

CHAIRMAN'S OFFICE
MAILED

JUN 11 1962

Signed by: _____

Honorable Paul H. Douglas
United States Senate
Washington 25, D. C.

Dear Senator Douglas:

This is in reply to your letter of May 23, 1962, enclosing a letter from Mrs. Velma Murbach, in regard to the pending investigation of Glory Hole, Inc.

I enclose a memorandum of our Division of Trading and Exchanges with respect to the matter, which I trust will be of some assistance.

Sincerely,

William L. Cary
Chairman

Enclosure

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6/4/62

**MEMORANDUM
OF THE DIVISION OF TRADING AND EXCHANGES
OF THE SECURITIES AND EXCHANGE COMMISSION
REGARDING LETTER FROM MRS. VELMA MURBACH
TO THE HONORABLE PAUL H. DOUGLAS**

Mrs. Murbach objects to the fact that representatives of the Chicago Regional Office of this Commission have called upon stockholders of Glory Hole, Inc. to obtain information concerning their purchases of such shares and have examined the records of the company and made photostats of certain of them. We regret any inconvenience which this investigation may cause, but it is to some degree unavoidable.

Securities of Glory Hole, Inc. have never been registered under the Securities Act of 1933, although it appears that such securities have been distributed to investors. A question may also arise as to the representations made in accomplishing this distribution. A situation of this nature requires careful and thorough investigation in order to determine whether or not the federal securities laws have been violated.

It should also be noted that the States of Illinois and Arizona have issued cease and desist orders restraining the sale of securities of Glory Hole in violation of the laws of those states, and that William Mark Muchow, who appears to be the promotor of this venture, has twice been enjoined by the Federal Courts from violating the registration and other requirements of the federal securities laws and, in December 1943, he was convicted, upon a plea of guilty, to violations of the federal securities laws and was sentenced to serve three years in the federal penitentiary.