CONCURRENCE IN SENATE AMENDMENTS
AB 2409 (Valencia)
As Amended August 21, 2026
Majority vote

SUMMARY

This bill prohibits state and local officials from issuing a meme coin, as defined, and prohibits a digital asset service provider from listing for sale on behalf of, or for purchase by, a California resident a meme coin issued on or after January 1, 2027, if the meme coin is offered by, or in partnership with, a federal public official or state or local official.

Senate Amendments

1) Technical changes in definition of ″Digital Asset Provider″ (formerly ″Exchange″) to bring in parity with Federal legislation.

2) Adds a definition for ″federal public official″ that are at minimum, both

   a) A federal elected or appointed officer.

   b) An elected or appointed member of a federal governmental board, commission, committee, or other body, including a federal governmental body that has only advisory powers.

3) Changes the definition of ″meme coin″ to a type of digital asset that is marketed or recognized primarily based on its association with internet memes, public figures, fictional characters, animal cultural phenomenon, current events, shared humor, celebrities, noteworthy people or events, or social trends, and whose value is derived primarily from public interest, speculation, or community engagement.

4) Specifies a forward-looking start date of January 1, 2027 and does not apply to existing meme coins.

COMMENTS

1) *Background*

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]

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[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.

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]

2. Senate Amendments

The senate amendments are technical in nature. The definition of ″federal public official″ was added to narrow the field of applicable persons to the intended targets, those who could exploit their position to personally profit. The change to the definition of meme coin will help enforce the bill by removing language that is subjective or requires inference or intent. Finally, the explicit start date helps the digital asset exchanges implement the terms of the bill. Additionally, removing a listed meme coin that is contrary to this bill might actually increase its value creating the opposite intended effect. A forward-looking start date is more in line with the overall intention of the bill.

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 benefit personally 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
″AB 2409 addresses a significant and emerging gap in California′s ethics laws. While the Political Reform Act of 1974 (PRA) has evolved to require the disclosure of digital financial assets, existing law does not adequately address circumstances in which public officials themselves create, issue, or promote digital assets that capitalize on their public office or governmental position. As a result, California′s conflict-of-interest framework has not kept pace with rapidly evolving cryptocurrency markets.

The risks posed by these arrangements extend well beyond traditional financial disclosures. Digital assets associated with public officials create opportunities for self-dealing, conflicts of interest, and undisclosed influence. Unlike many traditional financial transactions, cryptocurrency transactions frequently occur through pseudonymous digital wallets, making it difficult to determine who is purchasing, holding, or trading an official′s digital asset. This creates opportunities for special interests, regulated entities, government contractors, and even foreign actors to provide financial benefits to public officials outside of traditional campaign finance and lobbying disclosure systems.

Recent events at the national level have demonstrated how digital assets can be leveraged to monetize political influence and public notoriety. These ventures often generate significant

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[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/.

profits for insiders while exposing retail investors to substantial financial risk. When public officials engage in such activities, the public may reasonably question whether governmental decisions are being made in the public interest or influenced by the financial interests of digital asset holders.

AB 2409 appropriately addresses this concern through a clear prophylactic rule. Rather than relying solely on disclosure after the fact, the bill prohibits public officials from using their public office as the basis for personal cryptocurrency ventures. This approach is consistent with longstanding ethics principles that seek to prevent conflicts of interest before they arise rather than attempting to remedy them after public trust has been compromised."— *California Common Cause.*

Arguments in Opposition
None Received. Last verified 8/24/2026.

FISCAL COMMENTS

The following are from the analysis of the Assembly Committee on Appropriations, amended April 16, 2026, as the most recently available fiscal analysis.

Possible costs to the Department of Justice (DOJ) of an unknown amount to the extent a violation of this bill's prohibition occurs (General Fund (GF) or special fund). Actual costs will depend on whether a violation occurs that the AG must pursue, and, if so, the level of additional staffing DOJ needs to handle the related workload. If DOJ hires staff to handle enforcement actions required by this bill, DOJ would incur significant costs, likely in the low hundreds of thousands of dollars annually at a minimum. If DOJ does not pursue enforcement because no violations occur, DOJ would likely not incur any costs.

Ongoing cost pressures of an unknown amount to the courts in additional workload by requiring the AG to file a civil action to enforce the meme coin prohibition and authorizing public prosecution by 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

ASSEMBLY FLOOR: 77-0-3
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Gallagher, Celeste Rodriguez, Tangipa

UPDATED

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