

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58438 / August 28, 2008**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2868 / August 28, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13149**

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<b>In the Matter of</b>	:	
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<b>SHANE H. TRAVELLER (CPA),</b>	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
	:	<b>102(e) OF THE COMMISSION’S RULES OF</b>
<b>Respondent.</b>	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
	:	<b>IMPOSING REMEDIAL SANCTIONS</b>
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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 Shane H. Traveller (“Respondent” or “Traveller”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**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

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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.

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. Traveller, age 40, is a resident of North Logan, Utah. From August 28, 2003 until February 28, 2005, Traveller was a member of the Board of Directors of 21<sup>st</sup> Century Inc. ("21<sup>st</sup> Century"). During the relevant period, Traveller provided consulting services that facilitated 21<sup>st</sup> Century's election to be regulated as a business development company. Traveller obtained a license as a CPA from the State of California in 1994. The license lapsed in 2003 after he failed to renew it.

2. 21<sup>st</sup> Century was, at all relevant times, a Nevada corporation with its principal place of business in Las Vegas, Nevada. As a business development company regulated under the Investment Company Act of 1940, 21<sup>st</sup> Century raised capital and made investments in various entities. At all relevant times, 21<sup>st</sup> Century'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 Over-the-Counter Bulletin Board. On November 1, 2005, 21<sup>st</sup> Century filed for protection under Chapter 11 of the U.S. Bankruptcy Code and was formally dissolved by the State of Nevada on July 13, 2007.

3. On April 10, 2008, the Commission filed a complaint against Traveller in SEC v. Compass Capital Group, Inc., et al., Civil Action No. 2:08-cv-00457-ECR-PAL (D. Nev.). On August 6, 2008, the U.S. District Court for the District of Nevada entered an order permanently enjoining Traveller, by consent, from future violations of Section 17(a) of the Securities Act of 1933; Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-1 thereunder and from aiding and abetting 21<sup>st</sup> Century's violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. Traveller also was ordered to pay a \$50,000 civil money penalty and was barred for five years from acting as an officer or director of a public company and from participating in an offering of penny stock.

4. The Commission's complaint alleged, among other things, that Traveller violated the antifraud provisions of the securities laws when he supervised the drafting of 21<sup>st</sup> Century's 2004 Form 1-E and offering circular and failed to ensure that proper disclosures were made concerning the precarious financial state of the company. In August 2004, Traveller drafted a memo describing 21<sup>st</sup> Century as a "house of cards." Traveller further noted that the company was in a "cash crisis" and that its financial statements did not clearly present its financial condition. The complaint also alleged that Traveller failed to disclose the terms of 21<sup>st</sup>

Century's financing arrangement with Compass Capital and that Compass Capital was acting as an underwriter for the company's 2004 offering. The complaint further alleged that Traveller aided and abetted 21<sup>st</sup> Century's reporting and record-keeping violations when he knew in August 2004 that the CEO's brothers had loaned money for operating capital to 21<sup>st</sup> Century and did nothing to ensure the disclosure of those loans. He also agreed to approve certain investments after they had been made, in violation of the company's internal policies, and prepared false Board minutes concerning the Board's determination of the fair values of the company's assets that were supplied to 21<sup>st</sup> Century's auditors in connection with their 2003 audit of 21<sup>st</sup> Century.

#### IV.

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

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

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

B. After five years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which he/she is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the respondent's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he/she has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Florence E. Harmon  
Acting Secretary