

Commissioner Mohseni of California's DFPI Provides Insight into Agency's Regulatory Priorities

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On December 17, 2025, Commissioner Khalil “KC” Mohseni of California’s Department of Financial Protection and Innovation (“DFPI” or “Department”) spoke to and answered questions from the Consumer Financial Services Committee of the California Lawyers Association. This author currently serves as the co-chair of the committee.

His remarks previewed the final year of a three-year strategic plan aimed at fulfilling the three pillars of the DFPI’s mission:

1. oversight of licensees and registrants,
2. enforcement of the California Financial Code, and
3. providing consumer education and outreach.

While discussing how the DFPI works hand-in-hand with its state and federal partners, Commissioner Mohseni mentioned that the DFPI was tracking the enforcement downsizing and preemption risks at the federal level but expressed confidence that the Department was well-positioned to protect California’s consumers, regardless of what is happening in Washington, DC.

Licensing Requirement Under the Digital Financial Assets Law

One of the most significant areas of emphasis for the DFPI in 2026 is the implementation of the licensing requirement created by the Digital Financial Assets Law for entities engaged in digital financial business activity, including exchanging, storing, or transferring a digital financial asset, such as cryptocurrency.

Unless exempt, these entities must either be licensed or have applied for a license by **July 1, 2026**, to continue operating in California. The DFPI is engaged in rulemaking for the application process and is building out the necessary infrastructure to oversee these new licensees.

The DFPI is also monitoring federal legislation, such as the Digital Asset Market Clarity Act (“CLARITY Act”), that could impact the implementation of the Digital Financial Assets Law in California.

Crypto Kiosks Enforcement

Commissioner Mohseni also discussed the DFPI’s enforcement activities related to the more than 5000 crypto kiosks that exist in California. These kiosks, often located in convenience stores and grocery stores, offer consumers a convenient way to purchase cryptocurrency. However, these kiosks also carry the potential for fraud and elder abuse.

The Digital Financial Assets Law includes a transaction limit of \$1000 per customer per day and a requirement to provide customers with a receipt showing any spread between the price charged to the customer for a digital financial asset and the price of that digital financial asset as listed by a California- or New York-licensed exchange. The DFPI issued its first consent order against an entity operating these kiosks in July 2025 and has continued to actively pursue enforcement actions in this space.

Addressing Stakeholder Questions

After briefly discussing SB 825, which closed the loophole in the California Consumer Financial Protection Law (“CCFPL”) that had exempted certain licensees from the DFPI’s UDAAP authority, Commissioner Mohseni opened the floor to questions.

In response to a question about the DFPI’s invitation for comments on additional industries that should be subject to registration under the CCFPL, Commissioner Mohseni stated that the stakeholder feedback was still being considered along with input from market monitoring and the DFPI’s complaints team.

On January 12, 2026, the DFPI released a [Second Invitation for Comments on Proposed Rulemaking](#), this time centering on entities who engage in “[c]ollecting, analyzing, maintaining, or providing consumer report information or other account information, including information relating to the credit history of consumers, used or expected to be used in connection with any decision regarding the offering or provision of a consumer financial product or service.”

Commissioner Mohseni also addressed questions about the DFPI’s now-expired customer complaints rulemaking, answering that this would likely be addressed again in 2026, and the efforts by the Consumer Financial Services Committee and the Financial Institutions Committee of the California Lawyers Association to propose legislation to modernize the California Financial Code, suggesting that the DFPI may be interested in collaborating with the committees in this effort.

Key Final Takeaways

Overall, Commissioner Mohseni’s remarks reveal that the DFPI is continuing to advance its efforts to protect California consumers, including by expanding its oversight authority to include new and innovative industries, products, and services, and by engaging in significant enforcement activities in areas it views as ripe for abuse.

The remarks also reveal, though, that the DFPI remains willing to listen to industry stakeholders and to consider feedback from all sources as it moves forward with its policy initiatives.

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