



purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Hofer, age 51, served as chief accounting officer, corporate controller, treasurer, and a director of PowerCold Corporation ("PowerCold") from March 2002 through November 2006. Hofer was also PowerCold's Chief Financial Officer from January 2006 to November 2006. Hofer currently serves as PowerCold's Vice President of Operations.
2. PowerCold was, at all relevant times, a Nevada corporation with its principal place of business in LaVernia, Texas. PowerCold is engaged in the business of designing and building heating, ventilation, and air conditioning systems. At all relevant times, PowerCold's common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the Pink OTC Markets.
3. On April 6, 2009, a final judgment was entered against Hofer, permanently enjoining him from future violations of Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Grayling R. Hofer et. al, Civil Action Number SA09CA0185-FB, in the United States District Court for the Western District of Texas. Hofer was also barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act for a period of five years.
4. The Commission's complaint alleged, among other things, that PowerCold engaged in a fraudulent scheme that resulted in the company filing materially false and misleading financial statements in the company's annual reports on Forms 10-K for the fiscal years ended December 31, 2003 and 2004, and in the company's quarterly reports on Forms 10-Q for the first three quarters of fiscal years 2003, 2004, and 2005. The Complaint further alleged that Hofer engaged in a number of improper accounting practices that constituted a departure from generally accepted accounting principles. In addition, the complaint alleged that Hofer failed to disclose information in response to questions by PowerCold's independent auditors about certain of the company's fraudulent revenue recognition practices.

**IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Hofer's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that Hofer is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy  
Secretary