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## Nicor to Pay \$10M to Settle Fraud Charges

Washington (April 3, 2007) - The Securities and Exchange Commission last week that Nicor Inc., a Chicago-area natural gas distributor, and Jeffrey Metz, its former assistant vice president and controller, will pay more than \$10 million to settle charges that they engaged in improper transactions, made material misrepresentations, and failed to disclose material information.

The SEC filed a settled civil injunctive action against Nicor and Metz, alleging financial fraud lasting from 1999 to 2002. The funds Nicor and Metz agreed to pay in disgorgement and civil penalties will be placed in a fund for distribution to affected shareholders. Nicor also agreed to be permanently enjoined from violating the antifraud and reporting provisions of the federal securities laws.

Metz settled the civil action filed against him by consenting to a permanent injunction, a five-year bar from serving as an officer or director of a public company, and a payment of more than \$60,000, which includes the surrender of bonuses and a civil penalty.

The complaint alleges that Nicor, acting through Metz and other senior officers, devised a method by which it could enter into a series of improper transactions to shift inventory off of its books and profit by accessing a substantial portion of its low-cost, last-in-first-out layers of inventory. These transactions allowed Nicor to ensure that it met its earnings targets by inflating its income for 2000 and 2001, and for each of the quarters within those years, as reported in its financial statements for those periods.

The SEC said that its investigation is continuing.

— WebCPA staff

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