

# DOJ and CFTC Bring First-Ever Prediction Markets Insider Trading Charge Against a Public Company Employee

June 1, 2026

On May 27, 2026, the U.S. Attorney's Office for the Southern District of New York ("SDNY") unsealed a criminal complaint charging a Google software engineer, Michele Spagnuolo, with commodities fraud, wire fraud, and money laundering arising from alleged insider trading on Polymarket.<sup>1</sup> The Commodity Futures Trading Commission ("CFTC") filed a parallel civil complaint the same day charging Spagnuolo with insider trading in violation of the Commodity Exchange Act and rules thereunder.<sup>2</sup>

This case swiftly follows the Polymarket insider trading charges brought by SDNY and the CFTC last month, which involved an Army soldier (Gannon Ken Van Dyke) alleged to have insider traded on classified military information. As we have previously [discussed](#), the government's charging theories in the Van Dyke case were not limited to classified or other government information and could be deployed against anyone who trades in event contracts based on confidential corporate information misused in breach of a duty.<sup>3</sup> The charges against Spagnuolo do exactly that: DOJ and the CFTC are now deploying these legal theories more broadly.

This cross-border case also reflects the federal government's view that its charging authority in such matters is transnational. Unlike Van Dyke, who resided in the United States and was a U.S. government employee, Spagnuolo is an Italian citizen who resided in Switzerland, and the complaint contains limited allegations tying him to the United States. The case also sends a clear message that DOJ and the CFTC view insider trading on the prediction markets that occurs globally as squarely within the reach of U.S. criminal and civil law enforcement.

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<sup>1</sup> U.S. Department of Justice, "Google Employee Charged With Insider Trading" (May 27, 2026), <https://www.justice.gov/usao-sdny/pr/google-employee-charged-insider-trading>.

<sup>2</sup> Commodity Futures Trading Commission, "CFTC Charges Google Employee with Insider Trading in Search Result-Related Event Contracts" (May 27, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9237-26>.

<sup>3</sup> "Polymarket Insider Trading Charges Illustrate DOJ and CFTC Prediction Markets Enforcement Strategy" (Apr. 27, 2026), <https://www.debevoise.com/insights/publications/2026/04/polymarket-insider-trading-charges-illustrate-doj>.

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**The Alleged Scheme.** According to the criminal complaint,<sup>4</sup> Spagnuolo had access through his role at Google to confidential, nonpublic data underlying Google’s “Year in Search” results. The complaint alleges that Google’s search-trend data is commercially valuable proprietary information central to Google’s advertising, marketing and brand strategy, and that Google restricts access to Year in Search results before public release because premature disclosure could reduce user engagement, media interest, advertiser revenue and the value of a coordinated launch. The internal tool allegedly bore a “Google Confidential” banner.

Polymarket allegedly listed event contracts asking who would be the “#1 Searched Person on Google this year” and who would rank among the “Top 5 Most Searched People on Google 2025,” among other markets. Those markets resolved based on Google’s public Year in Search release on or about December 4, 2025.

The government alleges that Spagnuolo used a Polymarket account, in the name of “AlphaRaccoon,” to trade after accessing Google’s internal data. In total, the criminal complaint alleges that the AlphaRaccoon account risked approximately \$2.75 million across 25 Google Year in Search outcomes and profited around \$1.2 million after the markets resolved.

The complaint also alleges concealment efforts through a series of digital asset transactions. After the markets resolved, the AlphaRaccoon account allegedly transferred approximately 5.045 million USDC.e to another wallet, followed by cryptocurrency swaps and a transfer to a service that advertises privacy protection by removing wallet addresses from the blockchain. The complaint further alleges that, after online communities speculated that AlphaRaccoon was a Google insider, the “AlphaRaccoon” username was removed from the Polymarket account.

**The Charges.** The criminal complaint charges three counts:

- **Commodities fraud.** The complaint alleges that Spagnuolo violated Section 6(c)(1) of the Commodity Exchange Act (“CEA”), 7 U.S.C. § 9(1) and CFTC Rules 180.1(a)(1) and 180.1(a)(3) by using material nonpublic information obtained in breach of a duty to execute swap transactions for personal gain.
- **Wire fraud.** The complaint alleges that Spagnuolo misappropriated valuable confidential business information, subject to a duty of confidentiality, and used that information to obtain cryptocurrency.

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<sup>4</sup> Compl., ECF No. 1, *United States v. Spagnuolo*, No. 1:26-mj-02020 (S.D.N.Y. filed May 26, 2026), <https://www.justice.gov/usao-sdny/media/1442621/dl>.

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- **Money laundering.** The complaint alleges that Spagnuolo conducted transactions involving wire-fraud proceeds, knowing that the transactions were designed to conceal or disguise the nature, source, ownership or control of those proceeds.

The CFTC's parallel complaint charges a violation of CEA Section 6(c)(1) and Rule 180.1.<sup>5</sup> The CFTC alleges that the Year in Search contracts were swaps, that Spagnuolo owed Google duties of trust and confidentiality, and that he misappropriated material confidential information to trade those contracts. The CFTC seeks restitution, disgorgement, civil monetary penalties, trading and registration bans, and injunctive relief.

**Takeaways:**

- **As expected, DOJ and the CFTC are pursuing fraud charges based on misappropriated corporate information, not just government information.** The Van Dyke case involved classified government information, but the Spagnuolo charges demonstrate that the government will pursue cases where employees trade on prediction markets based on confidential corporate information.
- **The government is pleading commercial value carefully.** As discussed in our [prior alert](#), wire fraud does not require the government to prove that the relevant instrument is a security or commodity, but it does require a scheme to obtain money or property. The Spagnuolo complaint appears drafted with that requirement in mind: it alleges not merely that the Year in Search data was confidential, but also that it had commercial value to Google because the coordinated release drove user engagement, media coverage, advertising demand and brand value.
- **Corporate policies should expressly cover prediction markets.** Insider trading and personal trading policies should address trading in prediction markets and event contracts, not only securities. Companies should also define confidential information broadly enough to cover product launches, platform rankings, data releases, marketing campaigns, regulatory developments, litigation events, cybersecurity incidents and other corporate information that could determine or affect the price of an event contract.
- **Access controls and audit logs matter.** The complaint relies heavily on the sequencing of internal data access and trading activity. Companies with sensitive pre-release data—such as platform, ranking, customer, product, regulatory or marketing

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<sup>5</sup> Compl., ECF No. 1, *Commodity Futures Trading Comm'n v. Spagnuolo*, No. 26-cv-4419 (S.D.N.Y. filed May 27, 2026), [https://www.cftc.gov/media/14046/ENF\\_SpagnuoloComplaint052726/download](https://www.cftc.gov/media/14046/ENF_SpagnuoloComplaint052726/download).

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data—should consider whether access is appropriately restricted, logged and reviewed, and whether anomalous access near planned public releases is escalated.

- **The cross-border dimension of this case demonstrates that the government takes an expansive view of its charging authority.** Spagnuolo is an Italian citizen who was residing in Switzerland, and the complaint alleges few specific facts tying his conduct to the United States. The case sends a clear message that federal authorities do not view overseas prediction market insider trading as beyond the reach of U.S criminal and civil enforcement. For this reason, policies and procedures and training should cover employee conduct globally.

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