

**UNITED STATES OF AMERICA**  
**before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 53803 / May 15, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT**

**Release No. 2428 / May 15, 2006**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12296**

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**In the Matter of**

**BARRY F. DUGGAN, CGA (Canada),**

**Respondent.**

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: ORDER INSTITUTING  
: ADMINISTRATIVE  
: PROCEEDINGS PURSUANT TO  
: RULE 102(e) OF THE  
: COMMISSION'S RULES OF  
: PRACTICE, MAKING FINDINGS,  
: AND IMPOSING REMEDIAL  
: SANCTIONS  
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**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Barry F. Duggan, CGA (Canada) ("Respondent" or "Duggan") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.<sup>1</sup>

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<sup>1</sup> 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.

## II.

In anticipation of the institution of these proceedings, Respondent 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 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. Duggan, age 61, is and has been a certified general accountant (“CGA”) in Canada. He served as CEO and a director of Exotics.com, Inc., a Delaware corporation (“Exotics-Delaware”) and the sole operating subsidiary of Exotics.com, Inc., a Nevada corporation (“Exotics-Nevada”), from September 2001 until his resignation in August 2002.

2. Exotics-Nevada was, at all relevant times, a Nevada corporation with its principal place of business in Vancouver, British Columbia, Canada. Through its Exotics-Delaware subsidiary, Exotics-Nevada was engaged in the business of owning, operating and licensing adult Web sites. At all relevant times, Exotics-Nevada’s common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”). From December 2000 to May 2002, its stock was quoted on the OTC Bulletin Board.

3. On April 25, 2005, the Commission filed a complaint against Duggan in SEC v. Exotics.com, Inc., et al. (Civil Action No. CV-S-05-0531-PMP-(GWF)). On April 20, 2006, the court entered an order permanently enjoining Duggan, by consent, from future violations of Sections 10(b) and 13(b)(5) of the Exchange Act and Rule 10b-5 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 and 13a-13 thereunder. Duggan was also ordered to pay a \$25,000 civil money penalty and was barred from serving 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 and was barred from participating in any offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock.

4. The Commission’s complaint alleged that Duggan participated in an accounting fraud and stock manipulation scheme involving Exotics-Nevada stock that occurred during 1999 through 2002. According to the complaint, the fraudulent scheme resulted in Exotics-Nevada filing with the Commission an annual report on Form 10-KSB for the fiscal year ended December 31, 2001 (“2001 Form 10-KSB”), and a quarterly report on Form 10-QSB for the third quarter of

fiscal year 2001 (“2001 Third Quarter Form 10-QSB”) that contained materially false and misleading statements. The complaint alleged that Duggan knowingly and substantially assisted Exotics-Nevada in filing the false and misleading reports with the Commission and that, while serving as the CEO and a director of Exotics-Nevada’s sole operating subsidiary, he approved the reporting of \$3.6 million of goodwill in the company’s financial statements contained in its 2001 Third Quarter Form 10-QSB. The transaction resulted in an overstatement of Exotics-Nevada’s assets by approximately 627%. The complaint also alleged that Duggan knowingly failed to implement a system of internal accounting controls and was responsible for Exotics-Nevada having inadequate books and records, which led to the company filing false and misleading Commission reports. In addition, the complaint alleged that, in December 2001, Duggan reviewed and approved drafts of fax and e-mail spam messages that Exotics-Nevada arranged to have disseminated to potential investors and which contained misleading financial information regarding Exotics-Nevada.

#### IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

Duggan is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Nancy M. Morris  
Secretary