

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 57709 / April 24, 2008

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 2813 / April 24, 2008

ADMINISTRATIVE PROCEEDING  
File No. 3-10714

	: ORDER GRANTING APPLICATION FOR : REINSTATEMENT TO APPEAR AND PRACTICE : BEFORE THE COMMISSION AS AN ACCOUNTANT : RESPONSIBLE FOR THE PREPARATION OR : REVIEW OF FINANCIAL STATEMENTS REQUIRED : TO BE FILED WITH THE COMMISSION
In the Matter of  Kevin R. Andersen, CPA	

On March 5, 2002, Kevin R. Andersen, CPA (“Andersen”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against Andersen pursuant to Rule 102(e) of the Commission's Rules of Practice.<sup>1</sup> Andersen consented to the entry of the order without admitting or denying the facts, findings and conclusions therein. This order is issued in response to Andersen’s application for reinstatement to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

Andersen audited the financial statements of Itex Corporation (“Itex”) for the fiscal years ended July 31, 1992 through 1997. Itex filed an amended Form 10-K for the period ended July 31, 1997 which included restated financial statements for the fiscal years ended July 31, 1996 and 1997 and additional restated financial information stretching back to the fiscal year ended July 31, 1993. These restatements were issued due to material misstatements in Itex’s financial statements during the relevant time periods. In the course of his audits, the Commission found that Andersen engaged in improper professional conduct. In particular, the Commission found that Andersen violated Statement on Auditing Standards Nos. 1 and 7 because he failed to communicate with Itex’s predecessor auditor and failed to exercise professional skepticism in auditing certain of Itex’s barter transactions, which resulted in Itex’s filing financial statements that failed to comply with Generally Accepted Accounting Principles.

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<sup>1</sup> See Accounting and Auditing Enforcement Release No. 1510 dated March 5, 2002. Andersen was permitted, pursuant to the order, to apply for reinstatement after three years upon making certain showings.

In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, Andersen attests that he will undertake to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Andersen is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original suspension order in this regard. Therefore, the denial of Andersen's privilege to practice before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original suspension order.

Rule 102(e)(5) of the Commission's Rules of Practice governs applications for reinstatement, and provides that the Commission may reinstate the privilege to appear and practice before the Commission "for good cause shown."<sup>2</sup> This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Andersen, it appears that he has complied with the terms of the March 5, 2002 order denying his privilege of appearing or practicing before the Commission as an accountant, that no information has come to the attention of the Commission relating to his character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against him pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Andersen, by undertaking to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, has shown good cause for reinstatement. Therefore, it is accordingly,

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Kevin R. Andersen, CPA is hereby reinstated to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

By the Commission.

Nancy M. Morris  
Secretary

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<sup>2</sup> Rule 102(e)(5)(i) provides:

"An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this section may be made at any time, and the applicant may, in the Commission's discretion, be afforded a hearing; however, the suspension or disqualification shall continue unless and until the applicant has been reinstated by the Commission for good cause shown." 17 C.F.R. § 201.102(e)(5)(i).