SECURITIES EXCHANGE ACT OF 1934
Release No. 84258 / September 21, 2018

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3981 / September 21, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18820

In the Matter of

CARDIFF LEXINGTON CORPORATION (f/k/a CARDIFF INTERNATIONAL, INC.),
Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Cardiff Lexington Corporation (f/k/a Cardiff International, Inc.) (“Cardiff,” “Respondent” or the “Company”).

II.

In anticipation of the institution of these proceedings, Cardiff has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.
III.

On the basis of this Order and Respondent’s Offer, the Commission finds\(^1\) that:

**Summary**

1. These proceedings arise out of the violation of the Regulation S-X requirement that interim financial statements filed as part of a Form 10-Q be reviewed by an independent public accounting firm prior to filing (the “Interim Review Requirement”).\(^2\)

2. On one occasion, Cardiff violated the Interim Review Requirement by filing a Form 10-Q with the Commission that contained financial statements that were not reviewed by an independent public accounting firm.

**Respondent**

3. Cardiff, a Florida corporation based in Fort Lauderdale, Florida, is a holding company which acquires niche companies with high growth potential, income-producing commercial real estate properties and high return investments. Cardiff’s stock has been registered under Section 12(g) of the Exchange Act since 2002. Cardiff’s shares are quoted on OTC Link (formerly “pink sheets”) operated by OTC Markets Group Inc. under the symbol CDIF. Cardiff defines itself as a “smaller reporting company” in its most recent filing.\(^3\)

**Legal Framework and Facts**

4. Section 13(a) and Rule 13a-13 thereunder require issuers with securities registered pursuant to Section 12 of the Exchange Act and required to file annual reports pursuant to Section 13(a) to also file quarterly reports on Form 10-Q. Form 10-Q requires issuers to include financial statement information as required by Rule 10-01 of Regulation S-X, and further indicates smaller reporting companies may provide financial statement information as required by Rule 8-03 of

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\(^1\) The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

\(^2\) Rule 10-01(d) of Regulation S-X provides in pertinent part: “Prior to filing, interim financial statements included in quarterly reports on Form 10-Q [] must be reviewed by an independent public accountant using professional standards and procedures for conducting such reviews, as established by generally accepted auditing standards, as may be modified or supplemented by the Commission.” 17 C.F.R. § 210.10-01(d). Similarly, with respect to smaller reporting companies, Rule 8-03 of Regulation S-X provides in pertinent part: “Interim financial statements may be unaudited; however, before filing, interim financial statements included in quarterly reports on Form 10-Q [] must be reviewed by an independent public accountant using professional standards and procedures for conducting such reviews, as established by generally accepted auditing standards, as may be modified or supplemented by the Commission.” 17 C.F.R. § 210.8-03.

\(^3\) Under the rules in effect as of the date of the misconduct, a company qualifies as a “smaller reporting company:” (1) if its public float is less than $75 million or (2) if it cannot calculate its public float, it has less than $50 million in annual revenue. Item 10(f)(1) of Regulation S-K.
Regulation S-X. See Part I, Item 1 of Form 10; see also 17 C.F.R. § 210.1-01(a)(2) (indicating Regulation S-X sets forth the form and content for financial statements required as part of, among other things, reports required under Section 13 of the Exchange Act).

5. As required by Regulation S-X, financial statements included in quarterly reports filed on Form 10-Q may be unaudited. 17 C.F.R. § 210.10-01(a)(1); 17 C.F.R. § 210.8-03. Prior to filing, however, an issuer must have an independent registered public accounting firm conduct a review of the required interim financial information presented in financial statements included in the quarterly report. 17 C.F.R. § 210.10-01(d); 17 C.F.R. § 210.8-03. The review must be conducted in accordance with the standards of the Public Company Accounting Oversight Board (“PCAOB”), as may be modified or supplemented by the Commission. 17 C.F.R. § 210.10-01(d); 17 C.F.R. § 210.8-03. If an issuer states that interim financial information contained in a quarterly report has been reviewed by an independent public accountant, a report of the accountant must be filed with the interim financial statements. 17 C.F.R. § 210.10-01(d); 17 C.F.R. § 210.8-03.

6. On August 21, 2017, Cardiff filed its quarterly report for the second quarter of 2017, which included the interim financial statements for that quarter. The interim financial statements were not reviewed by an independent public accountant as required by the Interim Review Requirement. The Form 10-Q did not disclose that the interim financial statements had not been reviewed in compliance with the Interim Review Requirement. On September 5, 2017, Cardiff filed a restated and amended Form 10-Q/A, which included interim financial statements that complied with the Interim Review Requirement.

Violations

7. As a result of the conduct described above, Cardiff violated Section 13(a) of the Exchange Act and Rule 13a-13 thereunder, which require every issuer with securities registered pursuant to Section 12 of the Exchange Act and required to file annual reports to file with the Commission quarterly reports on Form 10-Q which, among other things, comply with the interim financial statement information requirements of Regulation S-X.

8. As a result of the conduct described above, Cardiff violated Rule 8-03 of Regulation S-X, which requires interim financial statements included in quarterly reports on Form 10-Q to be reviewed by an independent public accountant using professional standards and procedures for conducting such reviews, as established by generally accepted auditor standards.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

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4 See Commission Guidance Regarding the Public Company Accounting Oversight Board’s Auditing and Related Professional Practice Standard No. 1, Release Nos. 33-8422, 34-49708 (May 14, 2004) (noting that “references in Commission rules and staff guidance and in the federal securities laws to GAAS or to specific standards under GAAS, as they relate to issuers, should be understood to mean the standards of the PCAOB plus any applicable rules of the Commission”).
Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Sections 13(a) of the Exchange Act and Rule 13a-13 thereunder, and Rule 8-03 of Regulation S-X.

B. Respondent shall pay a civil money penalty in the amount of $25,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments:

1. $5,000 within 14 days of the entry of this Order;
2. $8,000 within 60 days of the entry of this Order;
3. $8,000 within 120 days of the entry of this Order; and
4. $4,000 within 180 days of the entry of this Order.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Cardiff Lexington Corporation as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Fuad Rana, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor
Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent’s payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Brent J. Fields
Secretary