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PayQwick CEO: Washington's marijuana tracking system makes electronic payments possible



A new company is aiming to help make Washington state's recreational marijuana industry cashless.

PayQwick is headquartered in Calabasas, California and has an office in Kenmore. Washington state is the only place where it has clients so far. The company works similarly to PayPal, but for recreational marijuana transactions. Consumers can buy PayQwick cards, link them to their bank account and then transfer money to the cards, which they then use in stores.

Marijuana retailers and producer/processors can use PayQwick's app and website to transfer money between each other and pay bills. The company has six client stores across the state, but is hoping to grow quickly.

PayQwick doesn't do business with medical marijuana shops and focuses instead on the recreational shops across the state.

CEO Kenneth Berke talked to the Puget Sound Business Journal about the start of the company and his vision for the future.

Why did you decide to tap into the marijuana market and why are you starting in Washington state? I've been a business and corporate lawyer my entire career, 28 years. That's what led me into this field and to being an entrepreneur. 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.

With that in mind, we'd been looking at where the right play is in this industry. When Washington passed its (I-502) law, I read about the traceability system, and I thought, that's the key to making this work. ... When the retailer sells each of those packets (of marijuana), it enters the barcode number and the fact that it has sold that packet. The marijuana is being tracked from seed to sale. What that barcode allows us to do as a payment processor is trace it from the sale to the seed so we know it's legal marijuana.

When Colorado adopts a traceability system, we're there.

Aside from the convenience this gives customers, what does this mean for retailers? For the retailer, it means a lot less cash in their store. A consumer comes in and swipes their PayQwick card and money is transferred automatically. It's exactly like a PayPal account. And now that the retailer has money sitting in their PayQwick account, they can transfer it to their bank account and use it to buy marijuana inventory from a producer/processor. They can actually pay their bills with it.

We take the cash out of the system. Lots of these businesses are using cash. When we talked to producer/processors, they said they're scared to use cash.

From a legal or regulatory perspective, since marijuana is still federally illegal, what are the challenges of this system? The next step of the business will be Oregon and Alaska when they come

online. Any other state that adopts a traceability system, we'll go to. We are all about compliance. Washington state is setting the standard for the rest of the country. Everyone is watching us.

<http://www.bizjournals.com/seattle/blog/health-care-inc/2015/08/payqwick-ceo-washingtons-marijuana-tracking-system.html?ana=tw>