

Election gambling may return in 2016

By Joshua Brustein, BloombergBusiness

The website Intrade gained almost mythical status in certain circles during the 2012 presidential election by letting users bet on how the elections would turn out. Gamblers thought it was fun, and economists marveled at how well the prediction market produced accurate forecasts.

Intrade users traded contracts that paid out if a certain event happened in the future. If a \$10 “Obama wins Ohio” contract was trading for \$6, that meant the market gave him a 60 percent chance of taking the state. Intrade’s users guessed right on 49 of 50 states.

But Intrade’s biggest success was followed almost immediately by a lawsuit from the U.S. Commodity Futures Trading Commission, which forced the company to close its doors in March 2013.

Two competing projects—Truthcoin and Augur—are now fighting to be the next Intrade by the time the 2016 election is in full swing. And if they work as promised, they will be much harder to shut down.

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