

Someone made big money betting on Maduro. What are prediction markets, and is it time they had tighter rules?

'Binary wagers' are banned in Canada, but some platforms still operate in a legal grey area

 [Abby Hughes](#) · CBC News · Posted: Jan 10, 2026 4:00 AM EST | Last Updated: January 10

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Advertisements for the prediction market Kalshi project a victory for Zohran Mamdani in the New York City mayoral election, before polls closed, on Nov. 4, 2025, in New York. (Olga Fedorova/The Associated Press)

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When will the U.S. invade Venezuela? When will that country hand over oil to the U.S.? Will Colombia be invaded next?

A flurry of bets have been placed on those questions this week on platforms known as prediction markets, following the U.S. military operation in Venezuela last weekend which removed President Nicolás Maduro.

The huge sums of money swapped have reignited attention on prediction markets, which allow users to bet on nearly any kind of event, and have shot from small startups to major companies in recent years.

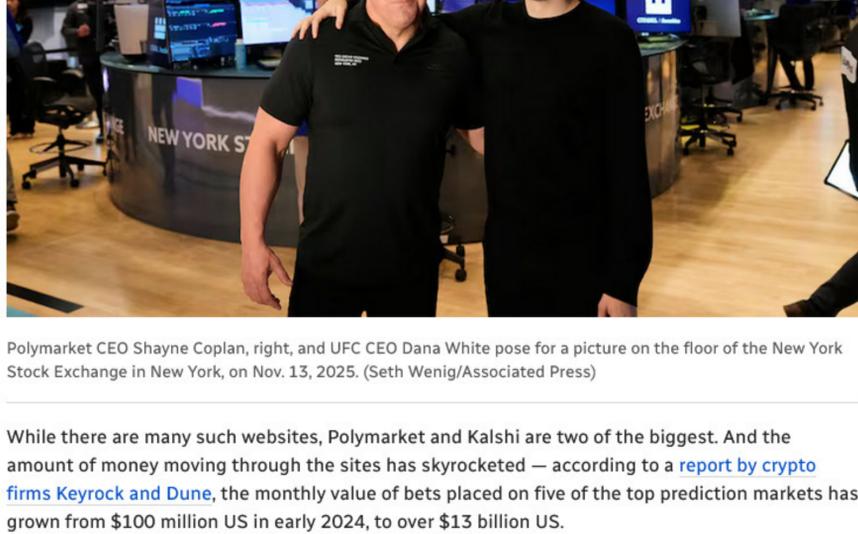
But how do prediction markets work, and how are they regulated? Here's what you need to know.

How do they work?

Bets on prediction markets are usually binary — wagers on a yes/no or higher/lower outcome.

On Polymarket, for example, users can bet on everything from whether certain movies will get Oscar nominations, to the fate of the Iranian regime, or the highest temperature in Toronto on a given day.

"The long-term vision is to financialize everything, and create a tradeable asset out of any difference in opinion," said [Tarek Mansour](#), CEO of the prediction market Kalshi, at a conference in late 2025.



Polymarket CEO Shayne Coplan, right, and UFC CEO Dana White pose for a picture on the floor of the New York Stock Exchange in New York, on Nov. 13, 2025. (Seth Wenig/Associated Press)

While there are many such websites, Polymarket and Kalshi are two of the biggest. And the amount of money moving through the sites has skyrocketed — according to a [report by crypto firms Keyrock and Dune](#), the monthly value of bets placed on five of the top prediction markets has grown from \$100 million US in early 2024, to over \$13 billion US.

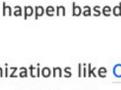
Gambling, financial product, or news?

The difference between sports betting platforms and prediction markets is that there is no "house" with the latter, says gaming analyst Dustin Gouker, who publishes the Event Horizon newsletter about prediction markets.

Sports betting sites like DraftKings and FanDuel "are the house. If you lose, you're losing to them. If you lose on a prediction market, you are losing to another person or a market maker," he said.

Instead, prediction markets make money by taking small transaction fees, Kalshi spokesperson Elisabeth Diana told CBC News in an email.

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When betting odds enter the news

But on a practical level, there's really no difference, Gouker says.

"Take the logistics out of it, it's people betting against each other. Who you're betting against doesn't ... make it not betting."

Prediction markets also say [they have news value](#), because the bets paint a picture of what people believe will happen based on available information — a "wisdom of crowds," Gouker says.

News organizations like [CNN](#), [CNBC](#) and [Dow Jones](#) (which owns the Wall Street Journal) have all made deals with Kalshi or Polymarket to use the data in their programming.

When it comes to regulation, the platforms are treated like financial products and, in the U.S., are governed by the Commodity Futures Trading Commission (CFTC).

Insider information is a concern

One recent bet on Venezuela paid off particularly well, and has raised concerns about whether someone used inside information to their advantage.

An anonymous gambler, identified only by the string of numbers and letters, put over \$30,000 US on Maduro being ousted by the end of January, shortly before the military operation. That bet later paid out over \$400,000 US.



Captured Venezuelan President Nicolas Maduro arrives at the Downtown Manhattan Heliport, en route to a court appearance in New York City, on Monday. (Eduardo Munoz/Reuters)

In response, U.S. Rep. Ritchie Torres, a New York Democrat, [said he will introduce legislation](#) that would make it illegal for government officials to use privileged information to make bets on prediction markets.

The CFTC has rules against fraud and manipulation, [including insider trading](#). Kalshi also prohibits "insider trading," while Polymarket simply says users must comply with existing laws.

But David Chase, a defence lawyer with the Securities and Exchange Commission who previously investigated insider trading cases for the same organization, said whether investigations and enforcement would take place is an open question.

"The question is, does [the CFTC] have the resources? Do they have the willpower to take on ... those types of investigations?" Chase said.

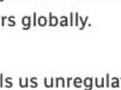
Plus, payments on Polymarket are often made using cryptocurrency and users are often anonymous, which "only heightens the risk of illegal activity on those platforms and makes a regulator's job that much more difficult," Chase said.

What about in Canada?

Buying and selling binary options in Canada has been banned since 2017 by the Canadian Securities Administrators (CSA). Any prediction market services not covered by that ban might be considered "securities, derivatives or both" according to a spokesperson for the CSA, and would need to follow existing rules for those products.

"Right now, it's a grey area for sure," said Matthew Burgoyne, partner at Osler, Hoskin & Harcourt based in Calgary and chair of the law firm's digital asset and blockchain group.

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Polymarket and the rise of political betting

"We just haven't seen a lot of enforcement action in Canada," Burgoyne said, aside from an [Ontario ban and fine of Polymarket](#) in 2025.

The Canada-wide binary options rule also hasn't seemed to stop Polymarket from being available to Canadians, Burgoyne says. [Polymarket lists](#) Ontario as a banned region — but no other parts of Canada, and [VPNs can be used](#) to get around such restrictions (though that's against Polymarket's terms).

"It's almost impossible, practically speaking, for any securities regulator to absolutely prohibit a platform," Burgoyne said.

Both Burgoyne and Chase say more regulations specific to prediction markets are needed to protect users globally.

"History tells us unregulated markets just don't work — or certainly don't work well," Chase said, and adds regulations for crypto or the stock market could be used as a blueprint.

ABOUT THE AUTHOR

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Abby Hughes is a writer with CBC News based in Toronto. She came to the city to study journalism at Toronto Metropolitan University and has been here ever since. She covers news from the worlds of business, entertainment, health, science and education, and her favourite stories focus on the real people in those areas — the customers, fans, patients, citizens and students. You can reach her with story ideas at abby.hughes@cbc.ca.