markets per Senate seat and 46 per House seat. Most of these markets are thinly traded, making them vulnerable to price fluctuations and inaccuracy.

[1] ACDC recently found congressional election markets from 2024 that had been missing from our earlier analysis. These markets bring our total for those elections from $92M to $124M.

FIGURE 2

Markets opened double each quarter

Markets opened across all platforms each quarter related to congressional races in 2024 and 2026



In the most bet-on electoral market, the Texas senate race, betting volume has neared $64M. The total volume is less concentrated in the top five states now (59%) than two months ago (74%), but the top races remain significantly more traded. On Kalshi, 88% of volume is concentrated in just 50 races out of 470.

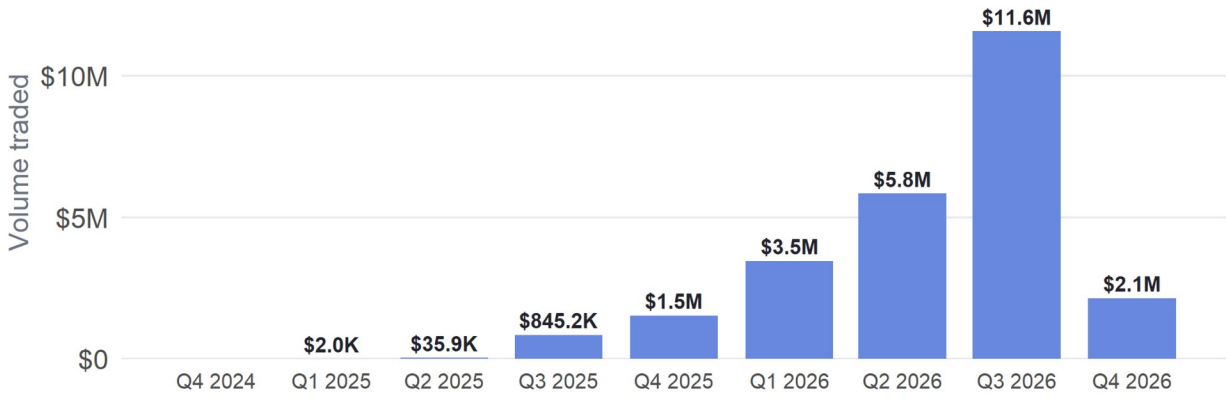
INSIDER TRADING RISK CONTINUES TO GROW

The risks of traders trading on insider information on political prediction markets are well documented. Yet, despite these risks, as the midterms approach, Kalshi and Polymarket are offering thousands of markets on questions that people inside or connected to campaigns could know the answer to before the wider public. As campaigns come to a head with rallies and final campaign pushes, mention and endorsement markets are increasing. We calculate that **$25.5M** has been wagered on these knowable congressional midterm markets so far.

FIGURE 3

The volume bet on knowable election markets has significantly increased

Volume traded each quarter on congressional markets that resolve on something knowable, across all three platforms



ACDC's previous brief highlighted the risk of insider trading on unreleased polling data. Recent reporting by Betting Intelligence, using leaked messages as well as publicly available data, appears to show that a person behind a fake polling company had used real polls produced by his previous company to make trades on Kalshi before markets moved in response.

EVEN CLOSE TO THE ELECTION, MANIPULATION RISKS ARE STILL PRESENT

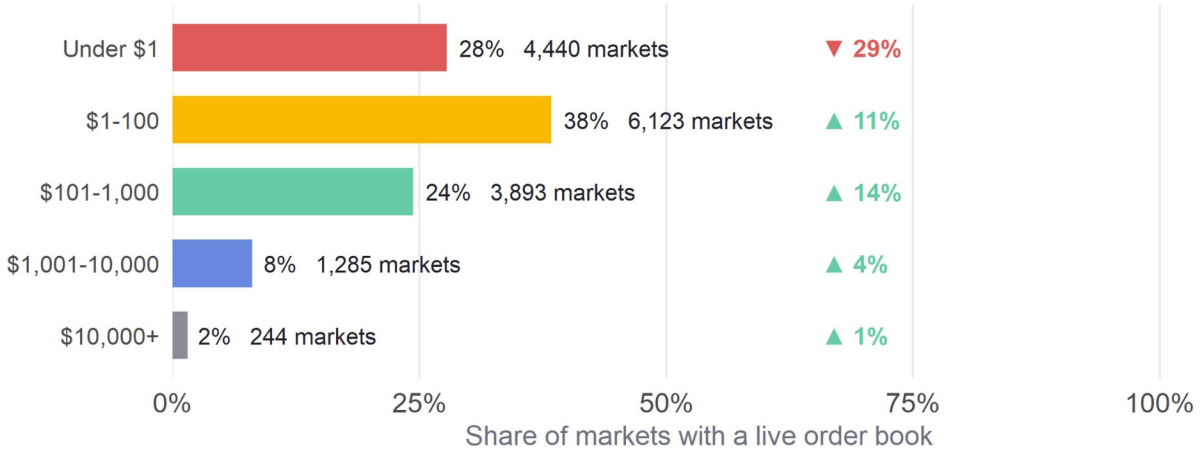
Our analysis shows that the risk remains of election markets being deliberately skewed to create a false sense of momentum. This risk is most evident in thinly traded markets. Low volume markets can be easily manipulated with an influx of new bets changing odds dramatically. **90%** of markets have a volume below $10,000, the cut-off used by Kalshi in its new flagging system due to the potential for price fluctuations and inaccuracy. The share of markets below this threshold has increased by six percentage points over the past two months.

Prices remain cheap to move five cents, costing less than $100 in **66%** of markets. It costs more than $10,000 to create the same change in 244 markets, an increase of just one percentage point since September 1. Across the 15,985 congressional live books, **96%** can be moved five cents for $3,500 or less — the maximum personal campaign contribution. Even though markets are supposed to be harder to move closer to the election, and we do see some markets move into the higher ranges, there are still thousands of markets that can be cheaply moved.

FIGURE 5

How cheaply someone can move a price five cents

Every 2026 congressional market quoting a live order book on 29 October 2026, by what it would cost to move its displayed price five cents, all three platforms together. The figure beside each share is the change in percentage points against the same measure on 1 September.

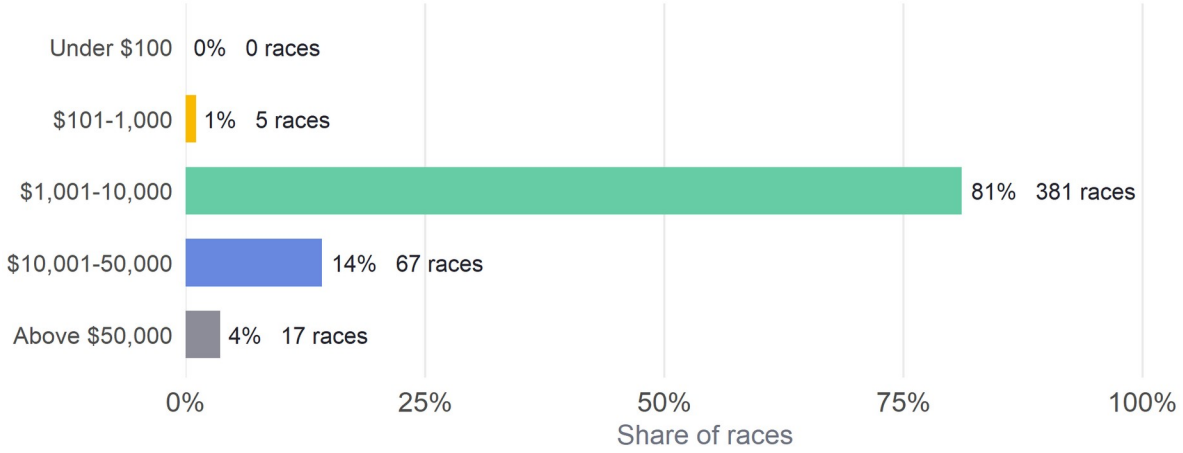


Given there are so many markets per race, we also examined the most expensive market to move within each race. These more popular, heavily traded markets are the most likely to be cited in the media or by campaigns. Across the 470 races with a live order book, 90% of the races had their most expensive market cost less than $25,000 to move five cents. It costs less than $1,000 in 5 races.

FIGURE 6

The most expensive market in each race usually moves for under $10,000

Each of the 470 2026 congressional races with a live order book, grouped by the cost of moving its most expensive market five cents.



MARKETS ON POLYMARKET ARE BECOMING MORE CONCENTRATED

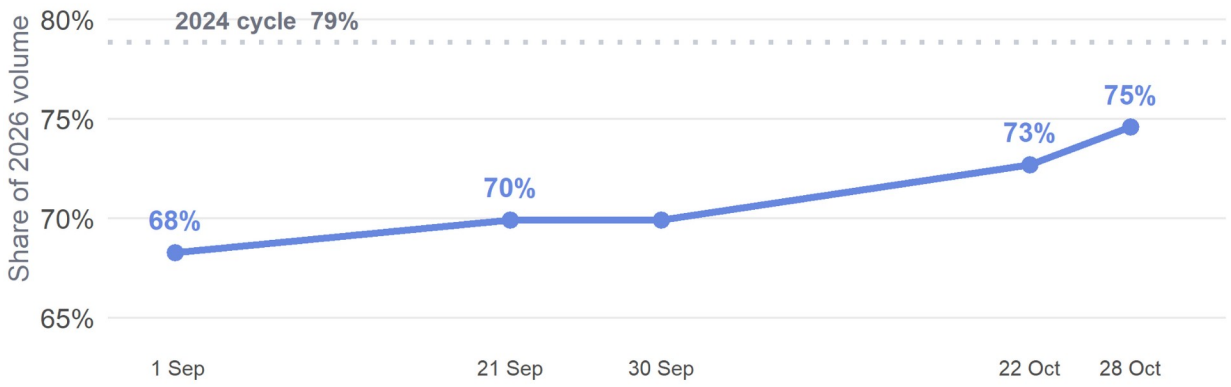
On Polymarket, where data allows us to determine concentration of markets, there are now a total of 89,453 unique wallets trading congressional midterm markets. With 7,397 Polymarket markets, bettors remain thinly spread over most markets, with typically 48 bettors per market and only 32 markets with more than 1,000 unique bettors. There is a higher percentage of markets featuring less than 100 wallets in October (84%) than in August (80%).

The portion of betting volume by the top 1% of bettors is reaching 2024 levels, when the platforms were less embedded in mainstream culture. In August, the top 1% of wallets controlled 68% of volume. This has risen steadily, from 70% in September to **75%** in October. In 2024, the top 1% of wallets controlled 79%. The bottom 50% have also spent less in the 2026 cycle, only responsible for 0.2% of bets compared with 0.4% two months ago.

FIGURE 4

The top 1% are increasing their share of volume

Share of 2026 congressional volume held by the top 1% of Polymarket wallets, how it's changed over time | The dotted line is the 2024 cycle at 79%



Although the top wallets are active across many markets, their betting volume remains concentrated in a much smaller number of markets. On Polymarket, where we can follow what individual accounts are doing, we also see that election markets are rife with highly capitalized accounts trading over a million dollars across many markets. Algorithmic traders, which trade consistently around the clock, are also prominent. **79%** of trades in congressional midterm election markets involve one of these kinds of users.

THE RISK OF FOREIGN INTERFERENCE

Just as prediction markets create conditions for election manipulation to favor particular candidates, the recent explosion in election prediction markets creates an opportunity for an attack on U.S. democracy from abroad.

Foreign states have been credibly alleged to interfere in American democratic processes – with varying reported degrees of success – both targeting specific candidates and generally attempting to undermine confidence and trust in democracy, sow division and foment unrest.

China's "Spamouflage" network reportedly used fake online accounts to attack candidates it considered opposed to its interests. Russia has been repeatedly sanctioned by the U.S authorities over its network of "bot farms": large groups of partly automated social media accounts that disseminate disinformation and amplify politically divisive messages, including about U.S. elections. Elsewhere, prosecutors in France reportedly opened an investigation into whether an Israeli firm, BlackCore, interfered in local elections using social media accounts and deceptive websites to smear left-wing campaigns critical of Israel. The company was also suspected of targeting elections in Angola, Scotland, Togo and New York.

The actual impact of these campaigns is often difficult to discern. Yet the questionable effectiveness of these strategies does not appear to deter malign foreign actors from undertaking them. It would be surprising if similar foreign actors weren't at least exploring the potential for any new technologies to disrupt elections, sow division, increase support for particular candidates and decrease trust in elections in general.

The evidence on how prediction markets can influence voters is growing. A recent survey by the Brennan Center for Justice found that despite voters' "deep skepticism" about prediction markets, they were between 10 and 20 percentage points more likely to believe that candidates favored by prediction markets would win their race, irrespective of polls. "The implications of this finding are stark since few state-level races have regular polls for the electorate to check. Small-volume prediction markets, such as those for down ballot contests, are particularly easy to move, making them vulnerable to attempts at odds manipulation. Furthermore, the money behind prediction markets is not disclosed, so voters cannot see who is shaping the odds in a given race," according to the Brennan Center.

THE SAME RISKS ARE SEEN IN OTHER ELECTIONS

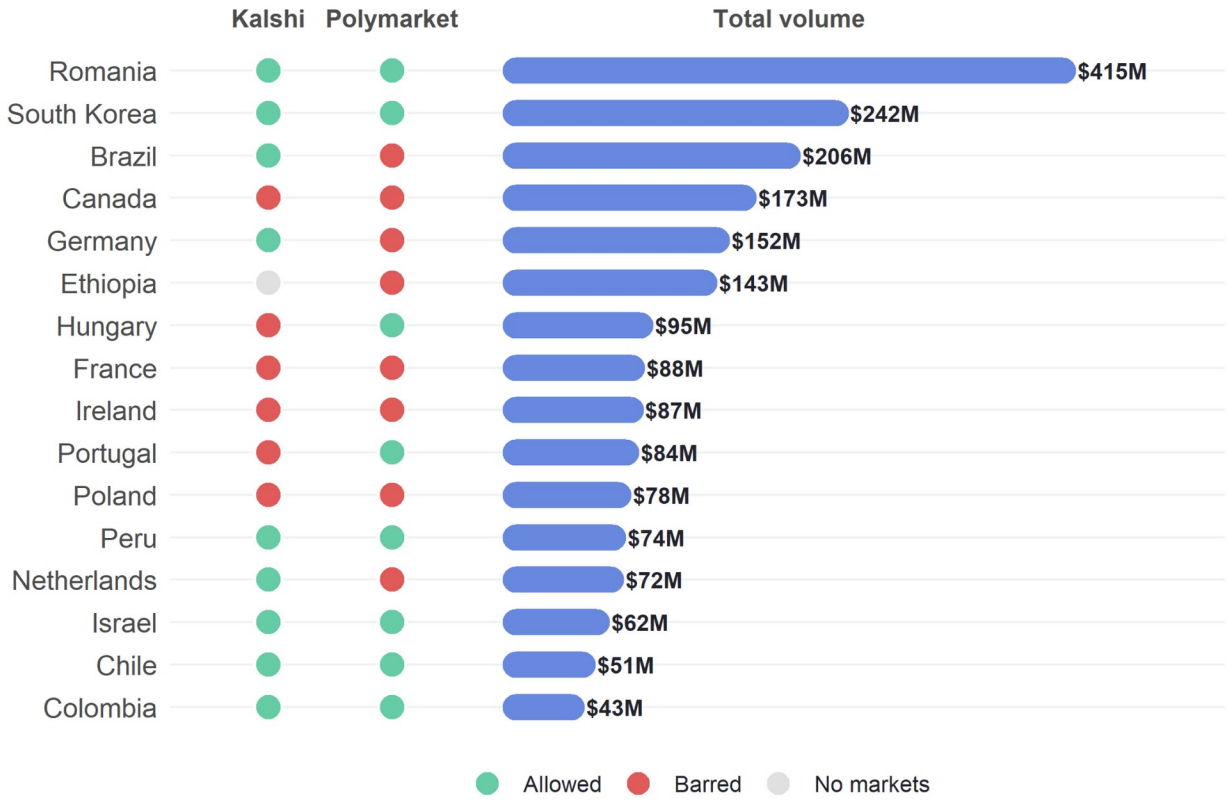
Price manipulation risks are precisely why America's northern neighbors do not allow prediction markets on elections. Cristie Ford, an associate professor at the University of British Columbia, recently told CBC: "By making it look as though there's momentum behind a particular candidate, you can potentially affect whether or not people show up to vote."

There are complete bans on prediction markets in many democracies, where they are often treated as unlicensed gambling operations. Yet this has not stopped the platforms opening election markets on those countries' elections.

FIGURE 7

Banned at home, traded anyway

The 16 countries outside the US with the most traded election markets, ranked by total volume, against whether each platform bars that country's own residents from trading | Volumes are the platforms' own stated figures



Polymarket is reportedly investigating hundreds of newly created accounts which bet on Israel's October 2026 election shortly before polls closed. Portugal banned Polymarket in January after a 4M Euro surge in betting on its presidential election in the final hours before results were known, raising alarm bells for insider trading.

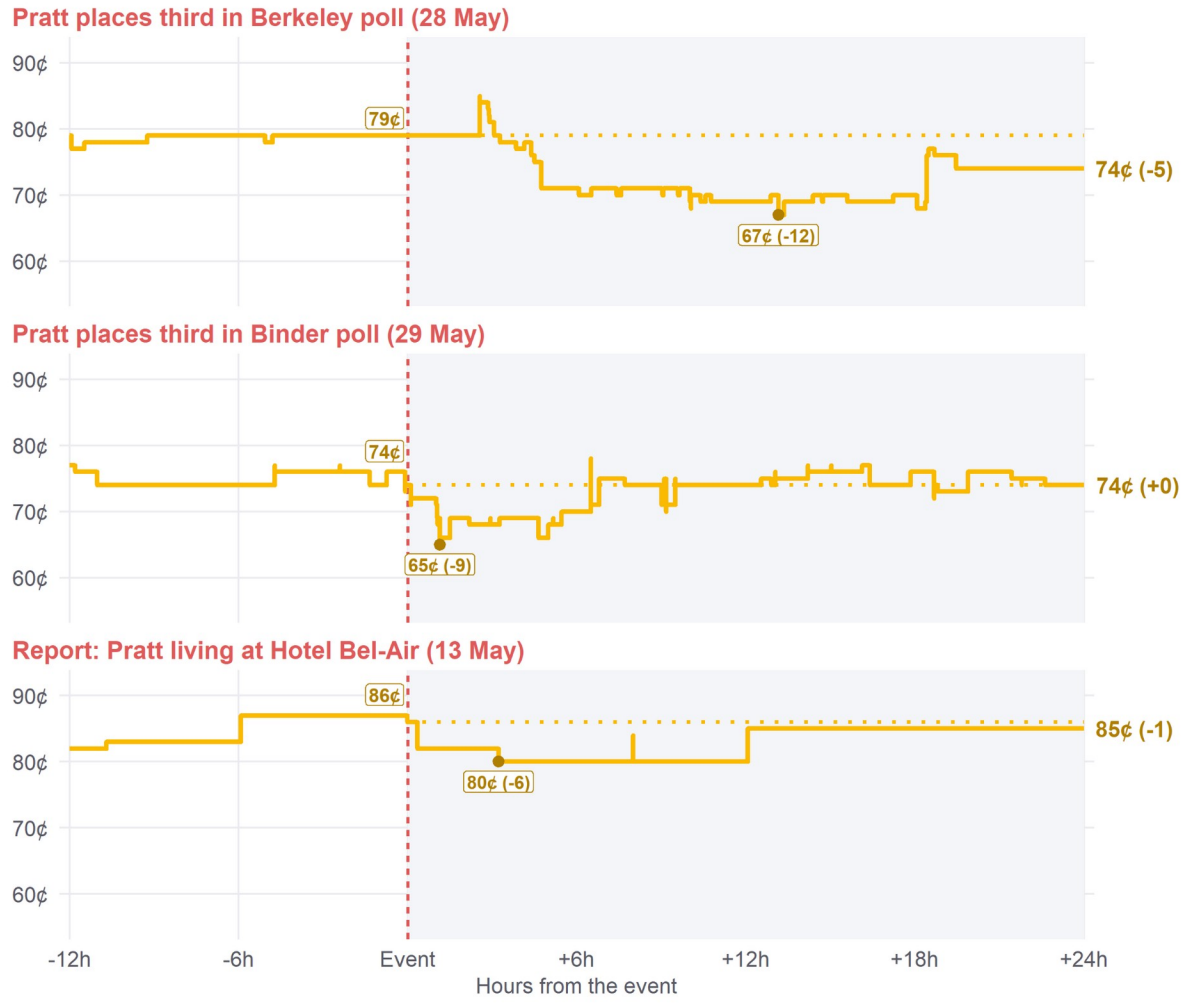
Recent elections in Peru and Bolivia were plagued with viral online misinformation that conflated prediction markets with polls, prompting fact-check organizations in both countries to issue clarifications. Analysis of Polymarket markets on the 2026 Presidential Election in Colombia showed just 83 accounts active in markets which, amidst a ban on polls, became a significant, yet unreliable, source of information.

Back in the U.S. yet outside the scope of our congressional midterm analysis, Kalshi's markets on the LA mayoral primary in June show signs that some users backed reality-TV-star-turned-candidate Spencer Pratt, regardless of external events. In analysis in collaboration with CNBC, ACDC found that dips in Pratt's price caused by negative news or polling were soon brought up again by traders who appear to have been convinced he stood a better chance – or, alternatively, who wanted to give that impression. As results began diverging from these data-defying probabilities, online influencers – including some who had partnership deals with Kalshi at the time – claimed there must have been fraud in the election.

FIGURE 8

Market prices recovered at least some losses after dips in response to negative news and polls for Pratt

Kalshi's "Will Spencer Pratt qualify for the runoff?", every trade at the Yes price, lined up on the moment of each event (red dashed line), from 12 hours before to 24 hours after.



INCLUDING EVERY OUTSIDER CANDIDATE IS TOO RISKY

Wired recently reported that the presidential elections in Ethiopia saw $284 million traded on losing candidates on Polymarket, exclusively between pairs of accounts, with each trade making no significant loss or profit. Back in May, we saw the same pattern in a by-election in Dublin, Ireland, which attracted over a million dollars in trading, over 93% of which was rapid, low-cost trading on an outsider candidate in which neither party made money.

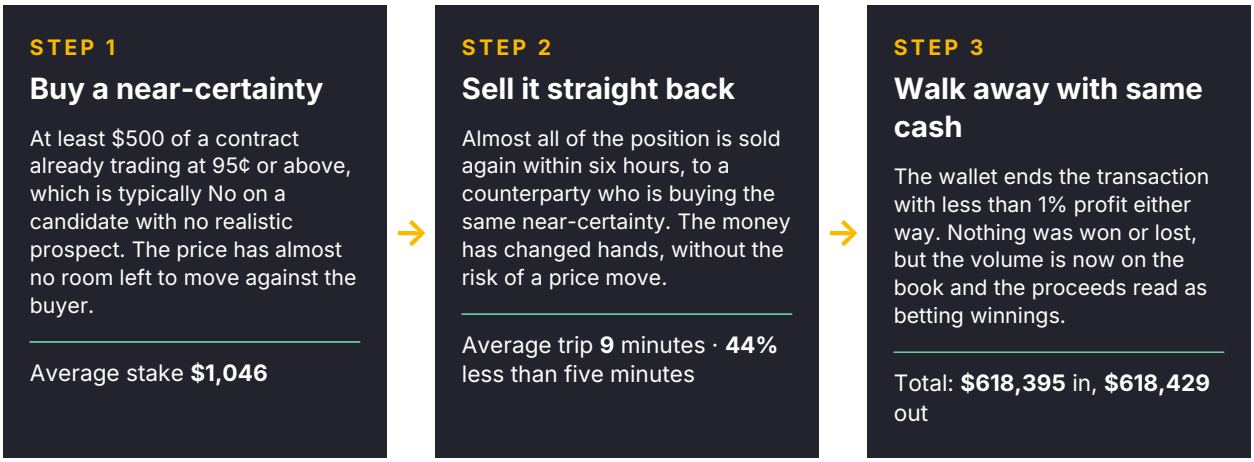
Markets for fringe candidates are structurally set up to be taken advantage of by wash traders and money launderers. Unlike other betting environments, purchased contracts can be sold back, immediately if a buyer is available. This allows traders to buy and sell

contracts at speed. High probability bets in markets with little chance of rapid movement, such as No on an unlikely candidate, can be used to increase volume and layer transactions without the risk of price movement. Coordinated wallets can trade against one another to inflate volume or layer funds, with payouts that surface as clean betting proceeds.

Based on observed behavior of these suspicious wallets from the Dublin case and a theoretical approach to what a productive wash trading or money laundering trade would look like on a prediction market, we looked for similar markers in the 2026 congressional election markets on Polymarket:

1. A wallet buying at least $500 of a contract
2. Contract priced at 95 cents or above, then
3. Selling almost all of it back within six hours, and
4. Walking away with less than 1% profit.

HOW ONE OF THESE SUSPICIOUS ROUND TRIPS WORKS



Across **591** round trips by **544** separate wallets in **22** markets. No wallet is trading with itself and **92%** of them made exactly one trip.

We found **22** markets where at least a quarter of all volume was made up of at least five of these suspicious round-trip transactions. While there are multiple explanations for this behavior, the availability of high probability transactions, with a low risk of losing initial capital, would be attractive transaction types for wash traders and money launderers.

In total, **$618,395** moved through these 591 suspicious transactions. The total profit was **$34**.

Prediction markets offering markets on all candidates, including those with little prospects, produces the conditions that make washing or laundering possible. For the **ten** markets with 70% or more of their volume involved in suspicious roundtrip transactions,

the perceived probability for Yes on each question was less than **4%**; they were all longshot candidates. For example, over 100 suspicious transactions worth nearly a quarter of a million dollars went through the market "Will Robert Lebovics be the Republican nominee for Senate in New Jersey?," with an average Yes price of 3 cents.

Consistent with their response to insider trading concerns, the platforms say they monitor for this activity and ban accounts. But, why do they offer – and why are they allowed to offer – markets on election candidates with no realistic prospect of victory? These are not questions that the public needs 'the power of prediction markets' to answer.

CONCLUSION

Prediction markets on elections are causing problems for democratic processes around the world. Indicators of possible insider trading, risks of misinformation and disinformation, and signs of wash trading or money laundering appear in both the U.S. 2026 midterms and in elections around the world.

With acquiescence from the CFTC, which is preventing the states from applying their own rules to onshore prediction markets, platforms have opened the flood gates, attempting to manage the risks with their own terms and conditions, internal monitoring, and cosmetic transparency.

This is not enough.

Kalshi's new transparency tools recognize the issues with thinly traded election markets but fall short of providing meaningful new data that addresses the risks of price manipulation, foreign interference, and wash trading.

Researchers at the The Israel Democracy Institute have called for prediction market platforms and any media citing them to include the same degree of methodological detail as has long been conventional in polling. To achieve this, platforms will have to publish far more data on election markets than they do currently.

Platforms should also remove markets on outsider candidates completely and only offer markets for which there is substantial demand. Similarly, rather than only attempting to police users leveraging insider information to profit, platforms should stop offering markets on questions which are inherently knowable.

Political parties and campaigns should impose contractual bans on employees and contractors – and codes of conduct on volunteers – from using prediction markets related to any elections.

Lawmakers should ban prediction markets on elections. As most states already ban election betting, according to research by the Pew Institute, proposed legislation to assign jurisdiction over prediction markets to the states would be a significant step in the right direction.



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