

# Sundie Seefried on Cannabis Banking's Evolving Landscape

Sundie Seefried made her mark on the cannabis industry 10 years ago as the CEO of Partner Colorado Credit Union, where she introduced Safe Harbor Financial, a groundbreaking program designed to serve the newly legal marijuana businesses in Colorado. The program quickly gained traction, with dozens of clients in its first two years, and by 2016, Seefried published her book *Navigating Safe Harbor: Cannabis Banking in a Time of Uncertainty*. This book set the foundation for cannabis banking, solidifying Seefried's role as a pioneer in the industry.

In 2022, Seefried spun Safe Harbor off into its own publicly traded entity on the Nasdaq stock exchange. As of today, Safe Harbor Financial services more than 600 cannabis-related businesses across 40 states and has processed over \$20 billion in transactions. With the launch of its lending program in June 2024, Safe Harbor continues to expand its influence in the cannabis banking sector.

## Safe Harbor Financial's Growth and Services

Safe Harbor Financial initially began as a solution to the cannabis industry's need for legitimate banking options. With the federal legal status of marijuana still in limbo, many traditional banks have remained hesitant to work with cannabis businesses, leaving a gap that Seefried and Safe Harbor filled. Over the years, the company has continued to grow, now servicing hundreds of cannabis businesses across the United States.

In 2024, Safe Harbor launched a lending program offering loans typically ranging between \$5 million and \$10 million, with interest rates of 8% to 13%. This program aims to address a significant need in the cannabis industry: access to capital. Traditional banks are often reluctant to lend to cannabis businesses, but Safe Harbor, with its specialized knowledge of the industry and its adherence to rigorous underwriting standards, is providing an essential service.

## Adapting to Industry Challenges

The rapid legalization of cannabis across various states has brought both opportunities and challenges for cannabis operators. The expansion of mergers and acquisitions (M&A) activity has led to a shift in how businesses operate, with many needing to adapt to survive. Seefried noted that some cannabis operators overextended themselves by relying too heavily on investor capital, and as a result, have had to adjust their business strategies to remain viable. Despite these challenges, Safe Harbor has remained resilient by following the legalization trends and expanding its services across state lines.

The lending program introduced by Safe Harbor in 2024 represents a significant step toward providing cannabis businesses with more secure financial solutions. The company operates like a traditional financial institution, offering loans that are based on tangible assets such as real estate, rather than speculative projections, providing stability to the cannabis industry in uncertain times.

## **Rescheduling and Its Impact on Cannabis Banking**

The potential rescheduling of cannabis from Schedule I to Schedule III under federal law is one of the most discussed topics in the cannabis industry in 2024. Rescheduling could have far-reaching effects on the industry, particularly in terms of tax regulations like the notorious Section 280E, which severely limits cannabis businesses' ability to deduct expenses from their federal taxes. A shift to Schedule III would provide cannabis businesses with greater financial flexibility, enabling them to service debt more effectively and attracting more investor interest to the industry.

For Safe Harbor Financial, rescheduling would also bring increased opportunities. With more investor funds entering the industry and cannabis businesses seeing improved bottom lines, Safe Harbor would likely see a surge in demand for its banking and lending services. The company has positioned itself as a key player in the cannabis financial services market, and rescheduling would only enhance its ability to serve the industry's growing needs.

## **The SAFER Banking Act and Its Implications**

The passage of the SAFER Banking Act, aimed at improving cannabis businesses' access to financial services, has been a long-awaited development for the industry. However, according to Seefried, Safe Harbor has been successfully providing banking services to cannabis businesses without the need for the SAFE Banking Act for the past decade. The company has built strong relationships with regulators and has established a solid reputation in the financial sector.

The SAFER Banking Act, if passed, could open the door to more financial institutions entering the cannabis market, which would benefit businesses by increasing competition and potentially lowering costs. However, Seefried emphasizes that the real challenge lies in complying with the Bank Secrecy Act, a regulation that requires financial institutions to ensure that no illicit activity is taking place within their client base. This rigorous oversight remains the biggest obstacle to widespread banking for the cannabis industry, as financial institutions are wary of the penalties associated with non-compliance.

Safe Harbor's deep understanding of the regulatory landscape and its established track record means the company is well-positioned to continue thriving, regardless of whether new financial institutions enter the market.

## **The Future of Safe Harbor and Cannabis Banking**

As the cannabis industry continues to grow, Safe Harbor Financial remains committed to adapting and evolving with it. The future will likely bring continued mergers and acquisitions activity, but Seefried hopes that the industry will also retain its smaller, independent businesses. She expresses concern that without the relief of rescheduling or other forms of financial support, many mom-and-pop shops could be swept up in M&A deals, potentially eroding the diversity of the market.

One of the emerging challenges that the cannabis industry must confront is the rise of intoxicating hemp products. These products, which are not as heavily regulated as cannabis, have caused unease among cannabis operators, some of whom are considering entering the hemp market. Seefried is cautious about this trend, noting that Safe Harbor is unable to bank businesses involved in intoxicating hemp products until clearer regulatory guidelines are established. Maintaining compliance with financial regulations is critical for the long-term sustainability of both Safe Harbor and the broader cannabis industry.

Sundie Seefried's vision for Safe Harbor Financial has transformed cannabis banking, providing crucial services to an industry that has struggled to access traditional financial institutions. As the cannabis industry continues to evolve, Safe Harbor remains a vital player, offering banking and lending solutions that help

businesses navigate regulatory complexities and manage financial risks. With the potential for rescheduling, new regulatory developments, and an ever-changing market landscape, Safe Harbor is well-prepared to meet the challenges and opportunities of the future.

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