

MARY ANN SMITH
Deputy Commissioner
BORYANA ARSOVA
Assistant Chief Counsel
PAUL YEE (State Bar No. 142381)
Senior Counsel
JOHN KING (State Bar No. 284880)
Counsel
Department of Financial Protection and Innovation
One Sansome St., Ste. 600
San Francisco, CA 94104
Telephone: (415) 542-6256
Facsimile: (415) 972-8500
Attorneys for Complainant

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

In the Matter of:

COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION

Complainant,

v.

COIN TIME, LLC.

Respondent.

- 1) DESIST AND REFRAIN ORDER;
- 2) CLAIM FOR ANCILLARY RELIEF
- 3) NOTICE OF INTENT TO ISSUE AN
ORDER ASSESSING PENALTIES

(Cal. Fin. Code §§ 90003(a)(1), (2), 90012(b)(3),
90015(c))

1 The Complainant, the Commissioner of Financial Protection and Innovation (Commissioner),
2 is informed and believes, and based upon such information and belief, alleges and charges as follows:

3 **I.**

4 **Introduction**

5 1. The Commissioner has jurisdiction over the regulation of persons engaged in offering
6 or providing a consumer financial product or service in California and affiliated service providers
7 under the California Consumer Financial Protection Law (CCFPL) (Cal. Fin. Code § 90000 et seq.).

8 2. The Commissioner is responsible for administering the Digital Financial Assets Law
9 (Cal. Fin. Code § 3101 et seq.) (DFAL) and has jurisdiction over the licensing and regulation of
10 persons who engage in digital financial asset business activity with, or on behalf of, California
11 residents. *See* Cal. Fin. Code §§ 3201, 3413.

12 3. Coin Time, LLC (Coin Time) is a Wyoming corporation, duly registered to do
13 business in California, with a principal address of 2390 Florin Rd., Sacramento, California 95822.
14 Faraz A. Saeed is the President and Chief Executive Officer (CEO) of Coin Time.

15 4. Coin Time operates digital financial asset transaction kiosks, also known as “Bitcoin
16 ATMs,” in California. These kiosks allow consumers to buy and sell digital financial assets such as
17 Bitcoin by using cash inserted directly into the kiosk machine (*See* Cal. Fin. Code § 3901(b)(1)).

18 5. On its website, www.cointimeatm.com, Coin Time advertises as follows: “Make
19 private cash purchases of Bitcoin with just a phone number. Our BTMs cash machines are located in
20 more than 180 places across Northern California. You might have one close by now!”

21 6. The website also states: “Get bit coin [sic] near me [sic] fast, no waiting like when you
22 use an online exchange.”

23 7. There are significant risks to consumers when using kiosks. Digital financial asset
24 transactions are typically instantaneous and irreversible, and kiosk operators may implement poor or
25 minimal compliance screening or identity verification. These transactions do not include financial
26 intermediaries such as banks, credit unions, or licensed money transmitters; instead, they occur
27 directly between the individual consumer and the kiosk operator. Additionally, kiosks often charge
28 substantial markups – sometimes up to 40% higher than other sources of digital financial assets.

8. As a result of these risks, kiosks have become a frequent vehicle for scams, in which the fraudsters deceive victims into using cash to purchase digital financial assets at a kiosk, which are subsequently transferred to or misappropriated by the scammer.

9. To mitigate these risks, the DFAL was passed in 2023. The law contains provisions that require kiosk operators to implement safeguards and disclosures to protect their customers from fraudulent activity.

II.

Legal Background

The CCFPL

10. 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).

11. 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).

12. “Consumer financial law” is defined as “a federal or California law that directly and specifically regulates the manner, content, or terms and conditions of any financial transaction, or any account, product or service related thereto, with respect to a consumer.” Cal. Fin. Code § 90005(d).

13. The DFAL is a consumer financial law within the meaning of Financial Code section 90003(a)(2).

14. Under the CCFPL, a “covered person” is defined as “[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).

15. 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).

16. “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). It also includes [s]elling, providing, or issuing stored value or payment instruments. Cal. Fin. Code § 90005(k)(5).

17. Under 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.”

18. In any administrative action under Financial Code section 90015, the Commissioner may include a claim for ancillary relief as provided in section 90012(b). Cal. Fin. Code § 90015(e). Relief may include, but is not limited to, “[r]estitution,” and “[m]onetary penalties.” Cal. Fin. Code § 90012(b)(3), (8).

19. Under Financial Code section 90012(c), in any administrative action brought pursuant to the CCFPL, any person that violates, through any act or omission, any provision of the CCFPL shall forfeit and pay a penalty not exceeding the greater of either \$5,000 for each day during which the violation or failure to pay continues, or \$2,500 for each act or omission in violation of the CCFPL. Cal. Fin. Code § 90012 (c)(1)(A)(i).

The Digital Financial Assets Law (DFAL)

20. DFAL section 3902 provides 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.”

21. DFAL section 3904 provides:

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.”

22. 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.
 - (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.

23. 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:

- (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).

24. 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).

25. 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).

BSA/AML Requirements

26. Money services businesses, such as Coin Time, are required to comply with all applicable federal laws, rules, and regulations relating to anti-money laundering (AML) compliance,

27. Under the BSA/AML Requirements, money services businesses are required to “develop, implement and maintain an effective anti-money laundering program,” including, at minimum “policies, procedures, and internal controls . . . to the extent applicable to the money services business, requirements for [v]erifying customer identification.” 31 C.F.R. § 1022.210(a), (d)(1)(i). The anti-money laundering program must also be “commensurate with the risks posed by the location and size of, and the nature and volume of the financial services provided by, the money services business.” 31 C.F.R. § 1022.210(b).

Factual Background

28. Since January 1, 2024, on at least 99 occasions, Coin Time kiosks in California accepted more than \$1,000 from a customer in a single day in violation of Financial Code section 3902.

29. Since January 1, 2025, on at least 2,759 occasions, Coin Time processed transactions in which it charged California customers more than the allowable fees and charges, in violation of Financial Code 3904.

30. Since January 1, 2025, on at least 2,759 occasions, Coin Time processed transactions in which it did not provide California customers any pre-transaction disclosure containing the elements required by Financial Code 3905(a).

31. Since January 1, 2024, on at least 10,957 occasions, Coin Time kiosks in California printed transaction receipts without including the name of a licensed digital financial asset exchange used by Coin Time to determine the spread as required by Financial Code § 3905(b)(8).

32. Since January 1, 2024, on at least 99 occasions, Coin Time conducted California transactions in which it failed to collect and verify sufficient identifying information from its customers to know or verify the identities of those customers, in violation of 31 C.F.R. section

1 1022.210(d)(1)(i). These failures also constitute a violation of 31 C.F.R. section 1022.210(a) and (b)
2 for implementation of an ineffective BSA/AML program not commensurate with risk.

3 **IV.**

4 **Desist and Refrain Order**

5 33. Based on the foregoing findings, the Commissioner is of the opinion that Coin Time is
6 a covered person or service provider engaged in unlawful acts or practices with respect to consumer
7 financial products or services in violation of Financial Code section 90003(a)(1). Further, the
8 Commissioner is of the opinion that Coin Time violated Financial Code section 90003(a)(2) by
9 offering or providing to a consumer a financial product or service not in conformity with, or
10 otherwise committed any act or omission in violation of the following consumer financial laws:
11 DFAL sections 3902, 3904, 3905(a), 3905(b)(8) and 31 C.F.R. sections 1022.210(a), (b) and
12 (d)(1)(i)(A).

13 34. Pursuant to Financial Code section 90015(d)(1), Coin Time and its managers, officers,
14 directors, agents, owners or employees are hereby ordered to desist and refrain from engaging in, or
15 proposing to engage in, unlawful acts or practices in the operation of digital financial asset kiosks in
16 California in violation of Financial Code section 90003(a)(1), or offering or providing to a consumer
17 any financial product or service not in conformity with any consumer financial laws, including but
18 not limited to the following: sections 3902, 3904, 3905(a) and 3905(b)(8) of the DFAL; and 31
19 C.F.R. sections 1022.210(a), (b) and (d)(1)(i)(A).

20 35. This Desist and Refrain Order is necessary, in the public interest and consistent with
21 the purposes, policies, and provisions of the CCFPL. This Desist and Refrain Order shall remain in
22 full force and effect until further order of the Commissioner.

23 **V.**

24 **Claim for Ancillary Relief**

25 36. Pursuant to Financial Code sections 90015(e) and 90012(b)(3), Coin Time and its
26 officers, successor, and assigns, by whatever names they might be known, jointly and severally, are
27 hereby ordered to pay restitution to any and all customers who were charged more than the amount
28 legally prescribed by DFAL section 3904, as cited in Paragraph 29, above. Restitution shall be paid

1 directly to the respective customers in the form of check sent by registered or certified mail no later
2 than 30 days after the date of this Order. Payment of restitution shall not be conditioned upon the
3 waiver of any rights the victims may have. Coin Time shall provide confirmation of receipt of the
4 restitution payments no later than 60 days after the date of the Order. Notice shall be sent to John
5 King, Counsel, Department of Financial Protection and Innovation, Enforcement Division, via e-mail
6 at john.king@dfpi.ca.gov.

7 VI.

8 **Notice of Intent to Issue an Order Assessing Penalties**

9 37. In any administrative action brought pursuant to the CCFPL, the Commissioner may,
10 by order, after notice and opportunity to be heard, assess penalties, as provided in Financial Code
11 section 900012(c). Cal. Fin. Code § 90015. Financial Code section 90012(c) authorizes the
12 Commissioner to issue an order assessing penalties against any person for any violation of the
13 CCFPL, rule or final order, or condition imposed in writing by the department.

14 38. Based on the foregoing findings, the Commissioner is of the opinion that Coin Time
15 violated: a) California Financial Code section 90003(a)(1) by engaging in unlawful acts or practices
16 with respect to consumer financial products or services and b) California Financial Code section
17 90003(a)(2) by offering or providing to a consumer any financial product or service not in conformity
18 with any consumer financial law or otherwise committing any act or omission, including but not
19 limited to sections 3902, 3904, 3905(a) and 3905(b)(8) of the DFAL; and 31 C.F.R. sections
20 1022.210(a), (b) and (d)(1)(i)(A).

21 39. Pursuant to California Financial Code section 90015(c), the Commissioner hereby
22 gives notice of intent to issue an order assessing administrative penalties against Coin Time for the
23 statutory amount of not more than two thousand five hundred dollars (\$2,500.00) for each violation
24 cited above.

25 WHEREFORE, good cause appearing, the Commissioner prays for an order assessing administrative
26 penalties against Respondent pursuant to California Financial Code sections 90015(c) and 90012(b)
27 in an amount not to exceed \$497,267,500 or according to proof:
28

- (a) For each of the 99 instances in which Coin Time kiosks accepted or dispensed more than \$1,000 to or from a customer in violation of Financial Code section 3902;
- (b) For each of the 2,759 instances in which Coin Time charged a customer more than the maximum fees and charges allowed by Financial Code section 3904;
- (c) For each of the 2,759 instances in which Coin Time failed to provide a written disclosure to a customer in violation of Financial Code section 3405(a);
- (d) For each of the 10,957 instances on which Coin Time kiosks printed receipts in violation of Financial Code section 3905(b)(8);
- (e) For each of the 99 instances in which Coin Time failed to collect and verify required identifying information for a customer, in violation of 31 C.F.R. sections 1022(a), (b), and (d)(1)(i)(A).

DATED: October 6, 2025
Sacramento, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division