



**Mutual Fund Dealers Association of Canada**  
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING  
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Bemelekot Woldeyes Tewahade**

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**NOTICE OF HEARING**

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**NOTICE** is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (the “Hearing Panel”) of the Mutual Fund Dealers Association of Canada (the “MFDA”) in the hearing room located at 121 King Street West, Suite 1000, Toronto, Ontario on February 24, 2015 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Bemelekot Woldeyes Tewahade (the “Respondent”). The Hearing on the Merits will take place in Toronto, Ontario.

**DATED** this 22<sup>nd</sup> day of December, 2014.

“Sarah Rickard”

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Sarah Rickard  
Director of Regional Councils

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**NOTICE** is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

**Allegation #1:** Between May 6, 2005 and June 18, 2012, the Respondent had and continued in another gainful occupation that was not disclosed to and approved by the Member by carrying on business as a registered representative of two FINRA<sup>1</sup> Member firms in succession, contrary to MFDA Rules 1.2.1(c)<sup>2</sup> and 2.1.1.

**Allegation #2:** Between May 6, 2005 and June 18, 2012, the Respondent failed to comply with the policies and procedures of the Member by:

- (a) failing to provide his correct permanent residential address to the Member; and
- (b) engaging in outside business activities which were not disclosed to and approved by the Member;

thereby interfering with the ability of the Member to supervise the Respondent, contrary to MFDA Rules 1.1.2 and 2.5.1 and MFDA Rule 2.1.1.

### **PARTICULARS**

**NOTICE** is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

#### **Registration History**

1. From May 6, 2005 to June 18, 2012, the Respondent was registered in Ontario as a mutual fund salesperson<sup>3</sup> with Investia Financial Services Inc. (“Investia”), a Member of the MFDA.

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<sup>1</sup> The Financial Industry Regulatory Authority or “FINRA” is the American self-regulatory organization responsible for the regulation and oversight of securities firms and their registered representatives in the United States.

<sup>2</sup> Formerly MFDA Rule 1.2.1(d).

<sup>3</sup> Now referred to as a “mutual fund dealing representative”.

2. From October 1, 2001 to February 7, 2005, the Respondent was registered in Ontario as a mutual fund salesperson with Dundee Private Investors Inc. (“Dundee”), also a Member of the MFDA. Dundee became a Member of the MFDA in February 2002.<sup>4</sup>

3. At all material times, the Respondent was also licensed in Ontario as an insurance agent. The Respondent carried on his insurance activity through “Infinity Retirement Solutions”, a company of which he was the sole owner.

4. At all material times, the Respondent carried on business in and around the Greater Toronto Area.

### **Allegation #1 – Undisclosed Dual Occupation**

#### ***The Respondent’s registration in the United States***

5. In January 2000, the Respondent obtained his Series 6 securities license in the United States as an “investment company products and variable contracts representative”, which enabled him to sell mutual funds, variable annuities and other insurance products to clients in the United States while registered as a representative of a Member firm of the Financial Industry Regulatory Authority (“FINRA”). The Respondent’s registration history in the United States as a Series 6 license holder is set out below:

- a) From January 2000 to March 2000: MML Investors Services Inc. in Springfield, Massachusetts;
- b) From March 2000 to August 2002: Main Street Securities LLC in Hays, Kansas;
- c) From September 2006 to August 2011: Sunset Financial Services Inc. in Englewood, Colorado;

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<sup>4</sup> In 2013, Dundee amalgamated with and continued on in business as HollisWealth Advisory Services Inc., also a Member of the MFDA.

- d) From September 2011 to October 2013: Ridgeway & Conger Inc. in Englewood, Colorado; and
- e) From October 2013 to February 2014: First Financial Equity Corporation in Aurora, Colorado.<sup>5</sup>

### ***The Respondent joins Investia***

6. On March 5, 2005, as part of the process of applying to join Investia as an Approved Person, the Respondent completed an “Investia Personal History Form” and listed his residential address as being in Ajax, Ontario.

7. On March 15, 2005, the Respondent completed an “Investia New Representative Evaluation Form” which required him to list all other professional activities being carried on by him in addition to his activity as a mutual fund salesperson. The only other professional activity disclosed by the Respondent was his activity as a licensed insurance agent carried on through Infinity Retirement Solutions.

8. On or about May 6, 2005, the Respondent became an Approved Person of Investia and commenced carrying on business at a sub-branch located in Mississauga, Ontario.

9. On May 18, 2006, the Respondent completed an “Investia Annual Review of Professional Activities Form” which required him to list all of the professional activities he was engaged in beyond his activity as a mutual fund salesperson. The only other professional activity disclosed by the Respondent was his insurance business as previously disclosed. On the same form, the Respondent also indicated that there had been no changes to his residential address in the previous 12 month period.

10. Commencing September 2006, the Respondent became a registered representative of a FINRA Member firm, Sunset Financial Services, Inc. (“Sunset Financial”), carrying on business

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<sup>5</sup> The Respondent was also licensed as a “general securities representative” and “general securities principal” while registered at this firm.

from an office in Englewood, Colorado. Sunset Financial is headquartered in Kansas City, Missouri and is a full service brokerage firm and an affiliate of the Kansas City Life Insurance Company. Sunset Financial provides investment, advisory and brokerage services to clients in the United States.

11. The Respondent did not disclose to Investia that he had joined Sunset Financial. At the time he joined Sunset Financial, the Respondent did not disclose to Sunset Financial that he was an Approved Person of Investia.

12. On April 9, 2010, Investia's compliance department emailed the Respondent to inquire about the status of his insurance activities and any other professional activities in which the Respondent was engaged.

13. On April 9, 2010, the Respondent replied to Investia's email and confirmed that he (the Respondent) has been selling insurance since 1986 and that Infinity Retirement Solutions was founded in May 1987. The Respondent's email further indicated that beyond his mutual fund sales activity with Investia, his insurance sales activity with Infinity Retirement Solutions was his only other professional activity. The Respondent did not disclose that he was a registered representative of Sunset Financial in the United States or that his permanent residence was in Englewood, Colorado.

14. On April 20, 2010, the Respondent submitted an "Outside Business Activity Approval Form" to Investia. The Respondent disclosed the insurance activities he carried on through Infinity Retirement Solutions. On page 2 of the "Outside Business Activity Approval Form", the Respondent indicated that he had no other professional activities other than insurance sales. Again, the Respondent did not disclose that he was a registered representative of Sunset Financial in the United States or that his permanent residence was in Englewood, Colorado.

15. At all material times, Investia believed, based on the information the Respondent had filed with it on successive occasions, that the Respondent's only professional activities were as

an Approved Person of Investia and as a licensed insurance agent in Ontario. Investia also believed at all material times that the Respondent's permanent residence was in Ajax, Ontario.

***Investia contacted by FINRA Member firm***

16. In the first week of August 2011, Sunset Financial contacted Investia because it was investigating the Respondent's registration with Investia and the insurance activities he carried on through Infinity Retirement Solutions, both of which the Respondent had not previously disclosed to Sunset Financial.

17. On August 8, 2011, after learning of the Respondent's status as a registered representative of Sunset Financial, Investia conducted an emergency audit of the Respondent's sub-branch in Mississauga, Ontario. The Respondent was not present in person for this on-site examination but another individual working at the location advised Investia that the Respondent resided in the United States and only visited the sub-branch office approximately once per month to service his local clients.

18. During the audit, Investia contacted the Respondent by telephone. The Respondent confirmed that he had maintained his permanent residence in the United States since 1993 and that he purportedly spent approximately 15 to 20 hours a week servicing his Canadian clients. The Respondent stated that he set up a 1-800 number with a forward feature to his phone in the United States so Canadian mutual fund and insurance clients could contact him should they require assistance.

19. On August 8, 2011, Investia advised Sunset Financial that the Respondent had been registered with Investia since 2005, that the Respondent serviced approximately 40 Investia client accounts holding assets worth approximately \$3.5 million (CAD) and that it appeared the Respondent only attended the Investia sub-branch office about once per month. Investia also advised Sunset Financial that the Respondent was the sole owner of Infinity Retirement Solutions, which was the entity through which the Respondent carried on his insurance activity in Ontario.

20. On August 9, 2011, Sunset Financial confirmed for Investia that the Respondent had been a registered with Sunset Financial in multiple jurisdictions in the United States since September 2006 and that the Respondent was the registered representative responsible for servicing over 850 mutual fund, variable annuity and variable universal life client accounts at Sunset Financial.

21. Sunset Financial further advised Investia that prior to joining Sunset Financial the Respondent had worked for other financial services firms based in the United States, that the Respondent resided in and carried on business from Englewood, Colorado and that the Respondent owned Infinity Wealth Management Inc. (“Infinity Wealth”), the entity through which the Respondent processed his mutual fund, variable annuities and insurance products business in the United States.

22. On August 10, 2011, Sunset Financial advised Investia that it was terminating the Respondent immediately for failing to disclose his association with Investia.

23. In September 2011, the Respondent became a registered representative of FINRA Member firm Ridgeway & Conger Inc., carrying on business in Englewood, Colorado. The Respondent did not disclose his registration with Ridgeway & Conger Inc. to Investia.

24. On June 18, 2012, Investia terminated the Respondent for failing to inform Investia about his professional activities and residence in the United States.

### ***FINRA Proceedings***

25. On April 15, 2014, the Respondent entered into a “Letter of Acceptance, Waiver and Consent” (“AWC”) with FINRA in Denver, Colorado for the purpose of settling a disciplinary hearing commenced against him alleging the following violations of FINRA requirements:

- (a) that the Respondent did not provide Sunset Financial with prompt written notice of an outside business activity;

- (b) that the Respondent also did not give the requisite notice to, and obtain approval from, Sunset Financial before he participated in the sale of securities through a Canadian mutual fund dealer; and
- (c) that the Respondent's conduct constituted violations of FINRA Rules 3270 and 2010, and NASD Rules 3030, 3040 and 2110.

26. The Respondent consented to a 20 business day suspension and a fine of \$7,500 USD.

27. By failing to report his status as a registered representative of FINRA Member firms Sunset Financial and Ridgeway & Conger Inc. from September 2006 to June 2012 as described above, the Respondent had and continued in other gainful occupations that were not disclosed to and approved by Investia, contrary to MFDA Rules 1.2.1(c) and 2.1.1.

#### **Allegation #2 – Failing to Comply with the Member's Policies & Procedures**

28. At all material times, Investia's Policies and Procedures Manual ("PPM") required its Approved Persons to report in writing any changes to, among other things, the Approved Person's residential address and to seek and obtain written approval from Investia before engaging in any outside business activities by notifying Investia's Compliance Department in writing of the proposed outside business activities on a form prescribed by Investia.

29. On May 20, 2010, the Respondent completed an Investia "Compliance and Procedures Manual Acknowledgement" form. By signing this form, the Respondent confirmed that he had reviewed and was familiar with Investia's PPM and agreed to abide by it, the rules and regulations of the MFDA, and the provincial securities regulations in the jurisdiction in which he was registered.

30. Commencing with the registration process on May 6, 2005 and continuing through to August 8, 2011, when Investia spoke to the Respondent during the course of conducting its emergency audit of the Respondent's sub-branch location, the Respondent failed to disclose to Investia that his permanent residence was in Englewood, Colorado.



31. From May 6, 2005 to June 18, 2012, the Respondent engaged in outside business activities as a registered representative of first, Sunset Financial, and second, Ridgeway & Conger Inc., without first seeking and obtaining approval from Investia.

32. By engaging in the conduct described above, the Respondent failed to comply with Investia's policies and procedures, thereby interfering with Investia's ability to supervise his activities, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1.

**NOTICE** is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

**NOTICE** is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per offence; and
  - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

**NOTICE** is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

**NOTICE** is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9

Attention: Maria L. Abate  
Fax: 416-361-9073  
Email: mabate@mfd.ca

A **Reply** shall be **filed** by:

- (a) providing 4 copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:  
  
The Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, Ontario  
M5H 3T9  
Attention: Office of the Corporate Secretary; or
- (b) transmitting 1 copy of the **Reply** to the Office of the Corporate Secretary by fax to fax number 416-361-9781, provided that the Reply does not exceed 16 pages, inclusive of the covering page, unless the Office of the Corporate Secretary permits otherwise; or
- (c) transmitting 1 electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at CorporateSecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

**NOTICE** is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

**NOTICE** is further given that if the Respondent fails:

(a) to **serve** and **file** a **Reply**; or

(b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

**END.**

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