

Securities and Exchange Commission

Adm. Proc. File No. 3-21944
In the Matter of George Rauch

"Respondent's Answer to the Order Instituting Proceedings"

Dear Judicial Administrative Commission, Securities and Exchange Commission, and Vanessa A. Countryman,

I write to respectfully address the allegations that I engaged in the unlicensed sale of securities while working for Petroleum Resources of Texas under the direction of Mr. Mike Barrera. I request that you consider my **circumstances and minimal role in the company** when determining whether I should be held liable.

1. My Background and Circumstances

In 2019, I was 49 years old, working as an Uber driver and assisting friends in the oil industry while actively seeking stable employment. An old acquaintance, Mr. Barrera, contacted me and offered me a job at Petroleum Resources of Texas. Desperate for steady income, I accepted the opportunity, believing it to be legitimate.

From the beginning, Mr. Barrera's **volatile, domineering, and demeaning** behavior created a hostile work environment:

- He **micromanaged** every phone call and investor conversation.
- He **controlled all company documents**, the investment offerings, and the handling of client funds.
- He **verbally abused employees** who questioned compliance, documentation, or distribution of materials.
- **Morning meetings were hostile**, leading many employees to quit due to intimidation.

Despite these conditions, I remained employed to support myself financially. However, I **never held any managerial role, exercised decision-making authority, or handled investor funds**. My role was **strictly limited to customer relations and sales** under Mr. Barrera's direct control.

2. My Role: A Non-Managerial Employee

- **No Ownership or Management:** I was not an owner, director, or manager. I had no influence over company policy, strategic direction, or investor relations.
- **No Control Over Documentation or Funds:** I was never permitted to draft, alter, or distribute official documents, nor did I ever handle investor checks or funds.

- **No Knowledge of Improper Structuring:** I questioned compliance practices but was explicitly shut down by Mr. Barrera, who claimed his attorney had approved of everything.
- **Coercion & Fear:** Mr. Barrera's extreme mood swings, threats, and outbursts created an atmosphere of fear. He openly spoke about having a gun and wanted to hurt Mark Plumber, and I genuinely feared for my safety.

At no point did I make leadership decisions or participate in structuring the company's compensation program. I was a regular employee, nothing more.

3. My Resignation and Discovery of Wrongdoing

After enduring months of erratic treatment, I resigned when it became clear that:

- The company's practices were not what I had initially believed.
- Mr. Barrera's behavior was increasingly erratic, likely due to drug use.
- I was never informed of any lawsuits or regulatory investigations at the time of my employment.

I immediately severed all ties and never returned.

4. Subsequent Hardships and Personal Loss

Since leaving Petroleum Resources of Texas, I have suffered significant financial and personal hardship:

- I lost my home, vehicle, and financial stability.
- I was harassed and threatened, including a targeted hacking attack that destroyed my personal and business records.
- I was unable to secure new employment due to the damage to my reputation.
- I was forced to move in with elderly family members and have struggled to meet basic living expenses.
- I have no remaining savings and cannot afford to pay excessive penalties or disgorgement.

5. Request for Dismissal or Mitigation

Given my **limited role, lack of control, and good faith belief in the company's legality**, I **respectfully request the Board to dismiss the claim against me entirely** or, at the very least, **substantially reduce any penalties**.

I did not profit unfairly. My **compensation, was salary with owner discretionary bonus**, and I was never involved in any decision-making, document handling, or fund management.

6. Conclusion

I recognize the importance of securities laws and investor protection. However, I was a **subordinate salesperson operating under misleading and coercive conditions**. The penalties against me are disproportionate to my role and circumstances.

Thank you for your time and consideration. I remain willing to provide any additional information needed.

Respectfully submitted,

George Rauch