

[Home](#) > [News](#) > [Industry](#) > Why did San Francisco's cannabis store 'cashless ATMs' suddenly shut down?

Explore more topics ▼

Industry

Why did San Francisco's cannabis store 'cashless ATMs' suddenly shut down?

Chris Roberts

Last updated July 28, 2020



Many cannabis stores use 'cashless ATMs' because banks and credit card companies refuse to offer them service. But the

**Grown for joy.
Sold legally.**

Leaflydirect ✕

shop now

Simultaneously, the city's cannabis stores using cashless ATMs all got the same message: Shut 'em down.

With a cashless ATM, purchases are rung up and then rounded up to the nearest ATM-friendly denomination: Buy \$97.50 worth of weed, be handed \$2.50 in change, and see a \$100 withdrawal appear on a bank statement. Typically, these cashless ATM terminals are set up via brokers acting as third-party middlemen between the cannabis businesses and banking providers.

It's not an ideal setup. But in a multi-billion-dollar industry rejected by credit card companies and struggling to retain basic banking services, it's the best available option for many shops. And it's more consumer-friendly than asking customers to pull out stacks of \$20 bills. And it had worked without issue for many years, since well before California legalized recreational cannabis.

But on Nov. 3, the dispensary owner in San Francisco was told that option would be ending within the next two days. Simultaneously, via phone or email, the city's other cannabis stores using cashless ATMs received the same message.

Don't quote me, but...

Three different sources representing close to one-third of San Francisco's 35 licensed stores — all speaking on background, in order to avoid drawing negative attention due to the sensitive nature of cannabis banking — told Leafly they had their cashless ATM terminals shut down last week, without any clear or definitive answer as to why — or when the service might resume.

"This is the first time I've heard of anything like this," said Brendan Hallinan, a San Francisco-based attorney who has multiple cannabis clients in the city. "It doesn't really make sense."

Only in San Francisco

Cannabis-industry regulators and industry lobbying groups were likewise unaware or

**Grown for joy.
Sold legally.**



Leaflydirect

shop now

So far the issue appears to be limited to San Francisco. One store operator with locations in other California cities confirmed that the cashless ATMs are still in operation outside of San Francisco.

Jerred Kiloh, owner of [The Higher Path dispensary](#) in Los Angeles and co-founder of the [United Cannabis Business Association](#), an LA-based trade group, estimates that close to 30% of California cannabis stores use cashless ATMs.

ADVERTISEMENT

Some cashless ATMs in California had been shut down prior to the San Francisco development, but only until they could upgrade their terminals to accept [EMV chips](#), Kiloh said. The notion that cannabis stores would lose their cashless ATMs for any other reason was news to him.

Regulators: Don't ask us

The issue also seems to be beyond the ken of local cannabis regulators.

San Francisco's [Office of Cannabis](#), which issues cannabis business permits and writes local regulations, directed Leafly to the city's Department of Public Health, the permitting authority for retail dispensaries. DPH directed Leafly back to the Office of Cannabis, which issued a terse "no comment" via email.

"This is not in our purview," the office wrote, "and therefore we do not have comments on this item."

Josh Drayton, a spokesman for the California Cannabis Industry Association, said that his organization had not heard of cashless ATMs shut down anywhere else in the state. "At this

**Grown for joy.
Sold legally.**



Leaflydirect

shop now

There are no dispensaries in your area yet.

[Check out our dispensaries map](#) to find the nearest dispensary outside of your area.

They're not technically legal

According to one interpretation, the letter of the law says all cashless ATMs in cannabis dispensaries are illegal — and can be potentially shut down, as [Tyler Beuerlein](#), chair of the National Cannabis Business Association's finance committee, told Leafly. Beuerlein is also chief revenue officer of [Hypur](#), an Arizona-based payments solution software platform.

'Credit and debit networks are prohibited from any cannabis-related transactions happening on their networks.'

"Credit and debit networks are prohibited from any cannabis-related transactions happening on their networks," Beuerlein said.

Regardless of what a merchant-services or ATM broker might tell a dispensary client, "A 'reverse ATM,' or a 'cashless ATM,' is still using a network and still prohibited," Beuerlein said. Anyone offering this service to a dispensary is, somewhere along the chain, misleading or misrepresenting the bank as to where the cashless ATM terminal is located.

"Unfortunately, one of the byproducts of this industry being successful at the retail level is that it brings bad actors out of the woodwork to put products in the marketplace that put everybody at risk," Beuerlein added. "This is a perfect example of that."

**Grown for joy.
Sold legally.**



Leaflydirect

shop now

One was told the shutdown had something to do with international charge-backs, where visitors from foreign countries make a cannabis store purchase and then tell their bank the charge was fraudulent. Kevin Reed, CEO of San Francisco-based The Green Cross, told Leafly his dispensary stopped using a cashless ATM in favor of an on-site cash machine for this reason.

Other theories involve ongoing legal actions and/or investigations of actual fraudulent transactions.

In the meantime, cannabis shops are left to ponder solutions. One operator said they're fielding offers from other would-be vendors for cashless ATM solutions — albeit at higher rates.

Shop highly rated dispensaries near you

Showing you dispensaries near United States

There are no dispensaries in your area yet.

[Check out our dispensaries map](#) to find the nearest dispensary outside of your area.

[banking](#) [California](#) [San Francisco](#)

Grown for joy.
Sold legally.

Leaflydirect

shop now

The latest in Industry



Make your voice heard and help protect Texans' right to hemp

Leafly Staff



Nicklz dispensary was built on the nickel bag

Amelia Williams



Hemp access isn't done
What you need to know about the federal government's impending ban

Morgan Rosendale

Get good reads, local deals, and strain spotlights delivered right to your inbox.

Email address

email@address.com

[sign up](#)

By providing us with your email address, you agree to Leafly's [Terms of Service](#) and [Privacy Policy](#).

Grown for joy.
Sold legally.



Leaflydirect

[shop now](#)

Start the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS ?

Name

Heart icon

Share

Best

Newest

Oldest

Be the first to comment.

Subscribe

Privacy

Do Not Sell My Data

Website feedback? let Leafly know

Leafly®



THIS IS YOUR EMAIL ON LEAFLY

The dopest content, straight to your inbox.

Email address

Grown for joy.
Sold legally.



Leaflydirect

shop now



Shop Dispensaries Delivery Deals Strains Brands Products Leafly Picks CBD Doctors

mobile app

Get high for less.
Download the Leafly app.

 Download
Leafly: Marijuana
Reviews on the
App Store

 Download Leafly
Marijuana Reviews
on Google Play

BUSINESS SOLUTIONS



- List your store
- List your CBD store
- List your brand
- List your practice
- Business log in

ABOUT LEAFLY



PRIVACY & TERMS



** Statements made on this website have not been evaluated by the U.S. Food and Drug Administration. These products are not intended to diagnose, treat, cure or prevent any disease. Information provided by this website or this company is not a substitute for individual medical advice.*

© 2026 Leafly, LLC

Grown for joy.
Sold legally.

Leaflydirect

shop now