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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

OF THE STATE OF CALIFORNIA

In the Matter of: THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION, Complainant, v. LSGT SERVICES, LLC dba COINHUB Respondent.	**CONSENT ORDER**

The Commissioner of Financial Protection and Innovation (Commissioner) and LSGT Services, LLC dba Coinhub (Coinhub or Respondent) (collectively, the Parties) enter this Consent Order with respect to the following facts:

I. RECITALS

Introduction

A. Coinhub is a Nevada limited liability company, duly registered to do business in California, with a principal address of 3430 E. Russell Rd., #330, Las Vegas, NV 89120.

B. Coinhub 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.

C. There are significant risks to consumers to using kiosks. Digital financial asset transactions are instantaneous and irreversible and often have very little compliance screening or identity verification. There are no financial intermediaries such as banks, credit unions, or money transmitters involved in the transaction between the individual consumer and the kiosk operator. Additionally, due to higher operation and maintenance costs, kiosks often charge a substantial markup compared to other sources of digital financial assets.

D. In addition to being used for legitimate purposes, kiosks may also be used as a tool by scammers, who deceive victims into buying digital financial assets with cash at a kiosk, which is then either sent or otherwise misappropriated by the scammer. To guard against these risks, the Digital Financial Assets Law (DFAL) was enacted in 2023. The law includes provisions designed to protect consumers from fraud as well as other harm such as hidden fees and charges.

E. On August 4, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) published guidance urging kiosks to be "vigilant in identifying and reporting suspicious activity."

F. In its notice, FinCEN recognized that "[t]he speed and difficulty of reversing [crypto] transactions makes [crypto] an attractive payment mechanism for scammers." In particular, kiosks can be a convenient way for scammers to exploit unsuspecting victims who can quickly convert cash to digital financial assets.

G. FinCEN further noted that "[c]riminals targeting older individuals are particularly likely to direct victims to use [crypto] kiosks to send payments." According to FTC data cited in the guidance,

> [P]eople aged 60 and over were more than three times as likely as younger adults to report a loss using a [crypto] kiosk. More than two of every three dollars reported lost to fraud using [crypto] kiosks was lost by an older adult. In addition, according to law enforcement, [crypto] kiosks have increasingly facilitated elder fraud, especially among tech/customer supports scams, government impersonation,

confidence/romance scams, emergency/person-in-need scams, and lottery/sweepstakes scams.

Legal Background

Digital Financial Assets Law

H. The Commissioner has jurisdiction over persons who own, operate or manage digital financial asset kiosks in California under the DFAL. Cal. Fin. Code § 3101 et seq.

I. DFAL section 3902 requires that "[a]n operator shall not accept or dispense more than one thousand dollars ($1,000) in a day from or to a customer via a digital financial asset transaction kiosk."

J. DFAL section 3904 provides that:

> On or after January 1, 2025, an operator shall not collect charges, whether direct or indirect, from a customer related to a single digital financial asset transaction that exceed the greater of the following:
>
> (a) Five dollars ($5).
>
> (b) Fifteen percent of the United States dollar equivalent of digital financial assets involved in the transaction according to the publicly quoted market price of the digital asset on a licensed digital financial asset exchange at the time the customer initiates the transaction.

K. DFAL section 3905, subdivision (a) provides:

> (1) On or after January 1, 2025, before a digital financial asset transaction, an operator shall provide a written disclosure in English and in the same language principally used by the operator to advertise, solicit, or negotiate with a customer containing the terms and conditions of the transaction, which shall include, at a minimum, all of the following:
>
>> (A) The amount of a digital financial asset involved in the transaction.
>>
>> (B) The amount, in United States dollars, of any fees, expenses, and charges collected by the operator.
>>
>> (C) The United States dollar price of the digital financial asset that is charged to the customer and the United States dollar price of the digital financial asset as listed by a licensed digital financial asset exchange.

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(D) If an operator does not provide a method to reverse or refund a transaction, a warning that all transactions are final and cannot be undone.

(2) The disclosure required by this subdivision shall be clear and conspicuous and provided separately from any other disclosure provided by the operator.

L. DFAL section 3905, subdivision (b) provides, in relevant part, that:

> An operator shall provide a customer with a receipt for any transaction made at the operator's digital financial asset transaction kiosk that includes among other things: [. . .]
>
> (1) The name of the operator
>
> [. . .]
>
> (7) The amount, in United States dollars, of any spread between the United States dollar price of the digital financial asset that is charged to the customer and the United States dollar price of the digital financial asset as listed by a licensed digital financial asset exchange.
>
> (8) The name of the licensed digital financial asset exchange the operator used to calculate the spread described in paragraph (7).

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

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

California Consumer Financial Protection Law

O. The Commissioner also has jurisdiction over the regulation of covered persons who engage, have engaged, or propose to engage in offering or providing a consumer financial product or service in California and affiliated service providers under the California Consumer Financial Protection Law (CCFPL). Cal. Fin. Code § 90000 et seq.

P. A "covered person" is "[a]ny person that engages in offering or providing a consumer financial product or service to a resident of this state." Cal. Fin. Code § 90005(f)(1).

Q. A "consumer financial product or service" is generally a "financial product or service that is delivered, offered, or provided for use by consumers primarily for personal, family, or household purposes." Cal. Fin. Code § 90005(e)(1).

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

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

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

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

Commissioner’s Findings and Conclusions

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

W. Since January 1, 2024, on multiple occasions, Coinhub 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. Many of these transactions exceeded $10,000 – more than ten times the daily limit – and were conducted for customers over 60 years of age.

X. While Coinhub alleges it implemented controls to comply with the DFAL’s kiosks transaction limits, in 2024, certain customers were able to initiate individual transactions that were over the daily limit due to a software error, which Coinhub represents has since been corrected.

Y. For a limited period of time after January 1, 2025, Coinhub processed multiple transactions in which it charged customers more than the allowable fees and charges, in violation of Financial Code 3904.

Z. Since January 1, 2025, Coinhub processed multiple transactions in which it did not provide customers a pre-transaction disclosure containing all of the elements specified in Financial Code section 3905(a).

AA. Since January 1, 2024, Coinhub kiosks in California printed transaction receipts without including the name of the operator and the name of the digital financial asset exchange used by Coinhub to determine the spread as required by Financial Code sections 3905(b)(3) and (8).

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

i. Coinhub 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 § 90005(k)(4);

ii. Coinhub is an "operator" as defined under the DFAL, operating digital financial asset transaction kiosks in California;

iii. Based on the foregoing findings, the Commissioner is of the opinion that Coinhub engaged in unlawful acts or practices with respect to consumer financial products or services in violation of Financial Code section 90003(a)(1). Further, the Commissioner is of the opinion that Coinhub violated Financial Code section 90003(a)(2) by offering or providing to a consumer a financial product or service not in conformity with, or otherwise committed any act or omission in violation of, the following consumer financial laws: DFAL sections 3902, 3904, and 3905.

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

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II. TERMS AND CONDITIONS

1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in Paragraphs A-BB, 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. Coinhub 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)(1), Coinhub and its managers, officers, directors, agents, owners or employees are hereby ordered to desist and refrain from engaging in, or proposing to engage in, unlawful acts or practices in the operation of digital financial asset kiosks in California in violation of Financial Code section 90003(a)(1), or offering or providing to a consumer any financial product or service not in conformity with any consumer financial laws, including but not limited to the following: sections 3902, 3904, 3905(a) and 3905(b)(1) and (8) of the DFAL.

4. Administrative Penalty. The Respondent shall pay to the Commissioner a penalty in the amount of $675,000, pursuant to CCFPL section 90012(c) ("Penalty"). Respondent shall pay the penalty, less the credited restitution amount outlined in paragraph 5 below, no later than 10 days following the Commissioner's written approval of the Respondent's report described in paragraph 5 below. 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 Bannon St., Ste. 300, Sacramento, California 95811. Notice of the payment must be concurrently sent to John King, Counsel, Enforcement Division, via electronic mail at john.king@dfpi.ca.gov.

5. Restitution. Pursuant to Financial Code section 900012(b)(3), the Commissioner hereby orders Respondent to pay a total sum of up to $105,000.00 in restitution to California consumers who were charged more than the maximum fees and charges allowed by Financial Code section 3904 ("Restitution"). Within 30 days of the Effective Date of this Consent Order, Respondent must submit a report to the Commissioner including the names of customers and respective charges

to be refunded, subject to Commissioner's audit and approval. Respondent shall make all Restitution payments to affected consumers within 60 days of Commissioner's written approval of the report. Restitution payments will be made by check in USD or blockchain transfer in USDC. No later than 90 days from Commissioner's written approval of the report, 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. Any payments made pursuant to this Restitution order will be credited against the Penalty imposed in Paragraph 4.

6. Notice to Consumer. No later than 30 days after the Commissioner's written approval of the report described in Paragraph 5 above, Respondent shall send to each California consumer identified in that report an electronic notice informing that consumer as to their eligibility to receive a restitution payment from the Respondent.

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

8. Handling of Unclaimed Restitution Payments. Coinhub shall escheat any returned or unclaimed restitution payments to the California State Controller's Office within the period provided by Code of Civil Procedure section 1519.5 of the Unclaimed Property Law (Cal. Civ. Proc. §§ 1500-1582).

9. Compliance and Reporting. Coinhub agrees to implement changes to its policies and procedures that are designed to ensure substantial and effective compliance with the Desist and Refrain Order in Paragraph 3 of this Consent Order. Coinhub agrees to provide periodic written reports to the Commissioner according to the following schedule demonstrating compliance with this Consent Order: The first report shall be due 60 days after the Effective Date set forth in Paragraph 27 of this Consent Order. Follow-up reports shall be due every 60 days thereafter, for a total period of one year, or until Coinhub ceases to operate Bitcoin ATMs in California, whichever is earlier. The reports shall be sent to John King at john.king@dfpi.ca.gov.

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10. Failure to Comply with the Consent Order. Coinhub agrees that if it fails to comply with the terms of this Consent Order, the total amounts of both the Penalty and Restitution will become immediately due and payable within 10 days of receiving a written notice of noncompliance from the Commissioner. Furthermore, the Commissioner may then take any remedies he has under the DFAL, CCFPL, or any other provisions of law, including but not limited to denial of any pending or future application and suspension or revocation of any license or conditional license. Coinhub waives any notice and hearing rights which may be afforded under the DFAL, CCFPL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law, that the Commissioner may use to ensure compliance with this Consent Order. Pursuant to Financial Code section 90015(g), the Commissioner may apply to the appropriate superior court for an order compelling compliance with this Consent Order.

11. Information Willfully Withheld or Misrepresented. Notwithstanding Paragraph 17, this Consent Order may be revoked and the Commissioner may pursue any and all remedies available under law against Coinhub if the Commissioner discovers that Coinhub knowingly or willfully withheld or misrepresented material information.

12. Future Actions by Commissioner. If Coinhub fails to comply with any terms of the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any future actions against Coinhub, or any of its partners, owners, officers, shareholders, directors, employees or successors for any and all unknown violations of the CCFPL or the DFAL.

13. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's ability to assist any other government agency (city, county, state, or federal) with any prosecution, administrative, civil or criminal brought by that agency against Coinhub or any other person based upon any of the activities alleged in this matter or otherwise.

14. Waiver of Hearing Rights. Coinhub acknowledges the Commissioner is ready, willing, and able to proceed with the filing of an administrative action based on the charges contained in this

Consent Order. Coinhub hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the Digital Financial Assets Law, California Consumer Financial Protection Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law. Coinhub further expressly waives any requirement for the filing of an Accusation pursuant to California Government Code section 11415.60, subdivision (b). By waiving such rights, Coinhub effectively consents to this Consent Order becoming final.

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

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

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

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

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

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

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

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

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

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

To Coinhub:

Steven Merriman,
Partner
Perkins Coie LLP
1301 Second Ave, 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

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

26. Public Record. Coinhub hereby acknowledges that this Consent Order is a matter of public record.

27. 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.

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

Dated: October 30, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By: ______________________________
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: October 22, 2025

LSGT SERVICES, LLC dba COINHUB

By: ______________________________
LOGAN SHORT

President & Chief Executive Officer