

26-18-05

**RESOLUTION ADOPTING POLICY PROHIBITING REGULATING DISTRICT
EMPLOYEES FROM PROFITTING ON INSIDER INFORMATION**

WHEREAS, on April 22, 2026 New York State Governor, Kathy Hochul, issued Executive Order #60 to address the recent proliferation of prediction markets; noting that platforms now exist through which individuals can make monetary bets on the outcomes of events heightening the potential for misconduct whereby those with privileged information can seek to personally profit by trading on such insider information; and

WHEREAS, the maintenance of public trust is founded on the principal that public servants are charged with using their positions to benefit the public good, that no governmental decision should be motivated by achieving personal financial gain, and that public servants should not utilize their access to government information for personal financial gain; and

WHEREAS, prediction markets offer opportunities to effectively place wagers on all manner of events, including both major events such as outcomes of military activity, election results, or the severity of natural disasters, as well as obscure and manipulable events such as betting on the attire of public officials at appearances, when the President of the United States would next publically insult a person, or the volume of social media posts made by an individual; and

WHEREAS, these platforms contend they are not subject to State law or regulation, including both limits on the types of events on which wagers can be accepted, as well as State policies designed to protect consumers from gambling addiction and predatory behavior and prevent unscrupulous activity; and

WHEREAS, New York State contends that these unlicensed platforms are subject to State law and regulation, and that by allowing users to bet money on the outcome of future events that are uncertain and outside the control of the bettor, or hinge on a game of chance, prediction markets constitute illegal gambling operations; and

WHEREAS, despite the proliferation of wagering opportunities now facilitated by these companies, federal regulators have not to date required any meaningful ethical standards relating to conduct on these markets, including protections against insider trading, nor have they taken any meaningful enforcement actions to prevent insider trading, but they have instead focused on precluding States from exercising oversight authority over the gambling undertaken on these platforms; and

WHEREAS, recent reports have suggested the possibility of individuals having utilized nonpublic government information to brazenly profit on bets placed on predictive markets relating to actions by the federal government, including reported instances of bets made relating to the war in Iran and military action within Venezuela; and

WHEREAS, New York State requires the highest standard of public integrity from its civil servants irrespective of any new technologies which carry the risk of potentially facilitating

unethical conduct stemming from attempts to profit or assist others in profiting off of non-public information about governmental decision making; and

WHEREAS, state officers and employees are subject to the Code of Ethics, codified at Public Officers Law §74; and

WHEREAS, under the Code of Ethics, no state officer or employee “should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interests.” Specifically, one cannot “disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interest.” Further, one “should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust”; and

WHEREAS, the State Code of Ethics as articulated above, and the Regulating District’s Code of Ethics implemented through resolution 11-37-12, not only address actual conflicts of interest but also conduct that can create the appearance of a conflict of interest; and

WHEREAS, through her Executive Order, Governor Hochul mandated that each public authority, including the Hudson River – Black River Regulating District, shall adopt policies or rules applying the restrictions therein to all officers and employees who serve at the pleasure of their appointing authority.

NOW THEREFORE BE IT RESOLVED, that the Board of the Regulating District hereby adopts and implements the following as a forthright and continuing policy to mitigate the potential for misconduct as articulated in the annexed Executive Order #60:

No Board Member, officer or employee of the Regulating District may use any nonpublic information obtained in the course of their official duties to seek profit or avoid loss from participation in a prediction market or similar service or assist any other person in seeking profit or avoiding loss from participation in a prediction market or similar service.

Any violation of this policy, or the Executive Order from which it stems, may result in dismissal or other appropriate sanction as determined by the Regulating District Board or its delegate(s) of the individual(s) committing such violation and may be referred to law enforcement, the Commission on Ethics and Lobbying in Government, or other authorities as appropriate.

For the purpose of this policy “prediction market” means an exchange-traded platform or service that is not licensed or permitted by the New York State Gaming Commission used by participants to buy and sell contracts contingent on future events, such as elections, sporting events, actions or speech of individuals, and economic indicators. A platform or service will not be considered a “prediction market” solely because the platform or service is used to trade futures contracts or options to purchase or sell securities, commodities, or other goods or services.

Approved as to form:



Robert P. Leslie
General Counsel

Motion was made by Mr. Candido and seconded by Mr. Hayes that the Resolution be approved.

Present and voting:

<u>MEMBER</u>	<u>AYE</u>	<u>NOE</u>	<u>ABSTAIN</u>
Mr. Finkle.....	<u> X </u>	<u> </u>	<u> </u>
Mr. Hayes.....	<u> X </u>	<u> </u>	<u> </u>
Mr. DeWitt.....	<u> X </u>	<u> </u>	<u> </u>
Mr. Bird.....	<u> X </u>	<u> </u>	<u> </u>
Mr. Candido.....	<u> X </u>	<u> </u>	<u> </u>
Mr. Reagan.....	<u> X </u>	<u> </u>	<u> </u>
Ms. Allen.....	<u> X </u>	<u> </u>	<u> </u>