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

In the Matter of:	)	0-95-0020
SMITH BARNEY INCOME FUNDS	)	**ORDER TO ASSESS CIVIL PENALTIES**
	)	**and**
Respondent .	)	**CONSENT TO ENTRY OF ORDER**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter DIRECTOR) has reviewed certain securities transactions effected in Oregon by Respondent SMITH BARNEY INCOME FUNDS (hereinafter SMITH BARNEY) and has determined that SMITH BARNEY sold unregistered securities in the State of Oregon in violation of the Oregon Securities Law; and

WHEREAS SMITH BARNEY wishes to resolve and settle this matter with the DIRECTOR;

NOW THEREFORE, as evidenced by the authorized signature(s) subscribed on this Order, SMITH BARNEY hereby **CONSENTS** to entry of this Order to Assess Civil Penalties based upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director FINDS that:

1. Respondent SMITH BARNEY INCOME FUNDS (SMITH BARNEY) is an open-end, diversified management investment company commonly known as a mutual fund whose business address is 388 Greenwich Street, New York, NY 10013;

2. Smith Barney Mutual Funds Management, Inc. is a "Registered

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Investment Adviser", as that term is defined under the Investment Adviser Act of 1940, and provides supervisory and management services for Respondent;

3. SMITH BARNEY filed an application for registration of securities in Oregon on September 1, 1992, which registration became effective September 1, 1992 for a period of one year;

4. SMITH BARNEY filed a "Notice of Intention to Sell Securities" with the Director, as required under ORS 59.025(14)(a), as a prerequisite to reliance on the exemption from registration requirements that is available to qualified mutual funds on April 12, 1995. The notice must be refiled with the Director each year that sales are effected in Oregon without registration;

5. SMITH BARNEY did not file a "Notice of Intention to Sell Securities" in the State of Oregon for the years 1992 through 1994;

6. During the period from September 1, 1993 through April 12, 1995 securities issued by SMITH BARNEY were neither registered for sale in Oregon nor exempt from the registration requirements in Oregon by a properly-filed "Notice of Intention to Sell Securities";

7. During the period from September 1, 1993 through April 12, 1995 SMITH BARNEY sold securities in the total amount of $2,049,126.07 to Oregon investors.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

1. During the period from September 1, 1993 through April 12, 1995 SMITH BARNEY sold non-exempt, unregistered securities in Oregon in violation of ORS 59.055.

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ORDER

NOW THEREFORE, Respondent is **ORDERED** to:

1. **PAY** a civil penalty of $5,000.00 to the State of Oregon for the violations stated herein. This amount shall not be paid from the assets of SMITH BARNEY INCOME FUNDS; SMITH BARNEY furher agrees that neither Respondent nor its officers or directors, nor the Investment Adviser shall be indemnified from assets of SMITH BARNEY INCOME FUNDS for payment of civil penalties assessed herein.

Dated this 9th day of June, 1995 at Salem, Oregon.

David Tatum for

KERRY BARNETT, DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

CONSENT TO ENTRY OF ORDER

I, Christina T. Sydor, state that I am an officer of SMITH BARNEY INCOME FUNDS (SMITH BARNEY), and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that SMITH BARNEY has been advised of its right to a hearing and of its right to be represented by counsel in this matter; that SMITH BARNEY voluntarily and without any force or duress, consents to the entry of this Order without further hearing, expressly waiving any right to a hearing in this matter; that SMITH BARNEY understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the

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Oregon Securities Law; and that SMITH BARNEY will fully comply with the terms and conditions stated herein.

SMITH BARNEY further assures the Director that neither SMITH BARNEY nor its officers, directors, employees or agents will effect securities transactions in Oregon unless such activities are in full compliance with Chapter 59 of the Oregon Securities Revised Statutes.

I understand that this Consent Order is a public document.

Dated this 2nd day of June 1995.

By Christina T. Sydor
Christina T. Sydor

Secretary
(Office Held)

CORPORATE ACKNOWLEDGMENT

There appeared before me this 2nd day of June, 1995 Christina T. Sydor (name of affiant), who was first duly sworn on oath, and stated that he/she was and is the Secretary (title) of SMITH BARNEY INCOME FUNDS and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of SMITH BARNEY, and to bind SMITH BARNEY to the terms hereof.

Melanie S. Pangilinan
Notary Public for the State of New York

MELANIE S. PANGILINAN
Notary Public, State of New York
01 PA 4881303
Qualified in New York County
My Commission Expires February 17, 1997

Melanie S. Pangilinan
Printed Name of Notary Public

My commission expires: 2/17/97

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