Kalshi cites trade surveillance after fining Buckhout, Santos

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MOREHEAD CITY - Republican front-runner for North Carolina's redrawn 1st Congressional District, retired Army Col. Laurie Buckhout, has been fined and banned from prediction market Kalshi for three years after betting on her own race. Kalshi's head of litigation, Jovalin "Jovy" Dedaj, says the incident is a good example of the exchange working as intended, he told the News-Times Wednesday.

The prediction market announced disciplinary action against Buckhout and multiple other politicians Aug. 31 as part of a national investigation into insider trading.

Kalshi stated Buckhout had purchased less than $1,000 worth of contracts in a market covering her race against incumbent Democrat Don Davis.

The exchange says Buckhout's trading, as a candidate in the race, violated the firm's rules against trading with insider information. Buckhout was consequently placed under a three-year suspension from the platform and subject to a $2,589 fine, effective Aug. 28.

In a radio interview with the News-Times, Dedaj says Kalshi employs a "very robust trade surveillance program."

"That's not something that we do just right out of the goodness of the heart," he adds. "We have obligations from our federal regulator to have these surveillance controls in place."

Kalshi issued disciplinary actions against multiple other politicians who were found to have traded with insider information on the same day.

Dedaj recounts that "our trade surveillance team detected some irregular and suspicious activity," prompting the trading firm's inquiries into those accounts.

This included former Republican New York Rep. George Santos, who received a lifetime ban from the service and a fine upwards of $71,000. Kalshi notes that Buckhout cooperated with its investigation, but says Santos did not.

Despite being publicized on the same day, Dedaj pointed out that those two violations stemmed from different issues.

While Buckhout and other politicians bet on their respective midterm races, Santos had bet on whether he would attend this year's State of the Union. After announcing on X that he would be attending, he later posted that he was watching the event from an airport television — and had already placed a bet on Kalshi indicating he would not be attending.

Ultimately, Dedaj says the disciplinary actions were "two positive, good examples of the exchange working as it's intended to work, and preventing this type of manipulative trading from happening."

As with other sources, Buckhout called the incident a "dumb mistake," adding that "as soon as I learned there was an issue, I worked to make it right. Safe to say my career as a Kalshi trader was short-lived," in a text message to the News-Times.

Davis' team declined to comment further on the matter, but the congressman chimed in on the issue via social media Monday, calling it a "disqualifying breach of public trust."

"Eastern North Carolinians are struggling with the everyday costs of healthcare, gas, groceries, and housing, while my opponent treats a congressional election as an opportunity to cash in," Davis added.

So far, more than $76,000 has been traded on the exchange's market for this year's NC-01 House midterm race. Currently, the market puts forth a 50% chance of Davis winning by a margin of 1 point.

Notably, Dedaj points out, prediction markets may prove to be more accurate in forecasting election outcomes than standard election polls.

"There is a very, very, very deep body of academic research that shows that when it comes to polling, prediction markets tend to actually be more accurate than traditional polling and statistical modeling," Dedaj says.

A 2008 study found that market predictions, when compared to 964 polls across the five presidential elections from 1988 to 2004, were closer to the eventual outcome of those elections 74% of the time.

The most recent GQR poll on NC-01, sponsored by Davis' campaign, puts Davis at a 4-point lead of 45% to Buckhout's 41%, based on a telephone survey of 500 likely voters in NC-01 from June 22–28.

In a text message to the News-Times, Davis called those results "only one snapshot in time," adding, "We are not taking a single vote for granted."

"Our team is crossing the district, from Henderson to the Outer Banks, sitting down with neighbors, listening to their concerns, and earning this election one conversation at a time," Davis says.

Buckhout also recently received an endorsement from Donald Trump in early August, calling it an "incredible honor" on her campaign's social media.

"Laurie Buckhout will always fight for you in Congress," Trump said in the endorsement video.

Buckhout, Davis, and Libertarian Tom Bailey will be facing off in November to represent North Carolina's 1st Congressional District in an apparent rematch from the 2024 midterm elections, which involved the same candidates. During that election, Davis beat Buckhout with 52% of the vote.

After North Carolina’s congressional map was redrawn in 2025, shifting six counties, including Carteret, from the 3rd to the 1st Congressional District, the district has become critical in determining which party will hold the majority of seats in the House of Representatives.