

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
 2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
 3 SECURITIES SECTION  
 4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER  
 AND BUSINESS SERVICES  
 STATE OF OREGON

5 In the Matter of: )  
 )  
 6 SMITH BARNEY MUNI FUNDS - ) 0-95-0051  
 CALIFORNIA MONEY MARKET )  
 7 PORTFOLIO, and )  
 ) ORDER TO ASSESS CIVIL PENALTIES  
 8 SMITH BARNEY ARIZONA )  
 MUNICIPALS FUND INC., ) and  
 9 )  
 ) CONSENT TO ENTRY OF ORDER  
 10 Respondents. )

11  
 12 WHEREAS the Director of the Department of Consumer and  
 13 Business Services for the State of Oregon (hereinafter  
 14 DIRECTOR) has reviewed certain securities transactions  
 15 effected in Oregon by Respondents SMITH BARNEY MUNI FUNDS -  
 16 CALIFORNIA MONEY MARKET PORTFOLIO and SMITH BARNEY ARIZONA  
 17 MUNICIPALS FUND INC. (hereinafter the "CALIFORNIA FUND" and  
 18 the "ARIZONA FUND", collectively referred to as "THE FUNDS")  
 19 and has determined that THE FUNDS sold unregistered  
 20 securities in the State of Oregon in violation of the Oregon  
 21 Securities Law; and

22 WHEREAS THE FUNDS wish to resolve and settle this  
 23 matter with the DIRECTOR;

24 NOW THEREFORE, as evidenced by the authorized  
 25 signature(s) subscribed on this Order, THE FUNDS hereby  
 26 CONSENT to entry of this Order to Assess Civil Penalties

Division of Finance and Corporate Securities  
 1400 and 1400 North Building  
 350 Winter Street, NE, Suite 410  
 Salem, OR 97310  
 Telephone (503) 725-4387



1 based upon the Director's Findings of Fact and Conclusions of  
2 Law as stated hereinafter:

3 **FINDINGS OF FACT**

4 **The Director FINDS that:**

5 1. The CALIFORNIA FUND and the ARIZONA FUND are each  
6 open-end, non-diversified management investment companies  
7 commonly known as mutual funds, and the principal address of  
8 each is 388 Greenwich Street, New York, New York;

9 2. Smith Barney Mutual Funds Management Inc. provides  
10 supervisory and management services for Respondents and is a  
11 "Registered Investment Adviser", as that term is defined  
12 under the Investment Advisers Act of 1940;

13 3. On or about August 31, 1995 THE FUNDS filed a  
14 "Notice of Intention to Sell Securities" with the Director,  
15 as required under ORS 59.025(14)(a), as a prerequisite to  
16 reliance on the exemption from registration requirements that  
17 is available to qualified mutual funds;

18 4. Prior to August 31, 1995, when the securities  
19 issued by THE FUNDS were neither registered for sale in  
20 Oregon, nor exempt from the registration requirements in  
21 Oregon by a properly-filed "Notice of Intention to Sell  
22 Securities", the CALIFORNIA FUND sold securities in the  
23 amount of \$2,856,812.00 to Oregon residents, and the ARIZONA  
24 FUND sold securities in the amount of \$3,733.00 to Oregon  
25 investors;

26







1 document.

2 Dated this 26 day of January, 1996.

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By Christina T. Sydor  
(Signature of officer)  
Secretary  
(Office Held)

8

CORPORATE ACKNOWLEDGMENT

9 There appeared before me this 26th day of January  
10 1996, Christina T. Sydor  
(name of affiant)

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who was first duly sworn on oath, and stated that he/she was  
and is an officer of SMITH BARNEY MUNI FUNDS - CALIFORNIA  
MONEY MARKET PORTFOLIO and of SMITH BARNEY ARIZONA MUNICIPALS  
FUND INC. and that he/she is authorized and empowered to sign  
this Consent to Entry of Order on behalf of THE FUNDS, and to  
bind THE FUNDS to the terms hereof.

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Nancy White LeDonne  
Notary Public for the State of New York  
NANCY WHITE LeDONNE  
Notary Public, State of New York  
No. 4941588  
Qualified in New York County  
Commission Expires 8-29-96  
(Printed Name of Notary Public)

23 My commission expires: \_\_\_\_\_

24  
25  
26

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