

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6970 / June 8, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22647

In the Matter of

**Foundations Investment
Advisors, LLC and
Bryon E. Rice,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 203(e), 203(f)
AND 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Foundations Investment Advisors, LLC (“Foundations”) and Bryon E. Rice (“Rice”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V. as to Respondent Rice, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

1. This matter arises out of breaches of fiduciary duty by SEC-registered investment adviser Foundations and its majority owner and former chief executive officer ("CEO") Rice. From 2019 through 2025, Foundations failed to disclose conflicts of interest related to investments that it recommended to its advisory clients. These undisclosed conflicts included: (1) Rice having an economic interest in a Foundations' sub-adviser ("Sub-Adviser A") that provided an investment model portfolio to Foundations' clients, a portfolio that included an exchange-traded fund that another adviser ("Adviser B") managed (the "ETF"); (2) Foundations having an expense sharing agreement with Adviser B related to four other exchange-traded funds that gave Foundations an incentive to recommend these products to clients; and (3) affiliations between Foundations' former chief investment officer (the "CIO"), Adviser B, and an entity that acted as a sub-adviser to Foundations and for the ETF.

2. In addition, Rice personally traded the ETF in 2022 and 2023 while serving as CEO of Foundations and while he was aware that the ETF was included as part of Sub-Adviser A's investment model that Foundations recommended to its clients. Between March 2022 to June 2023 Rice purchased the ETF on 87 days and sold it on 8 days. On 33 occasions, Rice's purchase was the last trade of the day and matched the closing price. Rice failed to pre-clear this trading as required by Foundations' policies. As a result of Rice's trading in the ETF, Foundations and Rice negligently breached their fiduciary duties. Rice also caused Foundations' violation relating to the failure to disclose his economic interest in Sub-Adviser A until March 2021.

3. Foundations failed to properly implement its compliance policies, including provisions relating to disclosure of conflicts of interest and conducting annual reviews. Foundations also failed to enforce its code of ethics relating to pre-clearance of trades, and Rice caused that failure by failing to pre-clear his trades in the ETF and other securities between 2019 and 2024. Foundations also failed to identify the CIO as an access person who was subject to the firm's code of ethics.

Respondents

4. **Foundations Investment Advisors, LLC** is a limited liability company organized in Arizona. Foundations registered with the Commission as an investment adviser on July 13, 2015. Its headquarters and principal place of business is in Phoenix, Arizona. According to its Form ADV filed on March 26, 2026, Foundations reported regulatory assets under management of approximately \$10.1 billion.

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. **Bryon E. Rice**, age 52, is a resident of Henderson, Nevada. Rice was the CEO of Foundations from April 2016 to October 2025 and sat on its investment committee during all relevant periods. Rice maintains an 88% ownership interest in Foundations. Rice has no prior disciplinary history and is not registered in any capacity with the Commission.

Other Relevant Person and Entities

6. **CIO** is the chief executive officer of Adviser B and another entity that acted as a sub-adviser to Foundations and to the ETF. Foundations held the CIO out as its chief investment officer from 2019 to 2023, and he sat on its investment committee during that time period. The CIO holds Series 3 and 65 licenses.

7. **Sub-Adviser A** is registered with the Commission as an investment adviser and has served as a sub-adviser to Foundations since at least 2019. In its role as a sub-adviser to Foundations, it provides an investment model that Foundations offers to advisory clients. At Foundations' request, Sub-Adviser A included the ETF in Sub-Adviser A's investment model.

8. **Adviser B** is registered with the Commission as an investment adviser. Adviser B advises a number of exchange-traded funds, including the ETF.

9. **The ETF** is an actively-managed exchange-traded fund that seeks to achieve its investment objective by investing in equity securities represented in, or instruments related or linked to, the S&P 500 Price Index.

Background

10. Foundations provides advisory services via a network of approximately 200 affiliated investment adviser representatives ("IARs") located throughout the country. Those IARs manage discretionary and non-discretionary accounts for retail investors. Foundations' clients pay advisory fees based on a percentage of assets under management.

A. Foundations Failed to Disclose Certain Conflicts of Interest

Rice's Profit-Sharing Interest in a Foundations Sub-Adviser

11. On September 8, 2020, Foundations entered into a "services agreement" with Sub-Adviser A to obtain access to its investment model portfolios and for asset management services. On the same date, an entity wholly owned by Rice entered into an agreement with Sub-Adviser A to obtain a 4.99% profit interest in Sub-Adviser A's holding company in exchange for \$100,000. Under this agreement, Rice's affiliated entity was entitled to receive a share of profits from Sub-Adviser A's asset management business.

12. Subsequent to Rice obtaining a profit-sharing interest in Sub-Adviser A, Foundations continued to invest its clients in exchange-traded funds managed by Sub-Adviser A at the direction of Foundations' investment committee, which included Rice. As of December 31,

2020, approximately 66% of Foundations' client assets were invested in Sub-Adviser A's exchange-traded funds.

13. Foundations did not disclose that Rice had an ownership interest in Sub-Adviser A and the resulting conflicts of interest until its Form ADV update on March 29, 2021. Rice received two payments totaling \$434,162 from Sub-Adviser A attributable to the profit-sharing interest. This profit-sharing interest was terminated by Rice in 2023.

ETF Expense Agreement

14. On August 19, 2021, Foundations entered into an ETF Launch and Expense Agreement ("ETF Expense Agreement") with Adviser B so that Adviser B could help Foundations launch four of its own exchange-traded funds. Under the agreement, Foundations was financially liable for certain expenses incurred by Adviser B if the assets invested in the exchange-traded funds were not large enough to generate management fees sufficient to cover the expenses. This created a financial incentive for Foundations to recommend these exchange-traded funds to its clients to increase the funds' assets, and thereby decrease Foundations' financial obligations under the ETF Expense Agreement. Foundations did not disclose this agreement and the conflict resulting therefrom. This relationship has since been terminated and the Foundations-sponsored exchange traded funds were fully wound up and delisted from trading activity in June 2025. Foundations' Form ADV Brochures dated March 29, 2021 through August 3, 2023, Item 11, provided that "Foundations . . . does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist." The disclosure was inaccurate because it failed to disclose Foundations' conflict relating to the ETF Expense Agreement.

15. Foundations benefited by avoiding expenses of approximately \$152,628 as a result of the undisclosed ETF Expense Agreement.

CIO's Conflicted Affiliations

16. From at least June 3, 2019 through March 30, 2023, Foundations' CIO had undisclosed affiliations with Adviser B and, continuing through October 20, 2023, another entity that acted as a sub-adviser for Foundations and for the ETF (collectively, the "CIO Affiliates"). In particular, the CIO also served as CEO of these two entities.

17. The CIO was a member of Foundations' investment committee, and in that role was involved with making decisions as to which securities to recommend to Foundations' clients. The CIO's concurrent roles at Foundations and the CIO Affiliates created conflicts in that the CIO had an incentive to recommend products advised by the CIO Affiliates, such as the ETF and other exchange-traded funds they advised or sub-advised.

18. The CIO's roles at the CIO Affiliates were not disclosed by Foundations until March 30, 2023 and October 20, 2023. During the time that CIO was a member of Foundations' investment committee, and prior to disclosure of the conflicts created by his multiple roles at the

CIO Affiliates, Foundations' investment committee did in fact recommend that its advisory clients invest in exchange-traded funds advised and sub-advised by the CIO Affiliates.

B. Foundations and Rice Breached Their Fiduciary Duties as a Result of Rice's Personal Trading in the ETF

19. The ETF began trading on March 31, 2022. Over the time period from March 31, 2022 to June 16, 2023, Rice purchased the ETF in his personal brokerage account on 87 days through 279 trades. In May 2022, Rice and other members of the investment committee instructed Sub-Adviser A to include an 8% allocation of the ETF in its model portfolios available to Foundations' advisory clients. At that time, Rice held approximately 12,500 shares of the ETF in his personal account. By June 2022, Foundations' clients held approximately 80% of the outstanding float of the ETF.

20. Further, from March 31, 2022 to June 16, 2023, Rice engaged in personal trading where, among other things, he purchased shares of the ETF shortly before the close of the market. On 33 occasions, Rice's end-of-day purchase of the ETF was the last trade of the day and matched the closing price. Foundations knew or should have known about Rice's trading in the ETF due to their receipt of Rice's quarterly trading statements.

21. Contemporaneous text messages sent by Rice to CIO, who was also the CEO of the adviser to the ETF during this time period, show that Rice acknowledged that his end-of-day trading in the ETF was due to his concern about the bid-ask spread and performance of the ETF in client portfolios. While Rice's trading impacted the end-of-day price of the ETF, he did not financially benefit from the trading. As is customary for exchange-traded funds, the net asset value of the ETF was published shortly after the closing price was set.

22. As a result of Rice's trading in the ETF, Rice and Foundations breached their fiduciary duties.

C. Compliance Failures

Policies and Procedures

23. During the relevant period, Foundations' written policies required it to disclose conflicts of interest. Foundations did not implement the policy it maintained regarding disclosing conflicts, and accordingly failed to disclose the conflicts relating to Rice's economic interest in Sub-Adviser A, Foundations' expense sharing agreement with Adviser B, and the CIO's affiliation with the CIO Affiliates.

24. Foundations' written policies further required it to conduct an annual review of its policies and procedures, report findings to firm management, and prepare a report of the review. Foundations failed to conduct a review of its compliance program for calendar year 2021.

Code of Ethics

25. Foundations' Code of Ethics contained various provisions governing employees' personal trading in securities. The Code of Ethics also required Foundations' employees to obtain pre-clearance in writing from the chief compliance officer before engaging in personal trading. If a Foundations employee knew that Foundations was actively considering a security for purchase or sale in client accounts, the Code of Ethics prohibited the Foundations' employee from buying or selling the security.

26. Rice failed to pre-clear any of his personal transactions in the ETF or any other security. This failure persisted from at least 2019 until February 2024, and should have been known to Foundations because Rice provided securities account statements to Foundations' compliance department reflecting his securities trading activity and securities holdings on a quarterly basis.

27. In addition, the CIO was a member of Foundations' investment committee and should have been identified as an access person from June 2019 onwards, but was not. Because the CIO was not identified as an access person, he never provided Foundations with any required securities transaction reports, such as quarterly or annual reports.

Violations

28. As a result of the conduct described above, Foundations and Rice willfully² violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client." Scienter is not required to establish a violation of Section 206(2), but rather a violation may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *Capital Gains Research Bureau, Inc.*, 375 U.S. at 194-95).

29. As a result of the conduct describe above, Foundations willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which, among other things, require that an investment adviser that is registered or required to be registered adopt and implement written policies and procedures reasonably designed to prevent violations, by the investment adviser or its supervised persons, of the Advisers Act and the rules adopted thereunder.

30. As a result of the conduct described above, Foundations willfully violated Section 204A of the Advisers Act and Rule 204A-1 thereunder, which require registered investment advisers to establish, maintain, and enforce a written code of ethics that meets the minimum standards set forth in Rule 204A-1.

² "Willfully," for purposes of imposing relief under Sections 203(e) and 203(f) of the Advisers Act, "means no more than that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

31. As a result of the conduct described above, Rice caused Foundations' violations of Section 206(2) of the Advisers Act related to failing to timely disclose Rice's economic interest in Sub-Adviser A, and Rice caused Foundations' violations of Section 204A of the Advisers Act and Rule 204A-1 thereunder related to failing to pre-clear personal securities transactions.

Disgorgement

32. The disgorgement and prejudgment interest ordered in paragraphs IV.E. and IV.G. are consistent with equitable principles, do not exceed Respondents' net profits from their violations, and returning the money to Respondents would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest referenced in paragraphs IV.E. and IV.G. shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 203(e), 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Foundations cease and desist from committing or causing any violations and any future violations of Sections 204A, 206(2), and 206(4) of the Advisers Act and Rules 204A-1 and 206(4)-7 promulgated thereunder.

B. Respondent Rice cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 204A of the Advisers Act and Rule 204A-1 promulgated thereunder.

C. Respondent Foundations is censured.

D. Respondent Rice is censured.

E. Respondent Foundations shall, within 10 days of the entry of this Order, pay disgorgement of \$152,628 and prejudgment interest of \$15,031.17 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

F. Respondent Foundations shall pay a civil money penalty in the amount of \$1,200,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3).

Payment shall be made in the following installments:

1. \$300,000 within 14 days of the entry of this Order;
2. \$300,000 within 90 days of the entry of this Order;
3. \$300,000 within 180 days of the entry of this Order; and
4. \$300,000 within 365 days of the entry of this Order.

Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Foundations shall contact the staff of the Commission for the amount due. If Respondent Foundations fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Foundations as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sarah Nilson, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower St., 9th Floor, Los Angeles, CA 90071.

G. Respondent Rice shall, within 10 days of the entry of this Order, pay disgorgement of \$434,162, prejudgment interest of \$5,395.28 and a civil money penalty in the amount of \$354,675 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of

Practice 600. If timely payment of the civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Bryon E. Rice as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sarah Nilson, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, 9th Floor, Los Angeles, CA 90071.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of either Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against either Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Rice, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Rice under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Rice of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary