

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

NO.
~~20050020893-01~~

TO: Department of Enforcement
NASD

RE: Pactual Capital Corporation (BD No. 34569)
Respondent

and

Christina deCastro (CRD No. 2601034)
Respondent

Pursuant to Rule 9216 of NASD Code of Procedure, Pactual Capital Corporation ("Pactual" or "the firm") and Christina deCastro (collectively, "Respondents") submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against us alleging violations based on the same factual findings.

Respondents understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against us; and
3. If accepted:
 - a. this AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against us;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about our disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and

the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and

- d. We 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. Nothing in this provision affects our testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

We also understand that our experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Pactual has been a member of NASD since January 4, 1994.

DeCastro first became registered with NASD as a General Securities Representative through an association with Pactual on or about June 5, 1995. She first became registered as a General Securities Principal through her association with Pactual on or about August 12, 1999. She is the firm's President and Chief Compliance Officer.

Neither Pactual nor DeCastro have any formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against us;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondents specifically and voluntarily waive 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.

We further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

1. From March 21, 2005 through June 1, 2005, Pactual, acting through deCastro, permitted an employee to engage in activities requiring registration while his General Securities Representative registration status with NASD was inactive due to his failure to complete the regulatory element of NASD's continuing education requirement.

By reason of the foregoing, Pactual and deCastro violated NASD Membership & Registration Rule 1120(a) and NASD Conduct Rule 2110.

2. From in or around May 2003 through the present, Pactual has permitted up to three of its associated persons to engage in activities that require registration with NASD as Limited Representatives – Equity Traders (Series 55) ("ET"), when they were not so registered.

In addition, from in or around May 2003 through the present, Pactual failed to ensure that the individual who supervised those three individuals' ET-related activities was registered as an ET as required.

By reason of the foregoing, Pactual violated NASD Membership & Registration Rule 1032(f) and Conduct Rule 2110.

B. Respondents also consent to the imposition, at a maximum, of the following sanctions:

- Pactual and deCastro to be jointly and severally fined \$10,000;
- Pactual to be fined an additional \$10,000; and
- Pactual and deCastro to be censured.

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

III.

OTHER MATTERS

- A. Respondents understand that we may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 NASD, nor does it reflect the views of NASD or its staff.
- B. We agree to pay any monetary sanctions imposed on us upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which we propose to pay any fine imposed.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or

promise of any kind, other than the terms set forth herein, has been made to induce us to submit it.

Nov. 8, 2006
Date

Pactual Capital Corporation, Respondent

By: Christina deCastro
Christina deCastro
President and Chief Compliance Officer

Christina deCastro
Christina deCastro, Respondent

Reviewed by:

Attorney Name JURE SAFEPOR
Counsel for Respondent
Firm Name PACTUAL IN-HOUSE COUNSEL
Address PRAXIA DE INVESTIMENTOS, 501 15º ANDAR
City/State/Zip RIO DE JANEIRO, RJ 20030-000 BRAZIL
Phone Number (5521) 2514 9804

Accepted by NASD:

November 17, 2006
Date

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

Elissa M. Meth
Elissa M. Meth
Senior Regional Attorney
NASD Department of Enforcement
One Liberty Plaza
New York, New York 10023
212-858-4702
212-858-4770

NASD District Director
Hans Reich
NASD, District 10
One Liberty Plaza
New York, New York
212-858-4180