

NatureTrak CEO works to legitimize legal cannabis businesses

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Jontae James is the founder and CEO of Sacramento-based NatureTrak.

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By [Mark Anderson](#) – Staff Writer, Sacramento Business Journal

Feb 19, 2021, 6:28pm EST

Some of [Jontae James](#)' old friends tease him about being involved in cannabis banking these days because growing up he was absolutely against drugs.

“I was a D.A.R.E. kid. You know, that ‘This is your brain on drugs’ message,” he said.

Drug Abuse Resistance Education was a program, often taught by police departments in schools, to keep kids away from controlled substances.

James is the founder and CEO of Sacramento-based NatureTrak, an accounting and tracking system for financial institutions to be able to create an auditable supply chain record for their legal cannabis business customers.

Santa Rosa-based North Bay Credit Union has been using NatureTrak for about 18 months to bank cannabis businesses statewide, North Bay CEO [Chris Call](#) told the Business Journal.

“It’s cutting-edge technology,” Call said.

NatureTrak’s platform accesses licenses in state and local databases and checks that they are valid for the transactions being done, and it also creates receipts along the way from grower to processor to distributor and eventually sales. Sometimes that is all one company, but it can also be multiple companies. The \$100-million-asset North Bay Credit Union has been banking legal cannabis companies for three years, but it had previously done all that tracking in-house.

“It was very much a manual process,” Call said. “It was apparent we needed to automate the process as much as we could to keep costs down.”

Call estimates the credit union has been able to bring more than \$1 billion in cash off the streets and allow it to enter the banking system.

“Jontae has been great to work with. He is definitely a thought leader,” Call said.

James was born in San Jose and grew up both in the Silicon Valley and South Bend, Indiana. After he graduated in 2003 from the University of Saint Francis in Fort Wayne, he moved from Indiana back to the Bay Area, where he got a product branding position working primarily with pharmaceutical companies.

It wasn’t long after being in the Silicon Valley that he “got the bug” to look at entrepreneurial concepts for business. He founded The After Five Network Inc., a social and business networking company that put on sponsored events for engineers and technology workers to help Silicon Valley transplants connect with others in the field.

He also co-founded Your Out of Office, which created events and rewards for employees outside of the workplace, like group tickets to Bay Area sports games and other events. It was funded by employers as a way to keep workers engaged and happy.

“I was not just money, it was creating a sense of family and meeting them in their need,” James said.

He also worked with a series of startups through Campbell-based venture capital firm Advance Ventures.

“I saw companies move from inception to development to market,” James said.

During this time he saw a friend trying to develop a franchise model for medical cannabis companies, and then the law changed in California and recreational cannabis became legal.

“That was an aha moment,” James said. “If this is going to be legal, there are a lot of (regulatory) holes that are going to need to be filled.”

He co-founded Bluntli in 2014, which developed an automated system for compliance for legal cannabis businesses.

“We didn’t dream the compliance up. California gave us the framework,” James said.

The Bluntli online platform does track-and-trace auditing from seed to sale. It features interfaces to reach out to license databanks and regulatory requirements to verify legal transactions through the supply chain. It was built as a cloud-accessed program that's native to smartphones for ease of use for legal cannabis businesses.

That was the second major aha moment, he said. “The operators don’t need track and trace. The banks do.”

California legalized adult-use recreational marijuana in 2018. However, under federal law, marijuana is still illegal, so banks, credit unions and brokerages — all of which have federal oversight — are at risk of losing their licenses to operate if they take money directly associated with cannabis.

With NatureTrak, which James launched in 2017, his team built a platform that is fully compliant and transparent.

“We can validate every single dollar going into the bank,” he said.

“He’s a super capable guy,” said [Ephraim Lindenbaum](#), managing director of Advance Ventures.

NatureTrak’s audit trail aims to make more financial institutions comfortable in banking cannabis-related businesses, which otherwise are locked out of the financial system because recreational cannabis is still illegal under federal law. NatureTrak is paid by the bank or credit union for its software.

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Asked what the federal legalization of cannabis would mean for NatureTrak, James said he looks forward to that.

“It will always be a high-risk business,” James said, and it will continue to need compliance and tracking controls.

He said he’s proud of NatureTrak because it is helping legitimize cannabis businesses for small mom and pop operations, especially for communities of color which were often unfairly targeted in the past for their association with the trade.

“We can legitimize people who didn’t have an opportunity to operate in the open,” he said.

The Essentials

Jontae James

Title: CEO and founder

Age: 39

Education: B.A, marketing, University of Saint Francis, Fort Wayne, Indiana

Career: Founder and CEO, NatureTrak, 2017-present; co-founder, Bluntli, 2014-2017; account manager, BPG Worldwide Inc., 2008-2014; founder, After Five Network Inc., 2008-2013; business development manager, O2 Marketing + Design, 2003-2011.

Passions: Wine, live sports and music, travel, fashion and boxing

Biggest misunderstanding about your job: “That it is glamorous being the boss.”

First job: Door-to-door office supply salesman