

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62262 / June 10, 2010

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3144 / June 10, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13935

In the Matter of

L. REX ANDERSEN, CPA,
Respondent.

ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
IMPOSING TEMPORARY SUSPENSION
PURSUANT TO RULE 102(e)(3) OF THE
COMMISSION'S RULES OF PRACTICE

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Rule 102(e)(3)¹ of the Commission’s Rules of Practice against L. Rex Andersen (“Respondent” or “Andersen”).

II.

The Commission finds that:

A. RESPONDENT

1. Andersen, age 80, is and has been a certified public accountant (“CPA”) licensed to practice in the State of Nevada and was previously licensed in Arizona and California.

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

From approximately 1992 through 2002, he was a partner at Andersen Andersen & Strong, L.C., a public accounting firm. Presently, he is an accountant at Madsen & Associates CPA's Inc. in Murray, Utah, a public accounting firm registered with the Public Company Accounting Oversight Board, where he performs audits of public and private companies.

B. CIVIL INJUNCTION

2. On May 4, 2010, the U.S. District Court for the District of Nevada entered a final judgment against Andersen, permanently enjoining him from future violations, direct or indirect, of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder and Rule 2-02 of Regulation S-X, and aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder. Securities and Exchange Commission v. Exotics.com, Inc., et al., Civil Action Number 2:05-cv-00531-PMP-GWF. Andersen also was ordered to pay disgorgement, prejudgment interest, and a civil money penalty totaling \$126,219.04.

3. The Commission's complaint alleged that Andersen performed audits of the 1999 and 2000 year-end financial statements of Hardrock Mines, Inc. that were not conducted in accordance with generally accepted auditing standards ("GAAS"), and he caused his firm to issue audit reports falsely stating that the financial statements were presented in conformity with generally accepted accounting principles ("GAAP"). Hardrock Mines (later known as Exotics.com, Inc.) was an issuer of securities that were registered with the Commission and approved for quotation on the OTC Bulletin Board. The complaint further alleged that Andersen did not act as an independent auditor during the audits because he himself had prepared most of the client's books and records and its financial statements. Moreover, Andersen created the client's books and records in reliance on documents that he knew, or was reckless in not knowing, were fraudulent. The complaint also alleged that the fraudulent audit reports provided by Andersen were incorporated in public filings made by Hardrock Mines and Exotics.com, including a Form 10-SB registration statement and two Form 10-KSB annual reports.

III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction has permanently enjoined Andersen, a CPA, from violating the Federal securities laws within the meaning of Rule 102(e)(3)(i)(A) of the Commission's Rules of Practice. In view of these findings, the Commission deems it appropriate and in the public interest that Andersen be temporarily suspended from appearing or practicing before the Commission.

IT IS HEREBY ORDERED that Andersen be, and hereby is, temporarily suspended from appearing or practicing before the Commission as an accountant. This Order shall be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Andersen may within thirty days after service of this Order file a petition with the Commission to lift the temporary suspension. If the Commission

within thirty days after service of the Order receives no petition, the suspension shall become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission shall, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Andersen personally or by certified mail at his last known address.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the *Order Instituting Public Administrative Proceedings and Imposing Temporary Suspension Pursuant to Rule 102(e)(3) of the Commission's Rules of Practice* ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
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