

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, January 10, 1938, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
 Mr. Ransom, Vice Chairman  
 Mr. Szymczak  
 Mr. McKee  
 Mr. Davis

Mr. Morrill, Secretary  
 Mr. Bethea, Assistant Secretary  
 Mr. Carpenter, Assistant Secretary  
 Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 7, 1938, were approved unanimously.

Memorandum dated January 6, 1938, from Mr. Morrill recommending the appointment of Miss Elizabeth A. DuKiet as a stenographer in the Office of the Secretary, with salary at the rate of \$1,560 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Telegram to Mr. Dolph Briscoe, Uvalde, Texas, reading as follows:

"Board of Governors has appointed you director of San Antonio branch of Federal Reserve Bank of Dallas for unexpired portion of three-year term ending December 31, 1940, and will be pleased to have your acceptance by collect wire."

Approved unanimously.

Letter dated January 8, 1938, to Mr. Parker, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

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"This refers to your letter of December 17, 1937, and its inclosures, relating to the holding company affiliate status of Universal Corporation, Miami Beach, Florida, and calling attention to the acquisition of a majority of the stock of Lake Worth National Bank, Lake Worth, Florida, by such corporation in 1936.

"On December 4, 1935, Universal Corporation was determined by the Board not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended. Such determination was made in view of the fact that Universal Corporation owned a majority of the stock of Mercantile National Bank of Miami Beach, Miami Beach, Florida, but did not own or control any stock of, or manage or control, any other bank. The Board stated that if the corporation should at any time own or control a substantial portion of the stock of any other bank, the matter should again be submitted to the Board for its determination and, accordingly, you have brought the matter to the Board's attention.

"It is understood that Universal Corporation now owns a majority of the stock of Mercantile National Bank of Miami Beach and Lake Worth National Bank but does not own or control any stock of, or manage or control, any other bank. It appears that Universal Corporation is a closed corporation organized by Mr. Phillip Liberman in 1932 for use in connection with the conduct of his personal business affairs. From time to time Mr. Liberman transferred property to Universal Corporation or caused the corporation to purchase property with funds loaned by him. Included therein were the bank stocks referred to above, as well as a majority of the stock of The First National Bank of Homestead, Homestead, Florida, which, however, was sold in 1935. Mr. Liberman continued to hold a substantial portion of the stock of each bank personally and it appears that the only reason for placing title to a majority of the stock in Universal Corporation was to effect savings in premiums on insurance and surety bonds through blanket coverage. While the bank stocks constitute a substantial portion of the assets of Universal Corporation, it is understood that the Corporation's principal business activity is the ownership and operation of hotel and other real estate properties and that the corporation is not operated for the purpose of managing or controlling a group of banks. Apparently, Mr. Liberman's death a few months ago has made no substantial change in the situation.

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"In view of these facts, and in accordance with your recommendation, the Board has again determined that Universal Corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended. However, as before, the Board reserves the right to make a further determination at any time on the basis of the then existing facts and, if there should be any significant change in the facts, this matter should again be submitted to the Board, as has been done in this instance. Inclosed herewith is a copy of this letter to be forwarded to Universal Corporation when you advise it concerning the Board's action."

Approved unanimously.

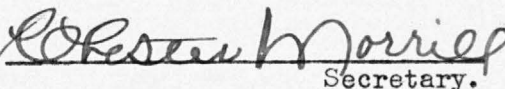
Letter to Mr. Helm, Secretary pro tem of the Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to your letter of December 7, 1937, with which you inclosed four copies of the by-laws of the Federal Reserve Bank of Kansas City as amended at the meeting of the board of directors of the bank on November 24, 1937.

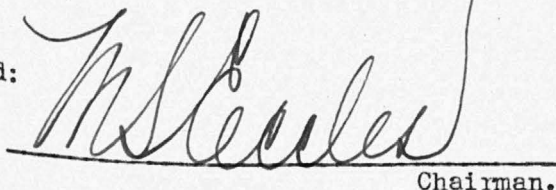
"The by-laws have been brought to the attention of the Board of Governors and I have been requested to advise you that, in view of the discussion of this matter with Chairman Eccles during his visit to Kansas City last fall, the Board interposes no objection to the amendments at this time, with the understanding, however, that the matter may be reconsidered whenever a new Chairman and Federal Reserve Agent is designated."

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.