EPISODE: #013: INSIDE KALSHI: I SIGNED UP FOR THE ADDICTIVE BETTING APP SO YOU DON'T HAVE TO

**Claim 1:** "On July 7th... Meta launched an AI image tool that would let anyone type your Instagram handle into a prompt and generate pictures using your photos." — TRUE
Muse Image launched Tuesday, July 7, 2026 as the first image model out of Meta Superintelligence Labs, available through the Meta AI app and WhatsApp. The @-mention feature let anyone reference a public Instagram account as a visual source.
**Source:** Meta pulls Muse Image AI after Hollywood privacy backlash - The Next Web

**Claim 2:** "If your account was public, you were automatically opted into this feature... if your account was private, you were not opted into this. Also, if the account was for a user that was under 18 years old, they were also not opted in" — TRUE
Meta confirmed that adult public accounts were included by default with an opt-out buried under Settings, Sharing and reuse. Private accounts and accounts belonging to users under 18 were automatically excluded, and no one was notified when their photos were referenced.
**Source:** Meta's Muse Image AI Tool, Here's How To Opt Out - Forbes

**Claim 3:** "That protects accounts, not faces... that also includes all pictures of children who are included in pictures on public accounts" — TRUE
The exclusion was keyed to the account holder's age and privacy setting, not to who appears in the photo. Privacy advocates specifically flagged that a child pictured on a parent's public account got no equivalent protection.
**Source:** Instagram users: Here's how to stop Meta's AI from using your photos - TechCrunch

**Claim 4:** "In January of 2022, Instagram opened up remixing so that any public video on the platform could be pulled into somebody else's posts. And it was switched on by default. That setting lives under sharing and reuse" — MOSTLY TRUE,
One detail off: Instagram expanded Remix to all public videos on January 20, 2022 and defaulted every user to on. Two small corrections: it applied only to videos published after that date rather than retroactively, and the control lived under Reels and Remix Controls at the time. It was reorganized into Sharing and reuse later.
**Source:** Instagram now allows creators to 'remix' any public videos, not just reels - TechCrunch

**Claim 5:** "Meta did say that Muse Image would come to Advantage Plus Creative" — TRUE
Muse Image was made available to advertisers through Meta's Advantage+ platform as part of the same rollout.
**Source:** Meta pulls Muse Image AI photo feature from Instagram - Quartz

**Claim 6:** "The CAA... condemned the rollout publicly and called for consent to be opt-in. SAG... told its members and every other Instagram user to go into their settings and shut it off. They also called Meta's approach an utter miscalculation of public sentiment" — TRUE
SAG-AFTRA posted opt-out instructions for members and all Instagram users on Thursday, July 9, saying anything short of a clear and conspicuous opt-in was unacceptable and an utter miscalculation of public sentiment. CAA separately said no one's name, image, likeness, voice or creative work should be used by any third party, including AI models, without clear documented consent.

**Source:** [Meta Disables New Muse AI Image Generator After Backlash From CAA and SAG-AFTRA - IBTimes]

**Claim 7:** "Three days after the release, Meta pulled it... they shipped this feature publicly on a Tuesday and rolled it back on a Friday" — TRUE
Launched Tuesday July 7, pulled Friday July 10, with Meta saying the feature missed the mark. Worth noting on air that only the Instagram @-mention feature was withdrawn, since Muse Image itself remains live in the Meta AI app and WhatsApp and Muse Video was untouched.
**Source:** [Key Feature of Meta's Muse Image Axed - AI Business]

**Claim 8:** "On June 9th, Meta made two major updates... information companies send to Meta was previously used only to shape your ads. With this update, that information is now also going to shape what shows up in your feed... and what Meta AI tells you" — TRUE
Meta announced on June 9, 2026 that activity businesses already share through the Pixel and ad-partner integrations would also personalize Feed recommendations and Meta AI responses. One timing note: June 9 was the announcement, and the rollout began in July 2026 in the US and other markets.

**Source:** [Better Personalization and Changes to Controls for Your Activity From Other Businesses - Meta Newsroom]

**Claim 9:** "Meta retired the setting that lets you disconnect that activity from your account. It was called your activity off meta technologies, and it'd been there for almost seven years... you can ask Meta not to use that data, but that data still arrives to their door either way" — TRUE
The Your activity off Meta technologies control is being discontinued and replaced by an expanded Activity from other businesses setting that governs use rather than collection. Businesses can still send data through the Pixel and Conversions API regardless of what a user chooses. The original Off-Facebook Activity control launched in 2019, so almost seven years is right.

**Source:** [Meta Drops the Off-Platform Data Opt-Out: What Changes - Digital Applied]

**Claim 10:** "In June, Google emailed people about new privacy settings for search... that image and that audio recording will now get kept and go towards training its AI models... if your search history was already switched on, the new media saving setting is currently switched on"

— TRUE
Google replaced Web & App Activity for search data with two new settings, Search Services History and Personalized Recommendations, announced through a low-profile customer email in June 2026. A nested Save Media toggle defaults to on for anyone who already had Web & App Activity enabled, covering Lens images, Circle to Search screenshots, voice and Search Live audio, Translate practice, and uploaded files.
**Source:** [If you use Google, you're training its AI. Here's how to opt out. - TechCrunch]

**Claim 11:** "Anything already taken can stick around for up to four years, I believe" — TRUE
Google states that media used for AI training is disconnected from the user's account and retained for up to four years. Deleting your search history does not recall media already ingested.

**Source:** [Google Search Services History may save your media to train AI models - Fox News]

**Claim 12:** "Kalshi is officially a federally regulated prediction market exchange... they're overseen by the CFTC as a designated contract market" — TRUE
KalshiEX LLC holds a CFTC Designated Contract Market license, which is the basis for the company describing itself as a federally regulated exchange.

**Source:** [Kalshi targets a massive $40 billion valuation, widening lead over rival Polymarket - CoinDesk]

**Claim 13: "Federal law currently agrees with them, which is why they're legal in all 50 states" — FALSE**
This held for most of Kalshi's history but is not accurate as of July 2026. Nevada has a court-ordered injunction and Kalshi paused sports contracts there, Arizona filed criminal counts in March, and on July 7, 2026 a federal judge in the Southern District of New York denied Kalshi's injunction bid, clearing New York to enforce, with Massachusetts, Michigan, Ohio, Montana and Maryland also acting and Minnesota's ban due August 1. Kalshi has won in New Jersey and Tennessee and the CFTC has sued three states, so the accurate framing is federally legal and available in most states, with active restrictions in a growing minority.
**Source:** [Are sports prediction markets legal? Status of Kalshi and Polymarket in all 50 states - CBS Sports]

**Claim 14:** "The ads don't carry a risk disclaimer and they don't have to... there's no requirement to warn you about addiction risk, and there's no requirement to offer self-limiting tools" — TRUE
CFTC rules do not require prediction markets to carry responsible gambling messaging or to offer self-exclusion, loss limits, or time-outs, unlike the state licensing regimes that bind sportsbooks. Kalshi announced some responsible gambling features in March 2025, though critics note they are hard to find in the app.

**Source:** [Kalshi vs Polymarket: Which Is Riskier For Users? - GamblingHarm.org]

**Claim 15:** "Kalshi told the BBC outright that the influencers it pays aren't required to mention the risk at all" — TRUE

Kalshi told the BBC that US commodities futures regulation does not require the influencers it pays to address risk when advertising its site or app, alongside saying it partners with organisations on problem gambling and promotes responsible trading. Independent reporting supports the wider pattern, with the Wall Street Journal finding Kalshi paid college-aged influencers who mostly did not disclose the payments, and the Better Business Bureau's National Advertising Division referring Kalshi to state attorneys general in June 2026 after it declined to take part in a review of those disclosures.

**Source:** [BBC News, prediction markets coverage]()

**Claim 16:** "In May they raised a billion dollars at a $22 billion valuation, and by June, the Financial Times reported that they're already in talks to raise again at around a $40 billion valuation" — TRUE

The $1 billion Series F closed May 7, 2026, led by Coatue with Sequoia, Andreessen Horowitz, Morgan Stanley and Ark Invest. The FT reported the $40 billion talks on June 24, 2026, for a round that could close as early as Q3. That figure is a target, not a completed deal.

**Source:** [Kalshi Seeks $40B Valuation Seven Weeks After $22B Raise - The Defiant]()

**Claim 17:** "Kalshi owns a company called Kalshi Trading LLC that actively trades on Kalshi's own exchange. There's actually a federal class action in New York right now arguing that Kalshi Trading is not a peer, it is the house" — TRUE

Seven plaintiffs filed a proposed class action in the Southern District of New York in November 2025, alleging users believe they are trading against peers when they are often trading against Kalshi Trading LLC, KalshiEX, and affiliated institutional market makers. This is an allegation, not a finding.

**Source:** [Kalshi Hit With Class Action Over 'Illegal Sports Betting' - Front Office Sports]()

**Claim 18:** "Kalshi is saying affiliated market makers are standard, that there are a small share of volume, and that the arm isn't even profitable" — TRUE

Co-founder Luana Lopes Lara said publicly that Kalshi Trading is not profitable and traded roughly $310 million on sports in the month prior.

**Source:** [Kalshi Co-Founder Says In-House Trading Arm 'Not Profitable' - InGame]()

**Claim 19:** "A former CFTC commissioner said that the conflict of interest risk is obvious, and an MIT finance professor said the setup is uncommon in financial markets" — TRUE

Former CFTC commissioner Christy Goldsmith Romero said the risk of conflicts of interest with affiliated entities that end up hurting customers is present. Haoxiang Zhu of MIT's Sloan School of Management said the practice is uncommon in financial markets.

**Source:** [What is Kalshi Trading? Affiliate Muddles 'Peer-to-Peer' Claims - Sportico]()

**Claim 20:** "Roughly 74% of Kalshi traders end up in the red compared to about 81% of people

who trade equities and about 96% of people who use sports books" — TRUE
As a characterization of Kalshi's position, with a caveat that these are Kalshi's own figures, supplied by a company spokesperson in response to a Wall Street Journal analysis, drawn from a chart Kalshi provided rather than an independent study. The episode does frame them as Kalshi's defense, which is the right handling. Independent findings point the same direction, with the WSJ finding more than 70% of Polymarket users lose money and a Roosevelt Institute analysis in July 2026 putting retail losses on Kalshi above half a billion dollars since launch.

**Source:** [Prediction Markets Hit New Milestones, but Most Traders Are Losing, WSJ Finds - BeInCrypto]()

**Claim 21:** "Perpetuals are Kalshi's newest product... they were announced in May. It is the first company in American history to offer perpetuals. CFTC regulates it" — MOSTLY TRUE, contested superlative
The CFTC approved Kalshi's BTCPERP contract on May 29, 2026 and Kalshi announced the launch the same day. First company in American history to offer perpetuals is Kalshi's own marketing language and has been challenged, since the CFTC cleared Bitnomial for similar products in December 2025 carrying a 25-year limit. The safer phrasing is first CFTC-approved true perpetual futures in the US.

**Source:** [CFTC Approves Bitcoin Perpetual Futures on Prediction Market Kalshi - Decrypt]()

**Claim 22:** "Perpetual Futures or Perps let you take a leveraged position on a crypto price like Bitcoin without owning the coin... There's no expiration date" — TRUE
An accurate description of the product. Worth adding for listeners that leverage on these contracts runs as high as 50x, which is a material risk detail the episode does not state. **Source:** [Perpetual Futures Derivatives Expand Beyond Crypto with Kalshi - Cryptonomist]()

**Claim 23:** "Six in ten Kalshi users are between 18 and 34" — TRUE
CBS News reported that six in ten of Kalshi's users are aged 18 to 34, and that roughly 3 million of the platform's 4 million active users are male.

**Source:** [Prediction markets offer the lure of fast money. Young men say they like their odds. - CBS News]()

**Claim 24:** "Kalshi itself creates and lists every market. New listings go through their own product and compliance process before they're regulatory approved as a CFTC designated contract market" — TRUE
Kalshi lists markets itself as the exchange operator, subject to CFTC self-certification and approval processes under its DCM designation, and describes limits on the types of markets it can list as part of being federally regulated. Users cannot create their own markets, though the company does solicit suggestions.

**Source:** [Kalshi Announces Independent Surveillance Audit Committee - BusinessWire]()

**Claim 25:** "Meta is building its own prediction market" — TRUE

The New York Times reported on June 23, 2026 that Zuckerberg directed a small team to build a standalone prediction app internally called Arena. One clarification worth making, since this comes up again next week: as reported, Arena would be points-based rather than real money at least initially, with cash wagering left open as a later possibility.

**Source:** Mark Zuckerberg wants Meta to launch its own prediction market - TechCrunch

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