

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON JUDICIARY  
Ash Kalra, Chair  
AB 2409 Valencia – As Amended April 8, 2026

As Proposed to be Amended

**SUBJECT:** DIGITAL ASSETS: MEME COINS

**KEY ISSUE:** SHOULD PUBLIC OFFICIALS BE PROHIBITED FROM ISSUING MEME COINS FOR PERSONAL PROFIT?

**SYNOPSIS**

*The public loses faith in its government when political corruption and pay-to-play arrangements become the norm. Public office is a public trust and those that hold public office must not use their authority for private financial gain. With modern technology, long gone are the days of backroom dealing with briefcases of cash. In the digital age, payments can now all be done through the internet, anonymously, and with few methods of tracking. Cryptocurrencies have skyrocketed in popularity over the last several years, in part, because of the difficulty in tracing payments. Meme coins, specifically, can be used to avoid standard disclosures of financial interests. Preventing political corruption in the modern day will require effective regulation of these digital financial assets.*

*This bill seeks to prevent meme coins from corrupting public officials, and therefore undermining trust in government. The bill would prohibit public officials and public employees who have decision making authority over contracts and bids from creating a meme coin. Businesses that list meme coins would also be prohibited from listing any meme coins for sale to, or on behalf of, a California resident, if the meme coin contained the likeness or image of a federal, state, or local public officer.*

*This author sponsored bill has no reported support or opposition. As a result of a logistics-driven referral order swap should this bill be approved by this Committee it will be heard by the Committee on Banking and Finance.*

**SUMMARY:** Prohibits public officers from issuing meme coins and prohibits the listing of meme coins with the likeness or image of public officials. Specifically, **this bill:**

- 1) Prohibits a public officer or public employee from issuing a meme coin.
- 2) Prohibits a business that operates a digital asset exchange from listing a meme coin 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.
- 3) Establishes enforcement of 1) and 2) by the Attorney General though seeking injunctive relief. The Attorney General may also include a claim for disgorgement.
- 4) Grants the same enforcement rights in 3) to all local public prosecutors.
- 5) Defines the following terms:

- a) “Digital asset” means a digital representation of value recorded on a cryptographically secured, distributed ledger, including a blockchain or similar technology, including, but not limited to, a digital financial asset, a stablecoin, or a token, including a fungible or nonfungible token;
  - b) “Digital asset exchange” means an online marketplace or platform where users can buy, sell, or swap digital assets;
  - c) “Issue” means to make available for public purchase, donation, or exchange of any value, whether promoted or not;
  - d) “Meme coin” means 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;
  - e) “Nonfungible token” means a unique digital representation of an asset, an object, the rights of the holder, or any other item, whether tangible or not, that is built on an existing blockchain;
  - f) “Public employee” means an employee of a state or a local government entity who has decision making authority over bids and contracts for that entity;
  - g) “Public officer” includes, but is not limited to, both of the following:
    - i) A state or local elected or appointed officer, including a Member of the Legislature;
    - ii) An elected or appointed member of a governmental board, commission, committee, or other body, including a governmental body that has only advisory powers;
  - h) “Token” means a digital representation of an asset, object, rights of the holder, or any other item, whether tangible or not, that is built on an existing blockchain.
- 6) Makes various findings and declarations.

**EXISTING LAW:**

- 1) Defines “digital financial asset” as a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender. (Financial Code Section 3102 (g).)
- 2) Defines “stablecoin” as a digital financial asset that is pegged to the United States dollar or another national currency and is marketed in a manner that intends to establish a reasonable expectation or belief among the general public that the instrument will retain a nominal value that is so stable as to render the nominal value effectively fixed. (Financial Code Section 3601 (b)(3).)
- 3) Adds, effective January 1, 2027, digital financial asset to the definition of “investment” under the Political Reform Act of 1974. (Government 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. (Government 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. (Government Code Section 87206.)
- 6) Protects a person's right to their name, voice, signature, photograph, and likeness. (Civil Code Section 3344.)

**FISCAL EFFECT:** As currently in print this bill is keyed fiscal.

**COMMENTS:** The public loses faith in its government when political corruption and pay-to-play arrangements become the norm. Public office is a public trust and those that hold public office must not use their authority for private financial gain. With modern technology, long gone are the days of a backroom dealing with briefcases of cash. In the digital age, payments can now all be done through the internet, anonymously, and with few methods of tracking.

Cryptocurrencies have skyrocketed in popularity over the last several years, in part, because of the difficulty in tracing payments. Meme coins, specifically, can be used to avoid standard disclosures of financial interests. Preventing political corruption in the modern day will require effective regulation of these digital financial assets. This bill seeks to prevent meme coins from corrupting public officials, and therefore undermining trust in government.

In support of the bill, the author writes:

Federal elected officials have used digital assets to profit from their image and likeness, skirting traditional self-enrichment schemes historically found in positions of power. This has inspired elected officials in California to consider using their platform for similar digital asset projects, despite just being a parody of a federal case. Creating a meme coin is one of the lowest barriers to entering the digital asset market, allowing the most novel users of technology to create one in minutes. This creates a massive vulnerability in the state's efforts to regulate pay-to-play schemes, evaluate conflicts of interest, and thwart self-enrichment efforts.

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.

***Meme Coins.*** 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." (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>.) 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. (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>.)

**Use by Political Figures.** 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." (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/>.) 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. 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.

**This bill** is similar to the MEME Act, in that it prohibits public officers from issuing their own meme coin. However, unlike the MEME Act, this bill also includes public employees in the prohibition. Specifically, public employees of state or local government entities who have decision making authority over bids and contracts. As the author has stated, the goal is to remove a potential opportunity for bribery of public officers and employees. In practice, what could happen is that a public employee could create their own meme coin. Then a bidding contractor, to influence the bid selection, could purchase the meme coin and do so anonymously (at least to the public), and thus increase the value of the coin for the public employee. All the potential bidder would then need to do is casually inform the public employee of the purchase. By prohibiting public employees from creating these meme coins, the opportunity for bribery and corruption is greatly reduced.

Another difference between the MEME Act and this bill is that the MEME Act also includes prohibitions for spouses and children of public officials. The bill's author posits that since California public officials are less recognizable nationally, the scope of the prohibition could be limited to just public officers and employees.

**Potential First Amendment Issue.** The First Amendment provides that “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.” (U.S. Const., amend. I.) While commercial speech is a type of content-based restriction, and content-based restrictions ordinarily receive strict scrutiny analysis under the First Amendment, the U.S. Supreme Court has held that the First Amendment accords commercial speech lesser protection than other constitutionally guaranteed expression. This is in part because, unlike other varieties of speech, speech proposing a commercial transaction occurs in an area traditionally subject to *governmental regulation*. (*Central Hudson Gas & Elec. Corp. v. Public Service Commission* (1980) 447 U.S. 557, 562-63.) Meme coins are somewhat unique, however, as there is little to no government regulation. Ultimately, the First Amendment prohibits commercial speech against “unwarranted” governmental regulation.

The U.S. Supreme Court has articulated a four-prong test by which commercial speech regulations are evaluated for constitutionality. This test asks: (1) whether the expression concerns lawful activity and is not misleading; (2) whether the asserted governmental interest is substantial; (3) whether the regulation directly advances the governmental interest asserted; and (4) whether it is not more extensive than is necessary to achieve that interest. (*Central Hudson Gas & Elec. Corp.*, *supra*, 447 U.S. at pp. 561-66.)

Here, on the first prong, the truthfulness and misleading nature of a meme coin that contains the likeness or image of a public official, is debatable. While the meme coins are often viewed as unserious, by depicting an elected official, it may give the impression to the buyer that this purchase is going to support their favorite elected official. Additionally, meme coins lack much inherent value and can mislead the purchaser that the meme coin has some level of official use, if a public official is associated with it. Lastly, if this meme coin was created without the consent of the public official, then it may be a violation of the state's right of publicity. (Civil Code Section 3344.) Therefore, it is possible that a court could find that a meme coin with a public official's image is not protected commercial speech under First Amendment jurisprudence and would withstand constitutional scrutiny. (*See Central Hudson Gas & Elec. Corp.*, *supra*, 447 U.S. at p. 566 [neither deceptive speech nor speech that proposes an illegal transaction is protected by the First Amendment].)

On the second prong, the important government interests of this bill are reflected in the bill's findings and declarations. California has a compelling interest in preventing conflicts of interest and pay-to-play arrangements. This potential of corruption and exploitation of public officials undermines public confidence in government.

On the third prong, by restricting the listing of meme coins with a public official's likeness or image, this bill would directly advance its stated governmental interests to prevent public officials from using their authority for private financial gain and reduce the potential for exploitation and corruption in government.

As with most commercial speech regulations, the ultimate determination of constitutionality may hinge upon the fourth prong. Recent Supreme Court jurisprudence suggests that while the regulation chosen does not have to be the least restrictive alternative, it must use a means that is substantially related to the desired objective. (*See e.g. Thompson v. Western States Med. Center* (2002) 535 U.S. 357.) In this case, the bill targets the digital asset exchanges where meme coins are sold and specifically identifies that only meme coins with the image or likeness of a public official, bought or sold by a California resident, are subject to the regulation. Since so much of the cryptocurrency market is anonymous, it can be a challenge to regulate meme coins anywhere but digital exchanges. Since there is no restriction on any other type of meme coin, the bill seems substantially related to the achievement of its objective.

***Proposed Amendments Enhance Enforcement.*** As now in print, this bill places enforcement power with the Attorney General and district attorneys. However, this language leaves out additional public prosecutors. In order to expand the enforcement provision, the author has asked to add city attorneys and county counsels into the bill language. To accomplish this, the author proposes to amend the bill as follows:

**7599.211 (c)(2)** A district attorney, **a city attorney, or a 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.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file

##### **Opposition**

None on file

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