

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011028936201**

**TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")**

**RE: Bemelekt W. Tewahade, Respondent
CRD No. 2345618**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Bemelekt W. Tewahade (Respondent) submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:**

BACKGROUND AND RELEVANT DISCIPLINARY HISTORY

Respondent was associated with Sunset Financial Services, Inc. (SFS) from August 29, 2006 through August 10, 2011, where he was registered as an investment company products and variable contracts representative. From August 23, 2011 through October 16, 2013, Respondent was associated with another member firm, where he was registered in the same capacity. Respondent was associated with a third member firm from October 16, 2013 through February 20, 2014, where he was registered as an investment company products and variable contracts representative, a general securities representative, and a general securities principal. Respondent is not currently associated with a member firm. FINRA retains jurisdiction over Respondent through February 19, 2016. Respondent has no relevant disciplinary history.

OVERVIEW

Respondent did not provide his employer member firm, SFS, with prompt written notice of an outside business activity. Respondent also did not give the requisite notice to, and obtain approval from, SFS before he participated in the sale of securities through a Canadian mutual fund dealer. Respondent's conduct



constituted violations of FINRA Rules 3270 and 2010, and NASD Rules 3030, 3040 and 2110.

FACTS AND VIOLATIVE CONDUCT

Throughout his association with SFS, Respondent had an ownership interest in a Canadian company (IRS) through which he sold insurance and securities (mutual funds) to Canadian residents. The mutual funds sold to IRS customers were offered through a Canadian mutual fund dealer that Respondent had been registered with since May 2005. Respondent did not submit an outside business activity/DBA notification form to SFS for IRS until July 2011. Per the firm's procedures, representatives that wished to engage in an outside business activity were required to submit the requisite notification form and receive firm approval prior to engaging in the activity. Similarly, Respondent did not seek written authorization from SFS to engage in private securities transaction through the Canadian mutual fund dealer or obtain prior written approval from SFS to engage in such transactions as required by the firm's procedures.

By engaging in an outside business activity without providing SFS with the requisite written notice, Respondent violated NASD Conduct Rule 3030 (for conduct occurring before December 15, 2010), FINRA Rule 3270 (for conduct occurring after December 14, 2010), NASD Rule 2110 (for conduct occurring prior to December 15, 2008), and FINRA Rule 2010 (for conduct occurring after December 14, 2008).

By not providing written notice to and receiving written approval from SFS prior to engaging in private securities transactions through the Canadian mutual fund dealer, Respondent violated NASD Conduct Rule 3040, NASD Conduct Rule 2110 (for conduct occurring before December 15, 2008), and FINRA Rule 2010 (for conduct occurring after December 14, 2008).

B. Respondent also consents to the imposition of the following sanctions:

A twenty business day suspension from association with any FINRA member firm in any capacity and a \$7,500 fine.

The fine shall be due and payable either immediately upon association with a member firm following the twenty business day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.



Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:



- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against him;**
- C. If accepted:**
- 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;**
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and**
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.**

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.



3/17/2014
Date (mm/dd/yyyy)

Bemelekor W. Tewahade
Bemelekor W. Tewahade, Respondent

Reviewed by:

Richard S. Gross
Richard S. Gross, Esq.
4649 E. Colfax Ave.
Denver, CO 80220

Accepted by FINRA:

4/15/2014
Date

Signed on behalf of the
Director of ODA, by delegated authority

Heather Hawker
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Lucy