



ONE BISCAYNE TOWER, 21ST FLOOR
2 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA 33131-1811
TELEPHONE: 305.373.9400
FACSIMILE: 305.373.9443
www.broadandcassel.com

DANIEL NEWMAN, ESQ.
DIRECT LINE: 305.373.9467
DIRECT FACSIMILE: 305.995.6387
EMAIL: dnewman@broadandcassel.com

December 4, 2006

**Re: Securities and Exchange Commission v. Mercer Capital, Inc., et al.
Case No. 06-81080 CIV-Middlebrooks/Johnson**

Dear Sir or Madam:

On November 21, 2006, the Securities and Exchange Commission ("SEC") filed an action in the United States District Court for the Southern District of Florida against Mercer Capital, Inc., Mercer Capital Management, Inc., Tri-State Energy Group, LLC, Tri-State Energy Group I, Ltd., and Tri-State Energy II, Ltd. (the "Mercer Entities") and Robert Flickinger II. The SEC alleged that the Mercer Entities and Mr. Flickinger violated the federal securities laws. On November 21, 2006, Judge Middlebrooks entered a Temporary Restraining Order that, among other things, froze all the assets of the Defendants. The Temporary Restraining Order also forbids, among other things, the Defendants from transferring, setting off, receiving, changing, selling, or liquidating any of the assets of the entities; requires records production by the Defendants and other relief. Also on November 21, 2006, I was appointed Receiver for the Mercer Entities.

On November 29, 2006, the Court held a hearing at which time it extended the temporary restraining order through December 7, 2006. On that date, the Court will hear argument concerning whether a preliminary injunction should be entered.

The Court has charged me with in-possession of all property, assets, and accounts of the Defendants and investigating the manner in which the Defendants conducted their business affairs. The Court has also provided me with the authority to initiate any actions for the benefit of the Mercer Entities and their investors. Further, the Court has also charged me with the responsibility to defend, compromise or settle any legal actions and to report to the Court when I have firm conclusions to offer. Immediately upon being appointed Receiver, I took possession of the offices of the Mercer Entities in Boca Raton, Florida and Portland, Oregon. During our preliminary search of those premises, we determined that an additional entity, Mercer Asset Management, LLC ("Mercer Asset") should be included in the Receivership. On November 22, 2006, my attorneys filed a Motion to Expand the Scope of the Receivership and on that same date the Court entered an Order including Mercer Asset within the scope of the Order Appointing Receiver. While Mercer Asset remains part of the Receivership, by agreement, the Court has permitted Mercer Asset to continue to transact its commodity/futures business in a temporary monitored setting. To assist me in my duties as Receiver, I have employed Broad and

Cassel as my counsel and Berenfeld Spritzer Shechter & Sheer as my consultants on computer forensics and will be seeking their expertise on accounting matters as well. All of the professionals employed by me are charging discounted hourly rates.

We are in the process of identifying the assets of the Mercer Entities and, if necessary, bringing them under the umbrella of the Receivership. At this very preliminary stage, we are in critical-information gathering mode and we encourage any person with helpful information to contact us at 1-877-439-5502 or by email to mercerreceiver@broadandcassel.com. We have successfully frozen certain assets and are in the process of securing other assets as they become known to us. We have also subpoenaed approximately twenty individuals and entities for documents concerning the Mercer Entities.

Along with the SEC, we will be deposing Robert Flickinger on December 5, 2006. Further, we have scheduled the deposition of several employees of the Mercer Entities. Additionally, we are beginning to establish an investor data base. Again, we encourage all investors in any of the Mercer Entities to supply us with contact information and information concerning the investments in or with the Mercer Entities.

It is far too early to recommend any actions or resolutions to the Court. Typically, in a receivership case, if sufficient assets exist and directed by the Court, the Receiver will establish a claims process to return monies to investors from the assets of the entities over which the receivership is placed.

Please note that my counsel and I cannot provide the investors with legal advice. I encourage you to continue monitoring the Receiver's website at mercertristate-receiver.com. We intend to update this website with all pertinent information.

Respectfully,

Daniel S. Newman, Receiver

DSN:bf

MIA1\COMMLIT\360453.1
38796/0001 DN bf 12/1/2006 3:11 PM