### 1. The Problem

Cannabis dispensaries still operate almost entirely in cash. Most cant use banks, credit cards, or mainstream payment systems because cannabis remains illegal at the federal level in the U.S.

This creates major problems:

- Long ATM lines and \$3\$7 fees for customers
- High theft and fraud risk for stores
- Inconvenient, outdated checkout process
- No digital rewards or loyalty systems

Even though cannabis is legal in many states, dispensaries are stuck in a cash economy which is inefficient and unsafe.

#### 2. The Solution

I'm building DanK Pay a fast, crypto-powered mobile payment and rewards system for cannabis dispensaries and their customers, built on Solana.

With DanK Pay:

- Dispensaries use a QR code-based checkout system
- Customers scan it and pay using \$DANK in their wallet (like Phantom)
- \$DANK can be purchased instantly in-app via cash, card, or crypto
- No ATM, no cash just fast, safe, low-fee transactions
- Customers earn rewards in \$DANK every time they shop

Its like Venmo meets Square, but for cannabis built on Solana.

## 3. Why Solana?

Solana is the only blockchain that makes this work:

- Sub-second transaction speed (perfect for checkout)

- <1 cent transaction fees (micro-payments, rewards, small buys)
- Solana Pay + Phantom = a smooth, wallet-friendly user experience
- SPL tokens allow us to issue, track, and burn \$DANK easily

DanK Pay becomes an on-ramp into Solana for everyday users, many of whom have never used crypto before because we solve a real, immediate problem for them.

## 4. What About Federal Legalization?

We expect federal legalization is coming and were preparing for it.

But that wont kill this idea. It makes it stronger.

Once banks and card networks enter the market:

- Theyll bring high fees (36%)
- Theyll enforce strict rules and limitations
- They wont offer crypto loyalty, discounts, or staking

### DanK Pay becomes:

- A cheaper way to pay
- A loyalty rewards layer for dispensaries
- A B2B token for settling payments with growers and suppliers
- A staking/discount system for dispensaries to lower transaction costs

Were not just solving the current cash problem. Were building the crypto-native payment layer for the future of the cannabis industry before banks and Visa show up.

#### 5. What the Grant Will Fund

Were requesting support to:

- Build the DanK Pay wallet app that supports QR payments, swaps, and rewards
- Launch a web-based POS terminal for dispensaries to generate QR codes and accept \$DANK

- Run a pilot program in Colorado, where cannabis is fully legal and I live locally
- Create simple educational content to help staff and customers adopt crypto wallets easily

## **Impact (First 90 Days)**

- Partner with 35 local dispensaries in Colorado
- Onboard 200+ active users with DanK Pay wallets
- Process at least 1,000 \$DANK transactions
- Collect feedback to iterate on UX and adoption barriers

## **Long-Term Vision**

DanK Pay becomes the trusted crypto payment and loyalty system for the cannabis industry:

- Expand to 10+ legal states
- Integrate \$DANK rewards into online orders, NFT coupons, and delivery
- Use \$DANK staking to create a sustainability loop (low fees for merchants, loyalty for users)
- Grow Solanas reach into one of the largest cash-driven industries in the U.S.

### 6. Legal and Compliance Considerations

\$DANK is a utility token, not a security or speculative asset. It is used strictly within the ecosystem as:

- A payment method at cannabis dispensaries
- A rewards and loyalty token for customers
- A staking or access token to unlock discounts or lower merchant fees

There is no public token sale, no promise of profits, and no investor speculation. \$DANK is not marketed as an investment vehicle.

By avoiding the core risk factors in the Howey Test, \$DANK stays within the bounds of a legal utility token:

- It is earned or exchanged for services
- It is not designed to appreciate in value through speculation
- It provides functional value through use, not holding

We are also exploring language and policies that reinforce this, such as terms of use and disclaimers, to protect users and partners.

This approach ensures \$DANK operates legally in the cannabis retail environment while delivering real utility for both businesses and customers.

# 7. Merchant Settlement and Cashout Flow

To maximize adoption by small dispensaries, DanK Pay integrates a fully automated cashout system.

After receiving a \$DANK payment via QR scan, the following happens instantly:

- 1. \$DANK is swapped to USDC on Solana using a DEX aggregator (e.g., Jupiter)
- 2. USDC is routed to a crypto-friendly payment processor (e.g., Transak, Ramp, or Safe Harbor)
- 3. USD is deposited directly into the dispensarys business bank account

This makes DanK Pay a full-circle payment system dispensaries dont need to handle crypto or press buttons. They just get dollars in the bank, with clear reporting and tax-compliant transaction records. This seamless experience is critical for adoption in the cannabis retail space.