# U.S. Business: Rumors & Rigging

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For months, Wall Street has been shuddering to rumors about investigations of widespread rigging of stock prices in the tumultuous 1966 stock market. From the Securities and Exchange Commission, a federal grand jury in New York and the Illinois Crime Commission filtered tales of shenanigans by brokers, businessmen and even capital-gains-minded gangsters in a number of lively little stocks, traded mostly on the American Stock Exchange. The first official acknowledgement of the investigations came only this April, when new Amex President Ralph S. Saul announced that his exchange was looking into "alleged manipulative activities."

"As High as Possible." In Manhattan last week, the investigation produced some criminal charges. Half a dozen men were indicted by a grand jury on 21 counts of "conspiracy, manipulation and fraud" in jacking up the stock price of Chicago's Pentron Electronics Corp. during February, March and April of 1966. Estimates are that unwary investors who bought into the small maker of electrical equipment and railway hand brakes during that period may have lost as much as $2,000,000.

According to the indictment, the rigging was engineered mainly by five Chicagoans: Businessman Osborn Andreas, 63, Financier Mark Rolland, 33, Attorney Robert Ness, 38, onetime Stockbroker Spero Furla, 42, and Stock Salesman Burton ("Bud") Kozak, 36, the only one not named as a defendant. Andreas had been chairman, treasurer and a director of Pentron before he stormed out after a bitter "management dispute" in December 1965. Pentron had lost $2,400,000 that year, but Andreas, according to the charges, was determined to unload his 12% shareholding at "as high a price as possible." Ness, Rolland, Furla and Kozak promised to sell a 144,000-share block of Andreas' stock at $3 or better, if Andreas would in turn sell them another 175,000, which he held in a trust for his children, at $2 a share.

Pentron had been selling for under $2 in December 1965. To get things moving, said the indictment, Andreas' allies "offered and paid compensation" to brokerage house customer's men to push Pentron stock. Two New York defendants were enlisted in the campaign: Paul Heischuber, 27, a former partner in a small brokerage house, and Mario Trombona, 38, a Manhattan public relations man. As if by magic, daily 1966 trading volume in Pentron soared from around 10,000 shares in February to as much as 188,000 in April, while the stock reached a high of $3.75. "During this surge of buying interest," said Assistant U.S. Attorney Lawrence Newman drily, "the defendants sold their stock to the public."

Cast of Characters. It may be little compensation to those stuck with Andreas' 319,000 shares—worth $1.621 each at last week's closing—but the Pentron perpetrators face stiff raps if convicted. Prison terms and fines could go as high as 99 years and $120,000 each for Andreas, Rolland and Furla, 97 years and $110,000 for Heischuber and Trombona, and five years and $10,000 for Ness.