



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
DAVID SCOTT KIMBALL, CRD No. 1295353; )  
CARNIVORE TRADING, LLC; and )  
JASON KEMBLE ADAMS, CRD No. 2217759, ) Case No.: AP-22-06  
 )  
*Respondents.* )

**CONSENT ORDER**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”), through Director of Enforcement Douglas M. Jacoby, alleges that between January 1, 2021 and March 31, 2021 (“**Relevant Period**”), Respondents engaged in activities that constitute violations of Section 409.5-502 under the Missouri Securities Act.<sup>1</sup>
2. Respondents and the Missouri Securities Division (“**Securities Division**”) desire to settle the allegations and the matter raised by the Securities Division relating to the alleged violations of Section 409.5-502.

**CONSENT TO JURISDICTION**

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“**the Commissioner**”) has jurisdiction over Respondents and this matter pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

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<sup>1</sup> Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2021 Cumulative Supplement.

## WAIVER AND EXCEPTION

5. Respondents waive any right to a hearing with respect to this matter.
6. Respondents waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of the Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Securities Division that, should the facts contained herein prove to be false or incomplete, the Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

## CONSENT TO COMMISSIONER'S ORDER

8. Respondents and the Securities Division stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations; (b) rights to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) rights to make public statements that are factual.
10. Respondents agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Securities Division or the Findings of the Commissioner, but consent to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

## THE COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

### I. FINDINGS OF FACT

#### A. Respondents

12. David Scott Kimball ("**Kimball**") is a fifty-nine-year-old Newport Beach, California resident. Kimball purports to provide trading advisory and other services as an independent contractor to Carnivore Trading, LLC. Kimball is registered in the Central Registration Depository ("**CRD**") with number 1295353 and was associated with several broker-dealers as a sales representative, from 1989 through 2011. Kimball has been employed by Carnivore Trading, LLC, since February 2021.

13. Review of CRD records indicate that Kimball, during the Relevant Period, was not registered or exempt from registration in Missouri or California as an investment adviser representative or broker-dealer agent.
14. Carnivore Trading, LLC (“**Carnivore**”), is a Wyoming limited liability company registered to an address in Sheridan, Wyoming that belongs to a local law firm that acts as a registered agent for several companies. Carnivore was formally organized in Wyoming on December 29, 2020, and is solely owned by Jason Kemble Adams. Carnivore purports to provide non-personalized stock market analysis, commentary and trading ideas to its fee-paying subscribers, which include residents in all fifty states across the U.S., including subscribers who are residents of Missouri.
15. Review of CRD records indicate Carnivore has never been registered as an investment adviser or a broker-dealer in Missouri.
16. Jason Kemble Adams (“**Adams**”) is a fifty-two-year-old Smyrna, Georgia resident and the sole owner of Carnivore. Adams is registered in CRD with number 2217759 and was associated with several broker-dealers from 1992 through 2021. Most recently, Adams was a Wealth Management Associate in Atlanta, Georgia, for Morgan Stanley Smith Barney LLC from June 10, 2021, to July 1, 2021.
17. Review of CRD records indicate that Adams, during the Relevant Period, was registered in Missouri and Georgia as a broker agent and was registered as an investment adviser representative in Georgia with J. P. Morgan Securities LLC.

## B. The Enforcement Section’s Investigation

### *Background*

18. This investigation arose after suspicious claims in radio advertisements for Carnivore came to the attention of the Enforcement Section staff. The Enforcement Section opened an investigation into Carnivore and its business practices on May 14, 2021.
19. The Commissioner has not received any complaints from Missouri residents.
20. According to Carnivore’s website, Carnivore is an investment subscription service that provides its members, among other things, real-time text notifications of trade ideas being made by Carnivore in its hypothetical trading account.
21. Carnivore transmits its trade ideas to its nationwide subscriber base via text messaging, which Carnivore refers to as “instant text alerts” (“**Alerts**”). Carnivore purports to disseminate the Alerts to its subscribers contemporaneously with Carnivore’s own “purchase” or “sales” of such stocks in a purported hypothetical portfolio that has no actual risk exposure to the stock market.
22. Carnivore boasts a nationwide subscriber base with at least one subscriber in every state.

23. Subscribers pay approximately \$175 monthly fee to receive certain services from Carnivore, including Alerts.
24. Kimball is integrally involved in the selection of stocks that Carnivore features in the Alerts it disseminates to its subscribers.
25. During the Relevant Period, Kimball received compensation for the services he provided to Carnivore.

*Allegations Pertaining to Personal Trading by Carnivore Traders*

26. As part of its investigation, the Enforcement Section reviewed a random sampling of the personal trading activity of all three principal individuals associated with the day-to-day operations of Carnivore's business, including Kimball.<sup>2</sup>
27. In its review of the trading activity in Kimball's TD Ameritrade Account during the Relevant Period, the Enforcement Section identified thirteen (13) instances in which Kimball transacted on the same side of the market in either the same stock or an option contract on the same underlying stock, as referenced in an Alert, prior to the dissemination of the Alert to Carnivore subscribers.
28. In its review of the trading activity in Kimball's Cash App Account during the Relevant Period, the Enforcement Section identified four (4) instances in which Kimball transacted on the same side of the market in either the same stock or an option contract on the same underlying stock, as referenced in an Alert, prior to the dissemination of the Alert to Carnivore subscribers.
29. During the Relevant Period, Carnivore had no written policy in place that prohibited its employees from self-dealing in the stocks Carnivore recommended to its subscribers via the Alerts.
30. During the Relevant Period, Carnivore had no surveillance protocols in place to guard against its employees from self-dealing in the stocks Carnivore recommended to its subscribers via the Alerts.
31. In response to concerns raised by the Enforcement Section, Carnivore shall implement a formal written Personal Trading Policy that imposes reasonable controls and oversight on the personal investment activities of its employees, agents and contractors (altogether, "**Covered Persons**") involved in the trading decisions and/or dissemination of trade ideas to Carnivore subscribers, whether in the form of an Alert or otherwise, in order to manage the conflicts of interest and potential trading abuses inherent in its business model. Such Personal Trading Policy shall also apply, without limitation, to a Covered Person's spouse or partner, other individuals that reside in the same household of and are financially dependent on a

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<sup>2</sup> The Enforcement Section identified two personal brokerage accounts owned by Kimball: an account at TD Ameritrade ending in #6708 ("**Kimball's TD Ameritrade Account**") and an account at Cash App Investing, LLC ending in #8642 ("**Kimball's Cash App Account**").

Covered Person, or any other individual over whose transactional account(s) a Covered Person has control or trading authority.

32. The Enforcement Section alleges that the facts as set forth above constitute sufficient grounds to charge Respondents Carnivore and Adams with violating Section 409.5-502.

## II. CONCLUSIONS OF LAW

33. **THE COMMISSIONER CONCLUDES** that Respondents Carnivore and Adams, during the Review Period, transacted business in Missouri as an investment adviser, as defined under Section 409.1-102(15).
34. **THE COMMISSIONER CONCLUDES** that Respondent Kimball, during the Relevant Period, transacted business in Missouri as an investment adviser representative, as defined under Section 409.1-102(16).
35. **THE COMMISSIONER CONCLUDES** that Respondents, by disseminating Alerts to its subscribers, including several Missouri residents, to buy and sell the same stocks that Kimball had already positioned in his personal brokerage account, violated Section 409.5-502.
36. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
37. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents in this matter and that the following order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by Chapter 409.

## III. ORDER

**NOW, THEREFORE**, it is hereby Ordered that:

38. Respondent Kimball shall pay \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund for violations of Section 409.5-502. This amount is due upon execution of this Order by Respondent and shall be made **payable to the Missouri Secretary of State's Investor Education and Protection Fund** and sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
39. Respondents Carnivore and Adams, joint and several, shall pay total restitution in the amount of \$563.32 for violations of Section 409.5-502. This amount is due upon execution of this Order by Respondents and shall be made **payable to the Missouri Secretary of State's Investor Restitution Fund**, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors as set forth in Exhibit 1 attached herein;
40. Respondents, their agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, are permanently enjoined and

restrained from engaging in violations of Section 409.5-502; and

41. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 11<sup>th</sup> DAY OF ~~FEBRUARY~~, 2022.

MARCH

JOHN R. ASHCROFT  
SECRETARY OF STATE

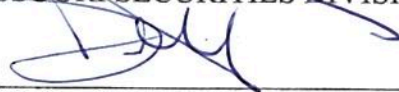




DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

Consented to by:

~~THE MISSOURI SECURITIES DIVISION~~



Douglas M. Jacoby  
Director of Enforcement

RESPONDENTS:

DAVID SCOTT KIMBALL



David Scott Kimball, CRD No. 1295353

CARNIVORE TRADING, LLC



Jason Kemble Adams, CRD No. 2217759  
Owner