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The New Market of Marijuana Money Management



While marijuana and its related products have been for sale in Washington State for over a year now, the financial aspect of the business is still a bit on the hazy side. The issue is in the separation of government powers—statewide weed is legal, but federally it is not. Because the federal government regulates the banks, this has many marijuana retailers nervous about actually using their services.

In fact, many marijuana businesses deal as cash-only businesses. This goes so far as to retail stores actually paying their taxes in **cash**, often hiring **security firms** to deliver the large sums of money. Of course, this lends itself to problems, as cash businesses can open themselves up as a target for theft. Brian Smith, a spokesman for Washington State's Liquor Control Board, recognizes this, stating, "There are real public safety concerns any time you have to handle large sums of cash."

While this is a large issue just from a retail point of view, retail stores are not the only industry participants that function this way—producers and growers often manage their money this way as well, causing a lot of cash to change hands.

The main concern keeping marijuana retailers on the cash train is the worry that by using a federal bank, they open themselves up to possible money laundering charges.

PayQwick, a startup based in Calabasas, California, is looking to change this. The company is creating a payment system that it hopes will make the marijuana industry a largely cashless industry. It is the first such system specifically designed for marijuana businesses, and according to its website, “PayQwick is the first and only federally registered money services business licensed by the Washington State Department of Financial Institutions for the recreational marijuana industry.”

Kenneth Berke, the CEO of PayQwick, became involved in the burgeoning marijuana industry because he sees it for what it is—an industry with problems and ample opportunities. “The three of us (who run the company) are businessmen. We’ve never been stoners. We’ve never been pot dealers. We saw a tremendous need to bring normal business practices to the industry, in particular in banking.”

The way PayQwick works is ostensibly simple and it is geared both toward consumers and businesses. For consumers, there are a few ways to use the service. Physically, there is a card that can be used. This card can then be linked up to a bank account and up to \$1,000 can be loaded onto the card and into a specific PayQwick account. Another option is to use the card in a similar fashion to a debit card. No personal information appears on the card, and PayQwick as a company seems to put an emphasis on security and safety.

These services will also be offered as an application for mobile devices.

For businesses, the services are similar—not only can they accept payment from customers using PayQwick, but they can also accept payment and transfers from other businesses in the industry. Additional bonuses to the program include bill pay programs, a rewards program and an I-502 compliance program.

Additionally, PayQwick offers some cash services including armored car pickups and the ability to track cash going through a business. This helps ensure compliance with the US Department of Treasury’s Financial Crimes Enforcement Network Guidelines, commonly referred to as the FinCEN Guidelines.

PayQwick may be one of the first of its kind, but more are sure to follow. As the industry grows and spreads across the country, there will be an exponential need for money management. PayQwick itself is currently partnered with six retail stores in Washington and three producers and processors.