WHEELER HINTS INVESTIGATION INTO RAIL SALE

Declares Senate Committee Will 'Look Into All Maneuvers.'

(Continued from Page One)

be done about holding companies in the railroad industry. This is an example of how control over vast empires of railroads can be tossed about like a toy balloon. There is no excuse for holding companies among railroads that I can see."

Ball May Be Recalled

The investigation, it was indicated, probably would bring the three investors—Robert R. Young and Frank F. Kolbe, of New York, and Allen P. Kirby, of Wilkes-Barre, Pa.—to Washington to testify.

It also might produce an invitation to George A. Ball, Muncie, Ind., glass jar manufacturer, who acquired control of the system from the late Van Sweringen brothers when they were unable to meet obligations to New York bankers.

Mr. Ball was questioned by the committee in January, before he organized the foundation and transferred control of the network to it.

Young, Kolbe and Kirby Are Buyers

By United Press

NEW YORK, April 27.—Control of the vast Van Sweringen railway and real estate empire, once valued at $3,000,000,000, passed today into the hands of two members of a New York Stock Exchange firm and a director of a Wilkes-Barre, Pa., bank.

Simplification of the capital structure of Alleghany Corp., keystone holding company, probably will be the first step undertaken, according to Wall Street beliefs today.

George A. Ball, Muncie, Ind., who bought control of the properties at a creditor's sale in 1935 for a little more than $3,000,000, announced that he had sold out to Robert R. Young and Frank F. Kolbe, partners in the firm of Young, Kolbe & Co., and Allan P. Kirby of Wilkes-Barre, son of a founder of the F. W. Woolworth Co.

Mr. Ball acquired control of the empire as the result of a $40,000,000 loan default by the late O. P. and M. J. Van Sweringen, Cleveland promoters. The bankers' group headed by J. P. Morgan & Co., which sold the control in default of the obligation, took the loss.

No Railroad Experience

Messrs. Young, Kolbe and Kirby acquired control of 28,000 miles of railroad—a system surpassed only by the Government-owned lines in Russia and Germany—but all disclaimed knowledge of railroad operation.

They announced that they were the actual buyers, and that there were no undisclosed principal. They made it clear that they hoped changes in the stock market would bring to their investment a measure of the value it held in the days before the 1929 market crash.

Value of the securities sold by Mr. Ball was estimated on the basis of current market quotations at from $8,000,000 to $10,000,000. A "substantial" amount of cash was said to have been involved and the remainder of the purchase price was understood to have been covered by notes and other considerations.

Foundation Organized

Mr. Ball and G. A. Tomlinson, a Great Lakes ship owner, formed the Midamerica Corp. to purchase control of the Van Sweringen properties. Mr. Tomlinson later sold out to Mr. Ball and, recently, Mr. Ball transferred control of the Midamerico Corp. to the George and Frances Ball Foundation.

The Van Sweringen empire consisted of about $2,000,000,000 of railroads and about $1,000,000,000 of real estate, coal companies, barge lines and other enterprises, including the United States Trucking Corp., largest firm of its kind in the Greater New York area.

Mr. Ball said the properties transferred to Young, Kolbe and Kirby included those units, but not the Cleveland Railway and the Higbee Department Store at Cleveland. He recently sold his Cleveland Railway holdings. The Cleveland Railroad Terminal also was included in the sale.

Mr. Ball issued this statement:

"He (Ball) is impressed with the sense of public responsibility of these gentlemen and believes that the interest of the holders of securities of these properties, as well as the public, will be well served.

"Mr. Ball expressed his intention to continue an interest in these properties in Cleveland through the ownership of securities in certain of the companies controlled by Midamerica Corp."

He said he was convinced that control of the Van Sweringen properties had passed into "strong and capable hands."

HERNDON RULING IN COURT FIGHT

Friends and Foes of Reform Claim New Ammunition In Decision.

(Editorial, Page 12; Clapper, Page 11)

Times Special

WASHINGTON, April 27.—Both friends and foes of the President's Supreme Court plan claimed new ammunition today in the Court's 5-4 decision freeing Angelo Herndon, Negro Communist, from an 18-year prison sentence in Georgia.

Two years ago Herndon was denied freedom by the same Supreme Court 6 to 3. Chief Justice Hughes and Justice Roberts, who wrote the majority opinion yesterday invalidating the Georgia anti-insurrection law as too vague and indefinite, voted against Herndon in 1935, for him yesterday.

The legal points raised by Herndon were similar in both cases, but the majority two years ago based its decision on the argument that he had not raised constitutional points in proper time. The majority yesterday ruled that the law violated the guarantees of freedom of speech and assembly.

The President's opponents say this adds further weight to their argument that the Court is "reforming itself." But pro-Roosevelt men insist it shows that the four conservative Justices, while more solicitous of property rights than the five others, are dangerously cool toward civil liberties and personal rights.

Other Votes Cited

They point also to the votes of the Court's "conservative bloc" in upholding wire-tapping by prohibition agents, and in using "freedom of the press" as a reason for opposing application of the Wagner act to a press association.

These votes, say the Administration men, show that the Court's current liberal margin is too narrow for safety. The Herndon decision was cited particularly as an indication that if a two-thirds vote of the Court were to be required in constitutional cases—which has been proposed as a substitute for the Roosevelt plan—legislation of a repressive character might in the future be sustained. Under a two-thirds rule, the Court could conceivably have freed Herndon, but it would not have been free to strike down the statute, a remnant of the reconstruction era.

Some advocates of a two-thirds rule, however, have proposed that in cases involving the Bill of Rights, as applied to individuals, the Court continued to act by a simple majority.