

# Four Chicago Men Indicted In Pentron Trading Probe

Four Chicago men and two New Yorkers were indicted Thursday by a federal grand jury in Manhattan for alleged manipulations conspiracy and fraud in connection with transactions last year in the stock of Hammond-based Pentron Electronics Corp.



OSBORN  
ANDREAS

The 21-point indictment, which came after 11 months of investigating suspicious trading of securities listed on the American Stock Exchange, named Osborn Andreas, former chairman and treasurer of Pentron and member of a well-known Midwestern financial family; Spero Furla, former customers man for Douglas Securities Corp. of Chicago and now president of Furla Studios Inc. here; Robert Ness, Chicago attorney; Mark Rolland, who owns 50 per cent of Investment Associates, a factoring firm here; and Paul Heischuber and Mario Trombone of New York.

U.S. Atty. Robert M. Morgenthau said the defendants artificially lifted the price of Pentron stock and created the picture of an active market to promote sales of about 320,000 shares in February, March and April of 1966.

The government charged that four of the defendants agreed to sell 144,000 shares of Pentron at \$3 for Andreas, who in turn arranged for them to buy

175,000 shares at \$2 from a trust formed for the children of Andreas.

The Pentron shares went to a four-year high of \$3.75 in February, 1966, on unprecedented volume of more than 1,000,000 shares.

Earlier in the year it sold for \$2. It closed Thursday unchanged at 1 5/8.

Morgenthau estimated that the alleged stock fraud cost "suckers" between \$1,500,000 and \$2,000,000.

#### Declines To Comment

Andreas, reached at his Chicago home, and Ness declined to comment. The other Chicagoans could not be reached for comment.

Douglas Securities, which let Furla go last year, also declined to comment.

Harold Ballonoff, Pentron president and treasurer, told The Sun-Times by telephone from Cleveland that the indictments "don't involve anybody in the present management of the company."

Ballonoff, whose family now controls more than 20 per cent of the Pentron stock, said

the activities Andreas is accused of took place after he left the company in December, 1965.

"We were informed by him at the time he resigned (in January, 1966) that he intended to dispose of his stock (about 20 per cent of the 2,600,000 shares outstanding), but we had no knowledge or interest in how he planned to dispose of it," Ballonoff said. "We assumed he would dispose of it through normal channels."

#### Resignation Told

The indictment charged that Andreas carried out part of the conspiracy when he resigned as an officer and director of Pentron.

Furla, Ness and Rolland, in order to boost the price of the low-priced issue, campaigned to raise the price artificially, the indictment says.

Trombone and Heischuber received payments from Furla, Ness and Rolland for influencing purchases of Pentron stock, according to the indictment.

The defendants are scheduled to plead June 20 in U.S.

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District Court in Manhattan. If convicted, Andreas, Furla and Rolland could get 99 years in prison and fines of \$120,000 each; Heischuber and Trombone, who heads a public relations firm, 97 years and fines of \$110,000, and Ness, five years and a \$10,000 fine.

Ralph Saul, president of the American Stock Exchange, noted that the Amex announced April 27 it was investigating alleged manipulative activities. "That investigation is being vigorously pursued, while the exchange continues to co-operate with the U.S. Attorney's office and the Securities and Exchange Commission."

The grand jury investigation reportedly is also looking into suspicious trading activity in Rowland Products Inc., Leece-Neville Co., Diversified Metals Corp., Hercules Galion Products Inc., Duraloy Co. and Savoy Industries Inc.

#### Patron Of Arts

Andreas is a member of a respected Lisbon (Iowa) family. He and four brothers built up a feed and grain milling company into a million-dollar property that was sold to Cargill Inc. 20 years ago. The author of several scholarly books, Andreas has been a patron of literature, painting and sculpture in Chicago and New York.

Two of his brothers, Dwayne and Lowell, are prominent businessmen in Minneapolis where, among other things, Dwayne directs the \$30,000,000 investment firm, First Interoceanic Corp. and has the principal financial interest in a \$40,000,000 bank, the National City Bank.

The bank made news last January when it became one of the first in the nation to cut the prime rate. This was especially noteworthy in that Walter W. Heller, former chairman of the President's Council of Economic Advisers is a director of the bank.