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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Andrew E. Mercer, President
The Mercer Group, Inc.
2421 Fenton Street Ste. A
Chula Vista, CA 91914

DESIST AND REFRAIN ORDER
(For violation of sections 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. The Mercer Group, Inc. (“TMG”) is a corporation incorporated under the laws of California on November 26, 1997. Its principal place of business is at 2421 Fenton Street Suite A, Chula Vista, CA 91914. It maintains a website at www.themercergroup.biz. Andrew E. Mercer is the president and control person of TMG.

2. TMG owns equity interests in several companies, including Paradigm System Solutions Inc. (“PSSI”), a company in the computer business. TMG issues and sells securities in the form of interests in a limited liability company, TMG Holdings, LLC (“TMG Holdings”). TMG Holdings shareholders receive dividends in the form of shares of stock in companies including PSSI.

2. From at least November 2006 through March 2007, Mercer and TMG offered and sold shares of TMG Holdings to investors with the understanding that investors would receive both TMG Holdings shares and PSSI shares. Mercer and TMG used the funds invested by TMG Holdings investors to purchase PSSI shares and then distributed the PSSI shares to those investors.

3. The shares of stock in PSSI, which were purchased using TMG Holdings’ investor funds and then distributed to TMG Holdings investors, were securities within the meaning of

1 Corporations Code section 25019. In purchasing PSSI shares for TMG Holdings shareholders,
2 Mercer and TMG acted as broker-dealers within the meaning of Corporations Code section 25004.

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4 4. Neither Mercer nor TMG has obtained from the California Corporations
5 Commissioner a certificate to act as a broker-dealer. Neither Mercer nor TMG is exempt from the
6 certificate requirement.

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8 5. In offering and selling the securities of TMG Holdings and PSSI, Mercer and TMG
9 failed to disclose that in 1996, Mercer's registration had been suspended by the National Association
10 of Securities Dealers, Inc. ("NASD"), which has now been replaced by the Financial Industry
11 Regulatory Authority ("FINRA"), for failure to pay an arbitration award in an arbitration case
12 brought against him in his capacity as president of Devcon Land Corporation.

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14 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion
15 that Andrew E. Mercer and The Mercer Group, Inc. have effected transactions in securities as broker-
16 dealers without having first applied for and secured from the Commissioner a certificate authorizing
17 them to act in that capacity, in violation of section 25210 of the Corporate Securities Law of 1968.
18 Pursuant to section 25532 of the Corporate Securities Law of 1968, Andrew E. Mercer and The
19 Mercer Group, Inc., are hereby ordered to desist and refrain from effecting any transaction in, or
20 inducing or attempting to induce the purchase or sale of, any security in this state, including but not
21 limited to shares of stock in another company, unless and until they have applied for and secured from
22 the Commissioner a certificate, then in effect, authorizing them to act in that capacity, or unless
23 exempt.

24
25 Further, the California Corporations Commissioner is of the opinion that Andrew E. Mercer
26 and The Mercer Group, Inc. offered or sold securities in this state by means of written or oral
27 communications which included an untrue statement of a material fact or omitted to state a material
28 fact necessary in order to make the statements made, in the light of the circumstances under which

1 they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of
2 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Andrew E. Mercer and The
3 Mercer Group, Inc. are hereby ordered to desist and refrain from offering or selling any security in the
4 State of California, including but not limited to interests in a limited liability company and stock, by
5 means of any written or oral communication which includes an untrue statement of material fact or
6 omits to state a material fact necessary in order to make the statements made, in light of the
7 circumstances under which they were made, not misleading.

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9 This Order is necessary, in the public interest, for the protection of investors and consistent
10 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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12 Dated: October 8, 2008
13 Los Angeles, California

14 PRESTON DuFAUCHARD
15 California Corporations Commissioner

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17 By: _____
18 ALAN S. WEINGER
19 Acting Deputy Commissioner
20 Enforcement Division
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