

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E1020030479-02

TO: Department of Enforcement
NASD

RE: Sky Capital LLC, Respondent
BD No. 114657

Pursuant to Rule 9216 of the NASD Code of Procedure, Sky Capital LLC ("Sky Capital") submits 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.

We 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 allegation 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:

Sky Capital has been a member of NASD since May 13, 2002. The firm maintains its principal place of business at 110 Wall Street, 8th Floor, New York, New York. The firm operates subject to the exemptive provisions of Securities and Exchange ("SEC") Rule 15c3-3(k)(2)(ii). ▀

Sky Capital has not been the subject of any formal disciplinary actions.

I.

WAIVER OF PROCEDURAL RIGHTS

We 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, we 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. We hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding in 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 in or around August 2002 through December 2003, Sky Capital acted as placement agent in three best-efforts private placement offerings involving minimum-maximum contingencies: (i) Sky Capital Holdings Ltd.; (ii) GlobalSecure Holdings, Ltd.; and (iii) Sky Venture Capital, Inc. With respect to each offering, Sky Capital was not included as a party in any written agreement with a bank under which the bank agreed to hold all money or other consideration received in escrow for the persons who had the beneficial interests therein and to transmit or return such funds directly to the persons entitled thereto when the appropriate event or contingency had occurred.

By reason of the foregoing, Sky Capital violated SEC Rule 15c2-4 and NASD Conduct Rule 2110.

2. From December 19, 2002 through January 30, 2003 (approximately 42 days), Sky Capital permitted AW to act in a capacity that required registration while his 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, Sky Capital violated NASD Membership & Registration Rule 1120(a) and NASD Conduct Rule 2110.

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

A censure and a monetary fine in the amount of \$15,000.00 to be assessed against Sky Capital.

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

III.

OTHER MATTERS

- A. We 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 as noted above 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,

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ENFORCEMENT
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SKY CAPITAL LLC COMPLIANC

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ENFORCEMENT

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and Consent
Sky Capital LLC
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inducement, or promise of any kind, other than the terms set forth herein, has been made
to induce us to submit it.

Sky Capital LLC

Dec 1.
Date: November, 2005

By: [Signature]
Name: M. P. [Signature]
Title: President

Reviewed by:

[Signature]
Angie J. Frongatto, Esq.
Duane Morris LLP
Counsel for Respondent
380 Lexington Avenue
New York, NY 10168
(212) 692-1071

Accepted by NASD:

December 8, 2005
Date

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

[Signature]
Gary A. Chodosh
Regional Counsel
NASD Department of Enforcement
One Liberty Plaza
New York, New York 10006
(212) 858-4771

NASD District Director
Ethan Reich
NASD, District 10
One Liberty Plaza
New York, New York 10006
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