

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10269 / December 16, 2016**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 79574 / December 16, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17728**

**In the Matter of**

**JOEL FELIX,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933 AND SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT  
OF 1934, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS AND  
A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Joel Felix (“Respondent” or “Felix”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the Entry of this Order Instituting Administrative and Cease-and-Desist Proceedings pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”) as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. These proceedings concern false and misleading statements in public filings and other documents by Felix in his capacity as an officer of a public company. In early 2010, Felix was recruited to serve as the sole officer and director of American Energy Development Corp. ("AEDC"), a purported oil and gas company, by his friend, attorney Michael Muellerleile ("Muellerleile"). At that time, Felix had been working in various internet and technology start-ups, and he had no experience running a public company, or any experience in the oil and gas industry. From March 2010 through November 2013, Felix signed, or authorized Muellerleile to sign on his behalf, documents drafted by Muellerleile or his associates containing material misrepresentations, including: (1) Form S-1 registration statements and periodic reports filed with the Commission by AEDC; (2) materials provided to a broker-dealer for its preparation of a Form 211 submission to the Financial Industry Regulatory Authority ("FINRA") on AEDC's behalf; and (3) promissory notes provided to accountants for use in the preparation of AEDC's publicly-filed financial statements.

2. Accordingly, Felix willfully violated Sections 17(a)(1) and (2) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, willfully violated Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder, and willfully caused AEDC's violation of Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-13 thereunder.

#### Respondent

3. **Joel Felix**, 48, of Ventura, California, was the CEO of AEDC from March 10, 2010 to July 8, 2011, thereafter serving as AEDC's CFO and a director. Felix also served as the nominee President, CEO, and Treasurer of United Petroleum Corporation ("UPC") from approximately August through October, 2010.

#### Related Persons and Entities

4. **M2 Law Professional Corp. ("M2 Law")** is a law firm that was incorporated on October 24, 2005 in California. During the conduct at issue, M2 Law was located in Newport Beach, California.

5. **Michael Muellerleile**, 44, of Newport Beach, California, is an attorney licensed to practice law in California and the principal of M2 Law. During the conduct at issue, Muellerleile was counsel for AEDC.

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. **AEDC** was incorporated in Nevada on March 10, 2010 under the name LJM Energy, Inc. and purports to be an energy exploration company. In July 2011, LJM Energy changed its name to AEDC and underwent a 30:1 forward stock split. During the relevant period, AEDC securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

### **Background**

7. From March 2010 through July 2011, Felix served as the sole officer and director of AEDC, after which he served as the company's CFO. Muellerleile recruited Felix to serve in these positions. Before his involvement with AEDC, Felix had no experience working for a public company or in the oil and gas industry. As directed by Muellerleile, Felix signed numerous publicly filed AEDC documents, or permitted Muellerleile to use his electronic signature, while conducting no or minimal review of the documents he signed.

8. On August 23, 2010, AEDC filed a Form S-1 with the Commission in connection with an initial public offering ("IPO") of 10 million shares of AEDC common stock. The Form S-1, drafted by M2 Law and signed by Felix, falsely stated that Felix was offering and selling AEDC shares in the IPO. Felix, however, solicited only four of the twenty-seven investors in the IPO, three of whom participated in the IPO. The remaining shareholders were solicited by Muellerleile and his friends and colleagues.

9. A Form S-1 also stated that on March 30, 2010, Felix had provided a \$30,000 demand loan at a 10% rate of interest per annum to AEDC for working capital purposes and to fund AEDC's initial oil and gas acquisition. A promissory note, drafted by M2 Law, dated March 30, 2010, and signed by Felix, stated that AEDC owed Felix \$30,000 for the loan. The Form S-1 and the promissory note were false, however, because Felix did not loan any funds to AEDC.

10. A Form S-1/A, filed on December 28, 2010, misrepresented Felix's industry experience by stating that Felix had become an officer and director of UPC, a private company that purchased oil and gas interests in Texas, in August 2010. In fact, Felix was not a bona fide officer and director of UPC, but a placeholder nominee installed by Muellerleile.

11. On January 18, 2011, the Commission issued a Notice of Effectiveness for AEDC's Form S-1.

12. An issuer can present its registration statement and other documents to a broker-dealer in support of a Form 211 application to FINRA for quotation of a price for its shares on over-the-counter markets. SEC Rule 15c2-11 governs the initiation and publication of these quotations for covered OTC securities in a quotation medium and requires broker-dealers to collect and review detailed information

13. On or about February 23, 2011, a broker-dealer selected by AEDC ("the Broker-Dealer") initiated a Form 211 application with FINRA seeking approval for the quotation of

AEDC stock on the OTC Bulletin Board and OTC Link. Muellerleile, or M2 Law associates acting at his direction, wrote letters signed by Felix that M2 Law then provided to the Broker-Dealer in support of the Form 211 submitted to FINRA. These letters falsely represented Felix's participation in AEDC's IPO. For example, a March 30, 2011 letter falsely stated that Felix was "soliciting all of the investors in connection with the Issuer's initial public offering" and that Felix knew "these potential investors, either as friends or business associates." As noted above, however, Felix solicited only four friends as investors.

14. On June 7, 2011, FINRA cleared the Broker-Dealer's Form 211 allowing it to submit unpriced quotations for AEDC stock on the OTC Bulletin Board and OTC Link.

15. As AEDC's counsel, Muellerleile also directed Felix to sign periodic reports drafted by M2 Law and Filed with the Commission – the Form 10-Q filed on May 13, 2011 for the period ended March 31, 2011 and the Form 10-K filed on September 27, 2011 for the period ending June 30, 2011 when AEDC had a reporting obligation. These reports repeated the false statements in the Form S-1 regarding Felix's provision of \$30,000 in start-up capital to AEDC. Felix also signed a false promissory note, provided to AEDC's accountants and auditors, stating that he had made the \$30,000 loan.

16. In later periodic reports, Felix repeated the material misstatements about the \$30,000 loan and made new materially misleading claims about additional loans and advances. The next Form 10-K, filed on October 15, 2012 for the period ending June 30, 2012, added that on December 2, 2011, Felix had made a loan of \$109,962 to AEDC at an annual interest rate of 5%, and on December 23, 2011, had provided an unsecured non-interest bearing advance of \$13,488, also due on demand. The Form 10-K also stated that on March 22, 2012, AEDC had repaid Felix the \$30,000 and \$109,962 loans and that Felix had forgiven the accrued interest with Felix contributing the same amount to capital. It also stated that on the same date, the Company had repaid Felix the \$13,488 advance. These statements were false because Felix never loaned or advanced any funds to AEDC.

17. Muellerleile also directed Felix to sign a false promissory note, dated December 2, 2011, in connection with the purported \$109,962 loan.

18. In January, 2012, Felix communicated to AEDC's accountants that he had made the \$109,962 loan and \$13,488 advance when he had not done so.

19. Felix's ill-gotten gains from the conduct described above totaled approximately \$23,000.

20. As a result of the conduct described above, Felix willfully violated Sections 17(a)(1) and (2) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, willfully violated Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder, and willfully caused AEDC's violation of Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-13 thereunder.

#### IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b)(6) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 17(a)(1) and (2) of the Securities Act, Sections 10(b), 13(b)(5), and 15(d) of the Exchange Act and Rules 10b-5(b), 12b-20, 13b2-1, 13b2-2, 15d -1, and 15d-13 thereunder.

B. Respondent be, and hereby is:

- (1) prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to section 12 of the Exchange Act, or that is required to file reports pursuant to 15(d) of that Act; and
- (2) barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Respondent shall pay disgorgement of \$23,000 with prejudgment interest of \$3,195.60, and a civil money penalty in the amount of \$37,500 for a total of \$63,695.60, plus post-order interest to be calculated on the date of entry of this Order, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: (1) \$23,4695.60, within 10 days of the entry of this Order, (2) \$20,000, within 180 days of the entry of this Order, (3) \$20,000 within 330 days of the entry of this Order, plus post-order interest pursuant to Rule 600 and 31 U.S.C. § 3717. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. 3717, shall be due and payable immediately at the discretion of the staff of the Commission, without further application.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Joel Felix as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lara Shalov Mehraban, Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

## V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by

Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary