

Telephone call from Bruce Tuttle,  
counsel for Van Alstyne Noel Company  
re Autocar Company, common stock,  
on Thursday, October 16, 1941.

Mr. Tuttle stated that Van Alstyne Noel had recently been instrumental in obtaining a loan for the Autocar Company and will receive a commission for its services in this connection. As a result of its investigation of the corporation, Van Alstyne Noel has become quite interested in its prospects. Mr. Tuttle told me that the stock would probably earn \$11 a share during the current fiscal year and that in Van Alstyne Noel's opinion the present market price of around 15 is unduly low. About 20 other houses are presently making a market in the stock. Van Alstyne Noel at the present time has no position or other financial interest in the Autocar Company. Mr. Tuttle told me that the Van Alstyne Noel Company wanted to make a market in the stock and also to merchandise it at retail to its customers. He told me that at least during the initial stages sales would probably be somewhat slow as a result, that the firm anticipated accumulating stock about twice as fast as it sells it. Mr. Tuttle told me that he had advised the firm that if they accumulated stock while selling the firm would be in a dangerous position.

I explained to Mr. Tuttle that the firm could undoubtedly merchandise the stock, purchasing it in the open market without danger of violation even though its purchases might raise the market price provided that its only interest in the stock is that of a distributing dealer. I pointed out that if Van Alstyne Noel were to accumulate a position larger than its normal inventory or trading position, any sales made while the market still reflects Van Alstyne Noel's buying activity might well make it appear that the firm's purchasing had been motivated at least in part by its desire to get the market price up and to take the corresponding profit on the accumulated position. In response to further questions from Mr. Tuttle, I told him that if the firm really felt that the stock was a "sleeper" it could buy all the stock it wanted and that if it refrained from making any sales until the market should have had a sufficient period of time during which to dissipate the effects of such buying, this would tend to indicate that the original buying had not been for a manipulative purpose. Mr. Tuttle concurred in the opinions which I had expressed. He said that he would relate them to his client. Mr. Tuttle stated that Van Alstyne Noel was very nervous as a result of the Esquire-Coronel case. I put it quite strongly to Mr. Tuttle that if there were sales which in point of time and market effect are related to purchasing of more than a normal inventory supply of the stock, such sales would normally cast suspicion on the firm's purpose in buying and thereby raising the market price of the stock.

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