

ASSEMBLY THIRD READING  
AB 2409 (Valencia)  
As Amended May 18, 2026  
Majority vote

## SUMMARY

This bill prohibits a public officer and certain public employees from issuing a meme coin.

### Major Provisions

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) Authorizes the Attorney General to enforce through a civil action 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.

## COMMENTS

### 1) *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."<sup>1</sup> 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.

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<sup>1</sup> 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>.

Last year, the Securities and Exchange Commission (SEC) determined meme coins to be "novelty digital assets" and thus, not subject to regulatory oversight.<sup>2</sup>

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."<sup>3</sup>

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.

## 2) *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.

## 3) *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 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.<sup>4</sup> According to the

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<sup>2</sup> 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>.

<sup>3</sup> 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/>.

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

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."

### **According to 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."

### **Arguments in Support**

"Meme coins, much like other forms of cryptocurrency, are extremely volatile and unstable. They are often used to evade proper disclosure requirements and preserve anonymity. These characteristics, combined with declining federal oversight and regulation of these digital financial products, have increasingly led to a rise of public officials and those with ties to political networks creating and developing their own meme coins. (Citations omitted) Last year, the country's president hosted a private, invitation-only dinner for representatives from crypto companies and his top meme coin investors to discuss how the administration could help support the crypto industry and reduce stringent laws left behind by the previous administration aimed at regulating the industry and protecting consumers. (Citations omitted) *The New York Times* reports that many of the attendees went to the event to explicitly influence the president, reinforcing concerns that "Mr. Trump's coins have become a vehicle for investors, including many foreigners, to funnel money to his family," and creating the impression that investing in the president's coin can buy you access. (Citations omitted) This blatant misuse of presidential powers to increase one's fortune and skirt around corruption laws, has led to introductions of various federal legislation to curb this behavior and prohibit public officials from using or promoting these products.

As a leader in many respects, California has a duty to ensure that its state government and leaders remain steadfast in serving and advocating for their constituents. AB 2409 is a step in the right direction to ensure that corruption and pay-to-play arrangement have no place in California's government." *Consumer Federal of California*

### **Arguments in Opposition**

None received. Last certified 5/14/2026

## **FISCAL COMMENTS**

*The following comment is from the analysis of the Assembly Appropriations Committee.*

- 1) Costs to the Department of Justice (DOJ) of an unknown, but likely absorbable, amount to the extent a violation of this bill's prohibition occurs that the AG may pursue (General Fund (GF) or special fund).

- 2) Ongoing cost pressures of an unknown amount to the courts in additional workload by authorizing public prosecution by the AG and local agencies (GF or Trial Court Trust Fund (TCTF)). It is unclear how many civil actions may be filed statewide and how much court time may be needed to resolve each case, but it generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF. The state budget provides annual GF backfills to the TCTF to offset revenue reductions, totaling approximately \$117.3 million in fiscal year 2025-26.

## VOTES

### **ASM JUDICIARY: 12-0-0**

**YES:** Kalra, Macedo, Bauer-Kahan, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

### **ASM BANKING AND FINANCE: 9-0-0**

**YES:** Valencia, Chen, Dixon, Fong, Krell, Michelle Rodriguez, Blanca Rubio, Schiavo, Soria

### **ASM APPROPRIATIONS: 11-0-4**

**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

**ABS, ABST OR NV:** Hoover, Dixon, Ta, Tangipa

## UPDATED

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