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Harris Dempsey "Butch" Ballow, seen here in December 2002, is accused of stealing millions of dollars from investors.

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Fugitive in scam thought to be in Panama

A reward of \$10,000 offered for Houstonian accused of bilking investors

By KEVIN MORAN

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A Houston man accused of directing stock scams that have cost investors millions of dollars has been spotted in Panama and a \$10,000 reward has been posted for information leading to his capture, an investigator said Friday.

Fugitive Harris Dempsey "Butch" Ballow has longtime business and real estate ties to Panama and Costa Rica, and many people familiar with his movements over the years believe he is hiding somewhere in Latin America, Houston private investigator John Moritz said.

Moritz said he journeyed to Panama last week to arrange posting of the reward, announced June 28 in a Panamanian newspaper.

"We're in the hunt," Moritz said. "We're hoping to see some results soon."

The investigator posted the reward on behalf of an undisclosed client who is a victim of Ballow's.

Such victims abound, and they'd like their money back. But finding justice in the case hasn't been easy because Ballow, 64, continues to elude authorities.

He is alleged to have directed a scam involving manipulation of the stock price of Oak Ridge, Tenn.-based AIMSI Technologies Inc. after Houston federal prosecutors agreed to set him free on bail in 2004.

Within months of his release, authorities say, Ballow was working on the AIMSI stock scam, the proceeds of which federal lawyers say they traced to accounts in Panama. The scam cost investors at least \$3 million, according to a lawsuit filed by the U.S. Securities and Exchange Commission.

A federal judge in New York City already has ordered another Houston man, Bruce Charles Pollock, 42, to pay a fine of \$170,000 and forfeit \$80,000 in illegal profits that authorities say he made while aiding Ballow in the scam.

U.S. District Judge Louis L. Stanton entered the order on May 10, after attorneys for the SEC and Pollock reached an agreement in which Pollock neither admitted nor denied aiding the fraud.

False promotion claimed

The SEC filed suit in 2005 in Stanton's court naming Ballow, Pollock and others as participants in the alleged fraud. The illegal activities included sending false information to promote AIMSI stock sales by fax and e-mail, and issuing false news releases, the SEC said.

The government still is negotiating settlements with Houstonians Winfred Fields and Everett R. Bassie, according to Richard G. Primoff, an SEC attorney in New York City. Fields is alleged to have helped Ballow set up a Panamanian corporation used in the AIMSI fraud. The corporation's Houston address was identical to Fields' address, the SEC said. Bassie was involved in the fraudulent trading and served on the AIMSI board of directors, the SEC said.

Dwight Jefferson, Bassie's Houston attorney, said Bassie is not a friend of Ballow and is a victim of Ballow's manipulations. As a board member, Bassie questioned the legality of AIMSI's relationship with one of the corporations set up by Ballow, Jefferson said.

"Mr. Bassie was brought in to do the accounting work on a legal reverse merger that allowed AIMSI to become a public company," Jefferson said of Bassie. "He had nothing to do with the fax and other promotions."

Bassie did not trade stock illegally, Jefferson said. Fields and his lawyers could not be reached for comment.

Also named in the lawsuit was AIMSI president Reginald Hall. The SEC alleges that Ballow and accomplices set up numerous "shell" corporations to get control of AIMSI so they could artificially pump up its stock price, then profit by dumping their own inflated shares in the market. The sudden large sales left other investors holding virtually worthless shares after the market price plunged.

Offshore accounts set up

Ballow and other organizers of the "pump-and-dump" stock scheme set up offshore accounts when they got control of the company's stock "solely for the purpose of protecting their unlawful gains from the regulatory authorities," the SEC alleged in the lawsuit.

On May 9, Stanton ordered Scotsdale, Ariz., resident William Watkins, another defendant in the case, to forfeit \$250,000 from the AIMSI stock fraud, according to court records. Watkins returned that sum to the court's registry in October 2006. Stanton's order ratified a settlement agreement in which Watkins neither admitted nor denied the fraud allegations. Watkins and his attorney could not be reached for comment.

Ballow remains a defendant in the case, though he remains a fugitive. He failed to appear in a Houston federal court in December 2004 to be sentenced for his part in a stock fraud that cost investors more than \$10 million.

Ballow put up a \$10,000 cash bond on \$100,000 bail to get out of the Houston Federal Detention Center in November 2003. Through spokeswoman Belinda Lovett, the Houston U.S. Attorney's Office declined comment on Ballow's activities after federal prosecutors agreed to free Ballow on bond.

Pleaded guilty in 2003

Ballow had pleaded guilty in September 2003 to one wire-fraud count in a stock scam that bilked major brokerages across the country of more than \$10 million and resulted in uncalculated losses nationally to ordinary investors. Ballow was released despite being rated as a person likely to flee.

In return for his plea, federal prosecutors agreed to drop 11 other criminal counts against Ballow.

While he was on bond, Ballow and others spent the first few months of 2004 setting up "shell" corporations through which he and his accomplices acquired control of AIMSI Technologies, according to a lawsuit filed by the U.S. Securities and Exchange Commission in New York City.

AIMSI had developed an instrument designed to detect dangerous radioactive, chemical and biological agents called Automatic Large Area Radiation Mapper (ALARM).

"From July 2004 to at least November 2004, defendants ran a promotional campaign consisting of press releases, mass faxes and internet postings in which they repeatedly misrepresented AIMSI's financial prospects and touted AIMSI's stock," the government lawyers claimed.

From Panama, Ballow managed in May 2004 the creation of a Nevada corporation called China Global Distribution Corp. Much of the fraud was accomplished through publicity about China Global's association with AIMSI, the SEC said.

The fraud was based in part on a false press release claiming that China Global would pump \$225 million into AIMSI by selling thousands of its detection devices at a minimum 50-percent profit margin, federal lawyers maintained. At one point, Ballow dispatched a Panamanian lawyer to Houston to meet with Pollock, Fields and Bassie, the SEC said.

Ballow's career in fraud came to light after a July 29, 2001, Houston Chronicle report brought attention to a 1999 Harris County jury award of \$8.5 million in damages to Houston oil man Jackie Sandefer and his former partner, Steve Smith, against Ballow.

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