

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

OCTOBER 16, 2003

Date of Report (Date of earliest event reported)

ARABIAN AMERICAN DEVELOPMENT COMPANY  
(Exact name of registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation)	0-6247 (Commission File Number)	75-1256622 (I.R.S. Employer Identification No.)
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10830 N. CENTRAL EXPRESSWAY SUITE 175 DALLAS, TEXAS (Address of principal executive offices)	75231 (Zip Code)
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(214) 692-7872  
Registrant's telephone number, including area code

ITEM 5. OTHER EVENTS.

On October 16, 2003, without admitting or denying any findings of fact or conclusions of law, Arabian American Development Company agreed to a cease-and-desist order with the Securities and Exchange Commission ("SEC") settling alleged violations of the federal securities laws asserted by the SEC relating to developments not previously disclosed concerning the Company's mining lease for the Al Masane area of Saudi Arabia. In connection with the settlement, the Company agreed to (i) cease and desist from violating certain provisions of the Securities Exchange Act of 1934 and (ii) comply with certain undertakings designed to improve its reporting and record keeping practices and enhance its internal accounting controls.

On the same date, without admitting or denying any findings of fact or conclusions of law, the Company's President and Chief Executive Officer, Hatem El-Khalidi, agreed to a cease-and-desist order with the SEC settling alleged violations of the federal securities laws relating to the same matter and agreeing to pay a \$25,000 penalty. In connection with the settlement, Mr. El-Khalidi agreed to cease and desist from violating certain provisions of the Securities Exchange Act of 1934.

A copy of the SEC's litigation release announcing the settlement is

attached as Exhibit 99.1 to this Form 8-K.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

99.1 U.S. Securities and Exchange Commission Litigation Release No. 18412 dated October 16, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARABIAN AMERICAN DEVELOPMENT COMPANY

By: /s/ Drew Wilson, Jr.

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Drew Wilson, Jr.  
Secretary/Treasurer

Date: October 22, 2003

(SEC LOGO)

U.S. SECURITIES AND EXCHANGE COMMISSION

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LITIGATION RELEASE NO. 18412 / OCTOBER 16, 2003

SECURITIES AND EXCHANGE COMMISSION V. HATEM EL-KHALIDI, CASE NO. 3:03-CV-2452-D  
(N.D.TEX.)

IN THE MATTER OF ARABIAN AMERICAN DEVELOPMENT COMPANY AND HATEM EL-KHALIDI,  
ADMINISTRATIVE PROCEEDING FILE NO. 3-11301, ACCOUNTING AND AUDITING ENFORCEMENT  
RELEASE NO. 1898 AND SECURITIES EXCHANGE ACT RELEASE NO. 48638

SEC SUES CEO OF DALLAS-BASED ARABIAN AMERICAN DEVELOPMENT COMPANY FOR FAILING TO  
DISCLOSE NEGATIVE INFORMATION RELATING TO COMPANY'S LARGEST ASSET

The Securities and Exchange Commission filed a civil action in the United States District Court for the Northern District of Texas against Hatem El-Khalidi, the CEO of Arabian American Development Company ("AADC"), a Dallas-based oil refining and mining company. El-Khalidi, who resides in Saudi Arabia, has agreed, without admitting or denying the SEC's claims, to pay a \$25,000 penalty to settle the SEC's civil case. In a related action, the SEC also announced today the issuance of a settled cease-and-desist order against El-Khalidi and AADC. Both actions are based on violations by El-Khalidi or AADC of the reporting, books and records, and internal controls provisions of the federal securities laws.

The SEC's civil complaint alleges, and the SEC's cease-and-desist order finds, that El-Khalidi failed to disclose to AADC's shareholders, auditor, and other officers and directors that AADC's largest asset, a mining lease located in Saudi Arabia, which AADC obtained from the Saudi Arabian government, was at risk of being terminated. According to the SEC, between May 2000 and November 2002, the Saudi Arabian government repeatedly notified AADC, via correspondence sent to El-Khalidi in Saudi Arabia, that AADC was not in compliance with the work schedule set forth in its lease agreement, and that if AADC failed to comply promptly, the lease could be terminated. The SEC alleges and finds that El-Khalidi withheld this information until approximately December 2002, when he disclosed the actual status of the mining lease to AADC's shareholders, auditor, and other officers and directors. According to the SEC, as a result of El-Khalidi's actions, AADC's books and records were inaccurate and AADC omitted material information from its SEC filings, including AADC's September 30, 2002 Form 10-Q, which El-Khalidi improperly certified as true and correct. In addition, the SEC alleges and finds that AADC's internal accounting controls, which failed to detect the situation, were inadequate.

Without admitting or denying the allegations in the SEC's complaint, El-Khalidi has agreed to pay a \$25,000 civil penalty in the U.S. district court action. Without admitting or denying the findings in the SEC's administrative order: (1) AADC has agreed to cease and desist from violating Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, and comply with certain undertakings designed to improve AADC's reporting and record keeping practices and enhance its internal accounting controls; and (2) El-Khalidi has agreed to cease and desist from violating Section 13(b)(5) of the Exchange Act and Rules 13a-14 and 13b2-2 thereunder, and causing AADC's violations of Sections 13(a) and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

