

1
2 UNITED STATES DISTRICT COURT
3 DISTRICT OF NEVADA

4 Coinbase Financial Markets, Inc,

5 Plaintiff

6 v.

7 Aaron D. Ford, et al.,

8 Defendants

Case No. 2:26-cv-00256-CDS-MDC

Order Denying the Plaintiff's Emergency
Motion for a Temporary Order and
Preliminary Injunction, and Dismissing the
Plaintiff's Complaint

[ECF Nos. 1, 4]

9
10 Plaintiff Coinbase Financial Markets, Inc. brings this emergency request for declaratory
11 and injunctive relief against defendants Aaron D. Ford, Mike Dreitzer, George Assad, Chandeni
12 K. Sendall, Jennifer Togliatti, Rosa Solis-Rainey, Brian Krolicki, George Markantonis, and Abbi
13 Silver. Compl, ECF No. 1; Mot. for TRO and PI, ECF No. 4. I ordered expedited briefing on the
14 motion. *See* Min. order, ECF No. 19. Briefing is complete,¹ and having reviewed the filings, the
15 court finds no supplemental briefing or oral argument is needed to resolve the motion. Because I
16 find that Coinbase's motion for a TRO and PI would violate both the *Younger* abstention
17 doctrine and the Anti-Injunction Act, I deny its motion.

18 **I. Background**

19 This case arises out of a state court enforcement action pending before the First Judicial
20 District Court in Carson City, Nevada (Case No. 26-OC-000301B). *See* State compl., Pl.'s Ex. C,
21 ECF No. 4-7. The defendants brought a civil enforcement action in Nevada state court (Case No.
22 26-OC-000301B) ("the enforcement action") against Coinbase on the grounds that the company
23 is engaged in unlawful "gaming" under the Nevada Gaming Control Act. ECF No. 1 at 4, ¶ 7. As
24 alleged in the enforcement action, in January of 2025, Kalshi (a Commodity Futures Trading
25 Commission (CFTC) – registered Designated Contract Market (DCM)) began listing event
26

¹ Opp'n, ECF No. 22; Reply, ECF No. 23.

1 contracts. *Id.* at 3, ¶ 5. Coinbase Financial Markets, Inc. is a CFTC-registered Future
2 Commissions Merchant, and it serves as an intermediary for customers trading regulated
3 derivatives listed on a DCM, including event contracts on Kalshi. *Id.* As further alleged, in
4 January 2026, Coinbase began offering event-contract trading to its customers throughout the
5 United States, including Nevada. *Id.* at 2, ¶ 3. Coinbase asserts that these event contracts are
6 “paradigmatic swaps” defined by the Commodity Exchange Act, so they can only be traded on
7 federally regulated exchanges that are subject to the exclusive jurisdiction of the CFTC. *Id.* at 2–
8 3, ¶ 3.

9 Defendants dispute the contracts are “paradigmatic swaps.” They contend Coinbase’s
10 offerings meet the NRS definitions of “gaming,” “game,” “sports pool,” and “wager”². *See* State
11 court complaint, Defs.’ Ex. A, ECF No. 22-2 at 18–28. As result, the defendants filed the
12 enforcement action, seeking declaratory judgment that the Nevada Gaming Control Act
13 prohibits Coinbase from “making event-based contracts concerning the outcomes, or partial
14 outcomes, of sporting or other events available on its market in Nevada without the required
15 gaming licenses” and “to persons under the age of 21.” ECF No. 1 at ¶ 7 (quoting Pl.’s Ex. C, ECF
16 No. 4-7 at 10–13). The enforcement action included an application for an ex parte temporary
17 restraining order and motion for preliminary injunction enjoining Coinbase from operating a
18 market that offers event-based contracts without obtaining all required Nevada gaming licenses.
19 *See* ECF No. 22-2 at 31–52. The court granted the ex parte temporary restraining order on
20 February 5, 2026. *See id.* at 82–89.

21 The day before the ex parte TRO/PI was granted in state court, Coinbase initiated this
22 action by filing a complaint together with an emergency motion for a temporary restraining
23 order and preliminary injunction in this court. *See* ECF Nos. 1; 4. Coinbase asserts Nevada’s
24 attempt to prevent it from offering any event contracts in the state runs headlong into federal
25 law, so it seeks injunctive relief to maintain the “status quo” pending the court’s resolution of

26 ² *See* NRS 463.0153 (defining “gaming”); NRS 463.0152 (defining “game”); NRS 463.160 (defining “sports pool”); NRS 463.0193 (defining “wager”).

1 the TRO and to prevent Nevada from obtaining ex parte relief in state court that would prohibit
2 Coinbase from offering Nevada users access to CFTC regulated event contracts. ECF No. 4 at 9–
3 10.

4 The defendants oppose Coinbase’s motion on four grounds: (1) it is moot in light of the
5 state court’s issuance of an ex parte temporary restraining order on February 5, 2026; (2) the
6 Anti-Injunction Act prevents the gamesmanship between dually sovereign judicial systems; (3)
7 *Younger* abstention prevents federal courts from interfering in ongoing criminal or civil
8 proceedings of important state interest; and (4) Coinbase is unlikely to succeed on any of its
9 claims. *See* ECF No. 22.

10 II. Discussion

11 Coinbase seeks both a TRO and a PI. A federal court’s analysis of a request for a TRO is
12 substantially identical to that for a preliminary injunction, so I analyze them together here.
13 *Stuhlbarg Int’l Sales Co., Inc. v. John D. Bush & Co.*, 240 F.3d 832, 839 n.1 (9th Cir. 2001). It is long
14 established that to obtain a TRO, a plaintiff must establish: (1) likelihood of success on the
15 merits; (2) likelihood of irreparable harm in the absence of preliminary relief; (3) that the
16 balance of equities tips in her favor; and (4) that an injunction is in the public interest. *See Winter*
17 *v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008).

18 While the parties appropriately address the *Winter* factors in their briefs, I find it
19 unnecessary to assess those factors on the merits because, for the reasons explained herein, the
20 Court has no power to grant the relief Coinbase seeks given the *Younger* abstention doctrine and
21 the Anti-Injunction Act. I address each in turn.

22 A. The *Younger* abstention doctrine applies here.

23 The *Younger* abstention doctrine “forbids federal courts from staying or enjoining pending
24 state court proceedings.” *AmerisourceBergen Corp. v. Roden*, 495 F.3d 1143, 1147 (9th Cir. 2007)
25 (citation modified). For *Younger* abstention to apply, the state proceedings must (1) be ongoing,
26 (2) implicate important state interests, and (3) provide an adequate opportunity to litigate the

1 plaintiff's federal constitutional claims. *See Middlesex Cnty. Ethics Comm. v. Garden State Bar Ass'n*, 457
2 U.S. 423, 432 (1982); *Kenneally v. Lungren*, 967 F.2d 329, 331–32 (9th Cir. 1992). Enforcement
3 actions can implicate important state interested. *See Sprint Commc'ns, Inc. v. Jacobs*, 571 U.S. 69, 79–
4 80 (2013) (civil enforcement proceedings initiated by the state to sanction a plaintiff for some
5 wrongful act, including investigation that culminates into a complaint or charges, meets this
6 requirement). Here, all three elements are met.

7 By way of its TRO motion, Coinbase seeks to prevent the defendants from applying
8 Nevada gambling's laws to federally regulated transactions that are subject to uniform federal
9 law under the exclusive jurisdiction of the Commodity Futures Trading Commission. ECF No. 1
10 at 2, ¶ 1. But there is an on-going state enforcement action pending in the First Judicial District
11 Court, so the first prong showing abstention is appropriate is met. *See Gilbertson v. Albright*, 381
12 F.3d 965 (9th Cir. 2004) (federal courts generally abstain from granting any relief that would
13 interfere with pending state judicial proceedings).

14 Second, important state interests are implicated: the regulation of gaming and protection
15 of the public. As cited by defendants, the “Nevada Legislature has codified the significance of the
16 gaming industry to the state in NRS 463.0129(1)(a) (safe, legal gaming is “vitally important
17 to the economy of the State and the general welfare of the inhabitants.”). ECF No. 22 at 10.
18 Coinbase avers by arguing that the state lacks any interest in enforcing “preempted state laws”
19 and extraordinary circumstances apply. ECF No. 23 at 3. But the fact that the state brought the
20 enforcement action to begin with belies Coinbase's argument of a lack of interest. *See Platkin v.*
21 *Discord Inc.*, 2025 U.S. Dist. LEXIS 233298, at *22 (D. N.J. Sept. 10, 2025) (declining to exercise
22 federal jurisdiction because doing so would disrupt the State of New Jersey's strong sovereign
23 interest in enforcing its own laws). Thus, Coinbase's argument is unpersuasive.

24 Third, the state proceeding provides Coinbase adequate opportunity to litigate its
25 claims. Indeed, Coinbase does not assert that it is somehow prevented from litigating these
26 claims in state court. Rather it argues that the merits and timing of the enforcement action, or

1 alternatively, asserts that “extraordinary circumstances” warrant the exercise of federal
2 jurisdiction. I disagree. Exemption from *Younger* is warranted upon a “showing of bad faith,
3 harassment, or any other unusual circumstance that would call for equitable relief.” *Younger*, 401
4 U.S. at 54. While the motion clearly shows that Coinbase is frustrated by the timing of state’s
5 enforcement action, frustration is neither an exception to *Younger* nor a reason for this court to
6 exercise its limited jurisdiction. As such, I find abstention is warranted so Coinbase’s motion is
7 denied.

8 B. Anti-Injunction Act

9 Even if the *Younger* abstention ground did not apply, I would deny Coinbase’s motion
10 because the Anti-Injunction Act precludes this action. The Anti-Injunction Act, 28 U.S.C. §
11 2283, provides that “[a] court of the United States may not grant an injunction to stay
12 proceedings in a state court except as expressly authorized by Act of Congress, or where
13 necessary in aid of its jurisdiction, or to protect or effectuate its judgments.” See *Fortune v. eQube*
14 *Int’l, Inc.*, 2016 U.S. Dist. LEXIS 10454, at *11 (D. Nev. Jan. 27, 2016). The Anti-Injunction Act also
15 applies to declaratory judgments if those judgments have the same effect as an injunction.
16 *California v. Randtron*, 268 F.3d 891, 896 (9th Cir. 2001), *opinion amended and superseded on other grounds*
17 *on denial of reh’g sub nom.*, 284 F.3d 969 (9th Cir. 2002).

18 Coinbase asserts that it seeks a TRO and PI to maintain the status quo pending the court
19 rendering a decision on its PI and to “prevent [the] defendants from enforcing preempted
20 Nevada law against Coinbase.” ECF No. 4 at 10. Specifically, it asserts that Nevada is misreading
21 the federal law and misusing emergency, ex parte procedures to do so. *Id.* at 9. It further asserts a
22 now moot argument, that is, that unless this court acts promptly, Nevada may obtain this
23 extraordinary ex parte relief in state court. *Id.*

24 In response, the defendants argue that Coinbase fails to demonstrate that any exception
25 to the Anti-Injunction Act applies, ECF No. 22 at 7, and there is no act of Congress that grants
26 federal courts exclusive control over gaming suits. *Id.* The defendants further assert that because

1 the Anti-Injunction Act prohibits the federal court from interfering in state court proceedings,
2 Coinbase lacks standing to pursue a remedy in federal court.

3 In reply, Coinbase argues that its motion is not seeking to stay the proceedings, but
4 rather it is seeking an “injunctive relief” to stop the State from enforcing Nevada gambling laws
5 against Coinbase’s event contracts. ECF No. 23 at 4. It further argues that to the extent the Act
6 applies, the exception permitting a federal court to issue an injunction “where necessary to aid
7 of its jurisdiction” applies. *Id.* at 5 (quoting 28 U.S.C. § 2283). Coinbase contends that its motion
8 seeks to protect the jurisdiction of federal courts, which is a well-established exception. *Id.* at 3.

9 I find Coinbase’s arguments unpersuasive. The Act “limits the power of federal courts, in
10 cases properly before them, to enjoin state court proceedings.” *Gamble v. General Foods Corp.*, 846
11 F.2d 51, 52 (9th Cir. 1988). The Act is “an absolute bar to any federal court action that has the
12 effect of staying a pending state court proceeding.” *Newby v. Enron Corp.*, 302 F.3d 295, 301 (5th
13 Cir. 2002). “[D]oubts as to the propriety of a federal injunction against state court proceedings
14 should be resolved in favor of permitting the state courts to proceed in an orderly fashion
15 to finally determine the controversy.” *Alton Box Bd. Co. v. Esprit de Corp.*, 682 F.2d 1267, 1271 (9th
16 Cir. 1982) (emphasis added). Because there is a pending state case directly related to the action
17 brought by Coinbase, and no exception applies, this action is barred by the Anti-Injunction Act.

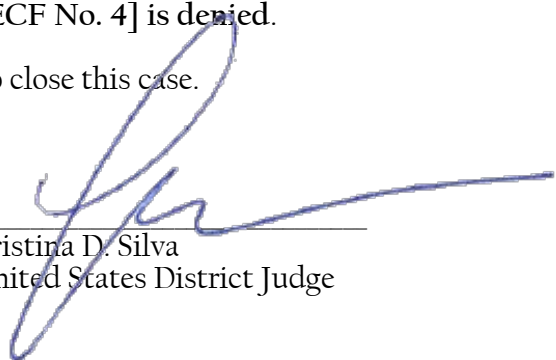
18 III. Conclusion

19 IT IS HEREBY ORDERED that because the court abstains from hearing this case
20 pursuant to *Younger v. Harris*, the complaint [ECF No. 1] is dismissed without prejudice.

21 IT IS FURTHER ORDERED that the plaintiff’s emergency motion for a temporary
22 restraining order and preliminary injunction [ECF No. 4] is denied.

23 The Clerk of Court is kindly directed to close this case.

24 Dated: February 7, 2026

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Cristina D. Silva
United States District Judge