

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 7019 / September 28, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22758

In the Matter of

ZOE FINANCIAL, INC.

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 203(e) 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) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), against Zoe Financial, Inc. (“Zoe Financial” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Cease-and-Desist Proceedings Pursuant to Sections 203(e) 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 Respondent's Offer, the Commission finds that:

Summary

1. This proceeding concerns breaches of fiduciary duty by Zoe Financial, a registered investment adviser, for failing to fully and fairly disclose material facts concerning conflicts of interest to its clients and prospective clients. Between approximately January 2023 and December 2024 (the "Relevant Period"), Zoe Financial failed to disclose its financial incentive to refer clients to third-party investment advisers that used Zoe Financial's asset management platform, which created a conflict of interest. In addition, Zoe Financial described how it mitigated certain other conflicts of interest that arose in its referral process in a misleading way. Specifically, Zoe Financial stated that it referred individuals to third-party investment advisers "solely based on that individual's answer to questions during the potential client's onboarding process," when this was not necessarily the case. As a result of this conduct, Zoe Financial violated Section 206(2) of the Advisers Act.

Respondent

2. **Zoe Financial** is a Delaware corporation based in New York, New York. Zoe Financial has been registered with the Commission as an investment adviser since December 2019. In its annual update to Form ADV Filing filed on March 30, 2026, Zoe Financial reported having 1,689 advisory clients and approximately \$284 million in regulatory assets under management. In addition, Zoe Financial reported that it provided advisory services to 20,538 clients for whom it did not have regulatory assets under management.

Zoe's Referral Service

3. In approximately February 2018, Zoe Financial launched as a referral service to match investment advisers with individuals seeking a recommendation for an investment adviser. The investment advisers that Zoe Financial recommended to its clients were members of Zoe Financial's referral network. These advisers signed agreements with Zoe Financial pursuant to which, among other things, they would pay Zoe Financial a portion of investment advisory fees collected from Zoe Financial's clients if the Zoe Financial client ultimately retained that adviser. During the Relevant Period, the number of advisers in Zoe Financial's referral network ranged between approximately 128 and 225.

4. Zoe Financial matched its clients to advisers in its referral network using an algorithm. Individuals seeking a recommendation for an investment adviser filled out a questionnaire on Zoe Financial's website, providing information such as age, financial goals, types and amounts of assets owned, location, and income. Zoe Financial's algorithm then assessed those responses against advisers in its referral network. Zoe Financial then provided its client—on the screen as well as by email—with one or more potential investment adviser matches as generated

and ranked by the algorithm. The Zoe Financial client could then determine whether to retain one of the advisers recommended by Zoe Financial.

5. Zoe Financial maintained a team of salespeople. If an individual seeking a recommendation for an investment adviser filled out the questionnaire and received recommended adviser matches but did not follow up (for example by scheduling an introductory call with one of the recommended advisers), these salespeople would typically follow up with the client. In ensuing conversations, salespeople often recommended additional advisers to the client. During the Relevant Period, Zoe Financial clients hired a Zoe Financial network adviser that was *not* one of the matches initially provided by the algorithm approximately 46% of the time. In these instances, a Zoe Financial salesperson had provided one or more additional recommendations to the client. Salespeople were not provided with specific guidance or training on factors that could or could not be considered as part of this process.

The Zoe Wealth Platform

6. In approximately January 2023, Zoe Financial launched its turnkey asset management platform, Zoe Wealth. Through Zoe Wealth, Zoe Financial offers sub-advisory services, account onboarding assistance, and other back-office support, among other things. Once Zoe Wealth was launched, advisers in Zoe's referral network could onboard their clients (whether referred by Zoe Financial or not) to Zoe Wealth.

7. When Zoe Wealth was launched, and for part of the Relevant Period, Zoe Financial charged advisers an additional platform fee to use Zoe Wealth. Throughout the Relevant Period, as evidenced for example by internal communications, Zoe Financial was focused on growing the Zoe Wealth platform, increasing the number of network advisers that used Zoe Wealth, and increasing the total amount of assets on the Zoe Wealth platform.

8. After Zoe Wealth was launched, Zoe Financial encouraged its network advisers to use Zoe Wealth, and to onboard their clients onto the Zoe Wealth platform. In conversations with advisers in the referral network or with advisers considering joining the referral network, Zoe Financial employees linked adoption of the Zoe Wealth platform with additional referrals. For example, one former Zoe Financial Vice President, who did not supervise the Zoe Financial sales team, told an adviser that that he would not "call it a quid pro quo, but obviously the firms that are using Zoe Wealth are just going to get more referrals."

9. As the Relevant Period went on, Zoe Financial began telling advisers that if they would not adopt Zoe Wealth, that they would be removed from the referral network. By the end of 2024, Zoe Financial had separated from most of the advisers that would not use Zoe Wealth.

Conflict of Interest Concerning Zoe Wealth

10. For part of the Relevant Period, Zoe Financial received additional fees from investment advisers when Zoe Financial clients it referred were onboarded to the Zoe Wealth platform. Zoe Financial also benefitted more generally from growing Zoe Wealth, as more clients

and more assets on Zoe Wealth increased Zoe Financial's enterprise value. As a result, Zoe Financial had an incentive to refer clients to advisers that used Zoe Wealth and would onboard their clients to the Zoe Wealth platform. Although Zoe Financial's algorithm did not take into account whether an adviser used Zoe Wealth, the referral process was not limited to the algorithm. As described above, salespeople often became involved in the referral process, and on many occasions suggested advisers that had not been initially recommended by the algorithm.

11. During the Relevant Period, Zoe Financial did not adequately disclose this conflict of interest. From the launch of Zoe Wealth until October 28, 2024, Zoe Financial's Form ADV Brochures for its referral program did not mention Zoe Wealth or any corresponding conflict.

12. On October 28, 2024, Zoe Financial filed a revised Form ADV Brochure which stated that Zoe Financial "reserves the right to require advisers to use [Zoe Wealth], and maintain a cumulative minimum account value at the platform, in order to also be included in the adviser referral program." While this update disclosed that Zoe might require advisers to use Zoe Wealth, it did not disclose Zoe's financial interest in such a requirement or the underlying conflict of interest.

13. On December 30, 2024, Zoe Financial filed a Form ADV Brochure that specifically referred to the conflict of interest associated with Zoe Wealth, noting that Zoe Financial had an "incentive to refer [u]sers to [investment advisers] that utilize the Zoe Wealth Platform" because this would be in its financial interest.

Disclosure Regarding Mitigation of Conflicts

14. Certain registered investment advisory firms hold indirect minority interests in Zoe Financial. These registered investment advisers and their affiliates also participate in the Zoe Financial's referral network. During the Relevant Period, Zoe Financial disclosed that ownership interests held by advisers in the referral network created a conflict of interest.

15. Zoe Financial did not accurately disclose how it mitigated the conflict it identified. Zoe Financial stated that it mitigated the conflict by "refer[ring] potential clients to advisers solely based on that individual's answer to questions during the potential client's onboarding process" and stated that it did not "give preferential treatment on the number of referrals" sent to advisers with an ownership interest.

16. This description was misleading. During the Relevant Period, Zoe Financial did not refer clients "solely" based on questions during the onboarding process. Once salespeople became involved, as they often did, referrals could be based on any number of factors, and could have been impacted by a range of conflicts or incentives, including the equity interests described above.

17. Zoe Financial has since removed (or otherwise revised) this language from its disclosure materials.

Violations

18. As a result of the conduct described above, Zoe Financial willfully¹ violated Section 206(2) of the Advisers Act, which prohibits an investment adviser, directly or indirectly, from engaging “in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” Scierter is not required to establish a violation of Section 206(2), which may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)).

Zoe Financial’s Remedial Measures

19. In determining to accept the Offer, the Commission considered certain remedial measures undertaken by Zoe Financial. For example, Zoe Financial revised certain portions of its compliance manual relating to interactions between salespeople and clients to make clear that salespeople were not to provide their own recommendations to clients, and hired a full-time, in-house Chief Compliance Officer.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Zoe Financial’s Offer.

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

A. Respondent Zoe Financial cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondent Zoe Financial is censured.

¹ “Willfully,” for purposes of imposing relief under Section 203(e) 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). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ted]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

C. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$450,000 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). If timely payment 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 Zoe Financial 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 Sandeep Satwalekar, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

D. 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, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of 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, Respondent agrees that it 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 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.

By the Commission.

Vanessa A. Countryman
Secretary