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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:

CONSENT ORDER

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

Complainant,

v.

COINME INC.,

Respondent.

The Commissioner of Financial Protection and Innovation (Commissioner) and Coinme Inc. (Coinme or Respondent) (collectively, the Parties) enter this Consent Order with respect to the following facts:

I. RECITALS

Legal Background

A. The Commissioner has jurisdiction over the regulation of persons who engage, have engaged, or propose to engage in offering and providing a consumer financial product or service in

1 California and affiliated service providers under the California Consumer Financial Protection Law
2 (CCFPL). Cal. Fin. Code sections 90000-90019.

3 B. The Commissioner has jurisdiction over persons who own, operate or manage digital
4 financial asset kiosks in California. Cal. Fin. Code sections 3901 et seq., 3401 et seq.

5 C. A “covered person” is “[a]ny person that engages in offering or providing a consumer
6 financial product or service to a resident of this state.” Cal. Fin. Code section 90005(f)(1).

7 D. A “consumer financial product or service” is generally a “financial product or service
8 that is delivered, offered, or provided for use by consumers primarily for personal, family, or
9 household purposes.” Cal. Fin. Code section 90005(e)(1).

10 E. A “financial product or service” includes, among other things, “[e]ngaging in deposit
11 taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any
12 financial instrument for use by or on behalf of a consumer.” Cal. Fin. Code section 90005(k)(4).

13 F. Under the CCFPL, it is unlawful for a covered person or service provider to “[e]ngage,
14 have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with
15 respect to consumer financial products or services.” Cal. Fin. Code section 90003(a)(1).

16 G. Under the CCFPL, it is also unlawful for a covered person or service provider to “offer
17 or provide to a consumer any financial product or service not in conformity with any consumer
18 financial law or otherwise commit any act or omission in violation of a consumer financial law.” Cal.
19 Fin. Code section 90003(a)(2).

20 H. Under California Financial Code section 90015(d), if, in the opinion of the
21 Commissioner, any person engages, has engaged, or proposes to engage in any activity prohibited by
22 section 90003 or 90004, the Commissioner “may issue an order directing the person to desist and
23 refrain from engaging in the activity, act, practice, or course of business.”

24 I. The California Legislature passed the Digital Financial Assets Law (“DFAL”) in 2023
25 to mitigate risks associated with the use of digital financial asset transaction kiosks (“kiosks”) where
26 the digital financial asset transactions are typically instantaneous and irreversible, often involving
27 minimal compliance screening or identity verification. Two provisions of the DFAL that went into
28 effect on January 1, 2024, include the following requirements for kiosk operators (1) disclose the

1 “spread” on the customer’s receipt and (2) limit transactions per customer to no more than \$1,000 a
2 day. Cal. Fin. Code sections 3905 and 3902.

3 J. The “spread” is the difference between the market price of a digital financial asset and
4 the price quoted and used by the kiosk operator in the transaction. DFAL requires that the kiosk
5 operator disclose on the customer’s receipt the spread used for the transaction, and the name of the
6 licensed digital financial asset exchange used to calculate that spread. A “licensed digital financial
7 asset exchange” for purposes of this requirement is an exchange that either has a (i) New York
8 Bitlicense or a California DFAL license and (ii) does not own, operate, or manage a digital financial
9 asset transaction kiosk located in California. Because there will not be any DFAL licenses issued
10 until after July 1, 2026, kiosk operators may only use New York Bitlicensed exchanges in their kiosk
11 receipts.

12 K. Financial Code section 3902 requires that “[a]n operator shall not accept or dispense
13 more than one thousand dollars (\$1,000) in a day from or to a customer via a digital financial asset
14 transaction kiosk.”

15 L. Financial Code section 3905, subdivision (b) provides, in relevant part, that:

16 An operator shall provide a customer with a receipt for any transaction made at
17 the operator’s digital financial asset transaction kiosk that includes among other
18 things:

- 19 (i) The amount, in United States dollars, of any spread between the United
20 States dollar price of the digital financial asset that is charged to the
21 customer and the United States dollar price of the digital financial asset
22 as listed by a licensed digital financial asset exchange.
- (ii) The name of the licensed digital financial asset exchange the operator
used to calculate the spread described in paragraph (7).

23 M. The DFAL defines “digital financial asset transaction kiosk” to mean “an electronic
24 information processing device that is capable of accepting or dispensing cash in exchange for a digital
25 financial asset.” Cal. Fin. Code section 3901(b)(1).

26 N. The DFAL defines “operator” to mean “a person who owns, operates, or manages a
27 digital financial asset transaction kiosk located in this state.” Cal. Fin. Code section 3901(d).
28

Commissioner’s Findings and Conclusions

O. Following an investigation, the Commissioner made the following findings of fact (Findings):

P. Coinme is a Virginia corporation, duly registered to do business in California, with a principal address in Seattle, Washington.

Q. Coinme operates digital financial asset transaction kiosks, also known as “Bitcoin ATMs,” in California. These kiosks allow consumers to buy digital financial assets such as Bitcoin by inserting cash directly into the kiosk machine (see Cal. Fin. Code, section 3901(b)(1)).

R. Since January 1, 2024, on several occasions, Coinme kiosks in California accepted more than \$1,000 from a customer with the same name on the same day in violation of Financial Code section 3902.

S. Since January 1, 2024, Coinme kiosks in California printed transaction receipts without including the name of the digital financial asset exchange used by Coinme to determine the spread as required by Financial Code section 3905(b)(8).

T. Based upon the Findings, the Commissioner made the following conclusions (Conclusions):

- i. Coinme is a “covered person” under the CCFPL that engages in offering or providing consumer financial products or services to California residents, including providing access to “deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds . . . for use by or on behalf of a consumer.” Cal. Fin. Code section 90005(k)(4);
- ii. Coinme is an “operator” as defined under the DFAL, operating digital financial asset transaction kiosk in California;
- iii. Based on the above, the Commissioner is of the opinion that Coinme engaged in unlawful acts or practices with respect to consumer financial products or services in violation of Financial Code section 90003(a)(1) and offered or provided to a consumer any financial product or service not in conformity with any consumer financial law or otherwise committed any act or omission in violation of a

consumer financial law, in violation of section 90003(a)(2) of the CCFPL and sections 3902 and 3905(b)(8) of the DFAL.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

II. TERMS AND CONDITIONS

1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in paragraphs A-T, above, in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the CCFPL and the DFAL.

2. Finality of Consent Order. Coinme agrees to comply with this Consent Order and stipulates this Consent Order is hereby deemed final.

3. Desist and Refrain Order. Pursuant to Financial Code section 90015(d), Coinme and its managers, officers, directors, agents, owners or employees are hereby ordered to desist and refrain from (1) accepting more than \$1,000 from a customer with the same name on the same day in violation of section 90003 of the CCFPL and section 3902 of the DFAL and (2) printing transaction receipts without including the name of the digital financial asset exchange used by Coinme to determine the spread in violation of section 90003 of the CCFPL and section 3905(b)(8) of the DFAL.

4. Restitution. Pursuant to California Financial Code section 90012(b)(3) Coinme is hereby ordered to pay restitution in the amount of \$51,700 to specified California consumers as identified by the Commissioner. Coinme shall pay the restitution directly to the specified California consumers no later than 10 business days from the effective date of this Consent Order. No later than 30 days from the effective date of this Consent Order, notice of the restitution payments shall be sent to John King, Counsel, Department of Financial Protection and Innovation, Enforcement Division, One Sansome St., Ste. 600, San Francisco, CA 94104, and via e-mail at john.king@dfpi.ca.gov.

5. Administrative Penalty. Coinme shall pay to the Commissioner an administrative penalty in the amount of \$300,000. The penalty must be made payable in the form of a cashier's check or Automated Clearing House deposit transmitted to the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation, 651 Bannan St., Ste. 300, Sacramento,

1 California 95811. Notice of the payments must be concurrently sent to John King, Counsel,
2 Enforcement Division, via electronic mail at john.king@dfpi.ca.gov. Coinme will be credited
3 \$51,700 towards the penalty for payment of restitution as set forth in Paragraph 4. Payments for the
4 Administrative Penalty must be made according to the following schedule:

- 5 i. \$48,300 due no later than 30 days from the effective date of this Consent Order;
- 6 ii. \$100,000 due no later than 60 days from the effective date of this Consent Order;
- 7 iii. \$100,000 due no later than 90 days from the effective date of this Consent Order.

8 6. Failure to Comply with the Consent Order. Coinme agrees that if it fails to comply
9 with the terms of this Consent Order, including the payment of restitution and penalty according to
10 the schedule set forth in Paragraphs 4 and 5, the total amount of restitution and penalty remaining due
11 will become immediately due and payable within 10 days of receiving a written notice of
12 noncompliance from the Commissioner. Furthermore, the Commissioner may then take any remedies
13 he has under the DFAL, CCFPL, or any other provisions of law, including but not limited to denial
14 of any pending or future application and suspension or revocation of any license or conditional
15 license, until Coinme is in compliance. Coinme waives any notice and hearing rights which may be
16 afforded under the DFAL, CCFPL, the California Administrative Procedure Act, the California Code
17 of Civil Procedure, or any other provision of law, that the Commissioner may use to ensure
18 compliance with this Consent Order.

19 7. No Consumer Waiver. Payment to any consumer under this Consent Order may not
20 be conditioned on that consumer waiving any right.

21 8. Compliance and Reporting. Coinme agrees to implement changes to its policies and
22 procedures that are designed to ensure substantial and effective compliance with the Desist and
23 Refrain Order in Paragraph 3 of this Consent Order. Coinme agrees to provide periodic written
24 reports to the Commissioner according to the schedule provided below demonstrating compliance
25 with this Consent Order. The first report shall be due 60 days after the effective date of this Consent
26 Order. Follow-up reports shall be due every 60 days thereafter, for a total period of one year, or until
27 Coinme ceases to operate Bitcoin ATMs in California, whichever is earlier. The reports shall be sent
28 to John King at john.king@dfpi.ca.gov.

1 9. Waiver of Hearing Rights. Coinme acknowledges the Commissioner is ready, willing,
2 and able to proceed with the filing of an administrative action on the charges contained in this Consent
3 Order. Coinme hereby waives the right to any hearings, and to any reconsideration, appeal, or other
4 right to review which may be afforded pursuant to the California Consumer Financial Protection Law,
5 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
6 provision of law. Coinme further expressly waives any requirement for the filing of an Accusation
7 pursuant to California Government Code section 11415.60, subdivision (b). By waiving such rights,
8 Coinme effectively consents to this Consent Order becoming final.

9 10. Headings. The headings to the paragraphs of this Consent Order are inserted for
10 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
11 the provisions hereof.

12 11. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
13 interest.

14 12. Reliance. Each of the parties represents, warrants, and agrees that in executing this
15 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel,
16 if represented. Each of the parties further represents, warrants, and agrees that in executing this
17 Consent Order it has placed no reliance on any statement, representation, or promise of any other
18 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
19 any other person or entity to make any statement, representation or disclosure of anything whatsoever.
20 The parties have included this clause: (1) to preclude any claim that any party was in any way
21 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
22 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

23 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
24 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
25 The waiver of any provision of this Consent Order will not be deemed a waiver of any other provision.
26 No waiver by either party of any breach of, or of compliance with, any condition or provision of this
27 Consent Order by the other party will be considered a waiver of any other condition or provision or
28 of the same condition or provision at another time.

1 14. Full Integration. This Consent Order is the final written expression and the complete
2 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
3 between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.

7 15. Governing Law. This Consent Order will be governed by and construed in accordance
8 with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby
9 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to
10 the maintenance of such action or proceeding in such court.

11 16. Effect Upon Future Proceedings. If Coinme applies for any license, permit or
12 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
13 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
14 admitted for the purpose of such application(s) or enforcement proceedings(s).

15 17. Voluntary Agreement. Coinme enters this Consent Order voluntarily and without
16 coercion and acknowledges that no promises, threats or assurances have been made by the
17 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
18 and acknowledge that they are executing this Agreement completely voluntarily and without any
19 duress or undue influence of any kind from any source. Coinme's voluntary agreement to entry of
20 this Consent Order does not constitute admission or denial of any of the allegations in this Consent
21 Order and is made solely for the purpose of obviating the need for further administrative proceedings
22 concerning the allegations in this Consent Order.

23 18. Counterparts. This Consent Order may be executed in one or more separate
24 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
25 together constitute a single document.

26 19. Notice. Any notice required under this Consent Order shall be provided to each party
27 at the following addresses:

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To Coinme:

Steven Merriman,
Partner
Perkins Coie LLP
1301 Second Avenue, Suite 4200
Seattle, WA 98101

To the Commissioner:

John King
Counsel, Enforcement Division
Department of Financial Protection and Innovation
One Sansome St., Ste. 600,
San Francisco, CA 94104

Department of Financial Protection and Innovation:

651 Bannan St., Ste. 300
Sacramento, CA 95811

20. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.

21. Public Record. Coinme hereby acknowledges that this Consent Order is a matter of public record.

22. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner's agent via e-mail to John King at john.king@dfpi.ca.gov.

23. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

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1 IN WITNESS WHEREOF, the Parties hereto have approved and executed this Consent Order on the
2 dates set forth opposite their respective signatures.

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4 Dated: June 25, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

6 By: _____

7 MARY ANN SMITH
8 Deputy Commissioner
9 Enforcement Division

10 Dated: June 20, 2025

COINME INC.

12 By: _____

13 NEIL BERGQUIST
14 President & Chief Executive Officer