

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Avelino Valencia, Chair

AB 2409 (Valencia) – As Amended April 16, 2026

SUBJECT: Digital assets: meme coins

SUMMARY: Specifically, **this bill:**

- 1) Defines “meme coin” to mean a type of digital asset inspired by internet memes, characters, current events, or trends, for which the promoter seeks to attract an enthusiastic online community to purchase the meme coin and engage in its trading.
- 2) Prohibits a public officer or employee from issuing a meme coin.
- 3) Prohibits a business that operates a digital asset exchange from listing a meme coin for sale on behalf of, or for purchase by, a California resident if the meme coin contains the likeness or image of a federal public official or a state or local public officer.
- 4) Allows for enforcement through a civil action brought by the Attorney General for injunctive relief. The Attorney General may also include a claim for disgorgement and the court shall have jurisdiction to grant that relief.
- 5) Allows for local enforcement by a district attorney, city attorney, or county counsel may also bring a civil action to enforce subdivision (a) and shall have the same rights as an Attorney General to seek an injunction and to include a claim for disgorgement.

EXISTING LAW:

- 1) Defines “digital financial asset business activity” to mean any of the following:
 - a) Exchanging, transferring, or storing a digital financial asset or engaging in digital financial asset administration, whether directly or through an agreement with a digital financial asset control services vendor.
 - b) Holding electronic precious metals or electronic certificates representing interests in precious metals on behalf of another person or issuing shares or electronic certificates representing interests in precious metals.
 - c) Exchanging one or more digital representations of value used within one or more online games, game platforms, or family of games for either of the following:
 - i) A digital financial asset offered by or on behalf of the same publisher from which the original digital representation of value was received.
 - ii) Legal tender or bank or credit union credit outside the online game, game platform, or family of games offered by or on behalf of the same publisher from which the original digital representation of value was received. Financial Code (Fin. Code) section 3102 (i).

- 2) Requires persons conducting digital financial business activity to obtain a license as a covered person. Fin.Code section 3102.
- 3) Adds, effective January 1, 2027, digital financial asset to the definition of “investment” under the Political Reform Act of 1974. Government Code (Gov.Code) section 82034.
- 4) Requires public officials to file statements of economic interest when assuming office, each year in office, and when leaving office to disclose to the public their financial interests, including investments, interests in real property, and income. Gov.Code sections 87202-87204.
- 5) Defines, for these purposes, investments as any financial interest in or security issued by a business entity worth \$2,000 or more and owned by an official or family member of the official, provided the business entity operates or plans to operate within the jurisdiction of the officer. Gov.Code section 87206.
- 6) Protects a person’s right to their name, voice, signature, photograph, and likeness. Civil Code Section 3344.

FISCAL EFFECT: Unknown. This bill is keyed Fiscal by Legislative Counsel

COMMENTS:

1) Purpose

Statement from the Author

Digital assets have created new opportunities for innovation, but also new risks that California's corruption laws were not built to address. The rapid growth of digital asset platforms has made it easier than ever to create meme coins, producing opportunities for bad actors to circumvent existing economic disclosure and conflict-of-interest laws. As these platforms grow, so does the risk that these technologies could be used to profit from or influence public decision-making. AB 2409 strengthens California's anti-corruption standards for the digital age, ensuring that elected officials and public employees cannot issue digital financial assets to personally benefit from their positions. The bill is drafted broadly to cover both current technologies and future developments. The bill also authorizes the Attorney General to seek injunctive relief and require disgorgement of any funds generated in violation.

2) Background

The most familiar class of digital financial assets is cryptocurrency, including Bitcoin, Ethereum, and stablecoins like Tether. These assets have no tangible form—they exist only as records on decentralized digital ledgers known as blockchains. Unlike U.S. dollars, which can be held physically or in bank accounts, cryptocurrencies are inherently digital and require an electronic interface for ownership, storage, and transfer.

Meme coins are a category of cryptocurrency. Unlike stablecoins, which are generally tied to the U.S. dollar or some other form of currency, which gives them a more relatively stable value, meme coins’ value stems from “community engagement, online hype, and endorsements from

public figures.”¹ Meme coins often stem from online jokes, memes or other viral content, DOGE being one of the most famous examples of a meme coin based on a virtual image of a dog.

Last year, the Securities and Exchange Commission (SEC) determined meme coins to be “novelty digital assets” and thus, not subject to regulatory oversight.²

Shortly after his inauguration last year, President Trump released his own meme coin, \$TRUMP. Through the buying and selling of the coin, affiliate companies of the Trump organization “have generated billions of dollars in sales.”³

According to the author: Regulating public officials' involvement with meme coins is primarily needed to prevent high-level corruption, as these assets can be used as untraceable "bribery funnels" for foreign and domestic interests to gain political influence. For example, the \$TRUMP coin, which saw nearly 800,000 retail investors lose \$2 billion while early insiders profited, raised concerns about state-sanctioned "pump and dump" schemes. As well, in May 2025, 200 \$TRUMP investors, both domestic and foreign, gained admission to a private party at the White House through a contest that awarded invitations to the top investors in Trump's meme coin -- with at least some of the funds flowing directly into the Trump family's coffers. Additionally, critics highlight that assets like the \$LIBRA coin promoted by Argentine President Javier Milei demonstrate how officials can leverage their public platform to artificially inflate a coin's value for personal gain before a "rug pull" leaves the public with the losses.

In response to these concerns, at the federal level, members of Congress introduced H.R. 1712, known as the Modern Emoluments and Malfeasance Enforcement (MEME) Act. The MEME Act would prohibit federal officials—including the President, Vice President, and members of Congress—from issuing, sponsoring, or promoting a cryptocurrency or meme coin for pecuniary gain, while in office.

3) What this bill does

This bill prohibits a public officer or employee from issuing a meme coin. It also prohibits a business that operates a digital asset exchange from listing a meme coin for sale on behalf of, or for purchase by, a California resident if the meme coin contains the likeness or image of a federal public official or a state or local public officer. Enforcement of this bill is placed with state and local attorney generals, city attorneys, county counsel, and district attorneys.

4) Recent Developments for Consideration

The author may wish to consider the limitations of the bill to meme coins. Days before his inauguration, the Trump family, along with others, founded World Liberty Financial (WLF), a self-described decentralized finance protocol. WLF does not sell Trump coin or meme coins, but rather, its own native governance token. As of late 2025, the platform generated \$550 million in sales, with early investors able to trade only a portion of their holdings. On April 15, WLF

¹ David Krause, Meme Coins and the Trump Effect: Deregulation, Speculation, and the Future of Political Cryptocurrencies (March 3, 2025) available at: <https://ssrn.com/abstract=5162499>.

² Matthew Goldstein, S.E.C. Declares Memecoins Are Not Subject to Oversight, N.Y. Times (Feb. 27, 2025) available at: <https://www.nytimes.com/2025/02/27/business/sec-memecoins.html>.

³ Andrew Chow, Why Trump's Meme Coins Have Alarmed Both Crypto Insiders and Legal Experts, TIME (Jan. 22, 2025) available at: <https://time.com/7209169/trump-meme-coins-crypto/>.

released a new proposal that would prevent early investors from trading tokens – 80% of their holdings are currently locked by the firm – for two years, followed by an additional two-year vesting period, according to a statement posted on its governance forum.⁴ According to the report, “the new proposal comes amidst complaints from investors who say the company has frozen their funds while extracting hundreds of millions of dollars for itself. The Trump family has already made more than \$1 billion from World Liberty, according to a Reuters analysis. Many early investors told Reuters they had been hoping for a payday, too.”

REGISTERED SUPPORT / OPPOSITION:**Support****Last verified 4/16/26**

California Common CAUSE

Consumer Federation of California

Opposition**Last verified 4/16/26**

None received

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⁴ <https://www.reuters.com/legal/government/trump-backed-world-liberty-financials-early-investors-wont-be-able-fully-cash-2026-04-15/>