

Fuel Oil Update

On February 4 the Attorney General moved for an appointment of a receiver for Flynn's Oil, and on the 5th they moved for an expedited hearing which was granted. The hearing is presently scheduled for February 26th at 9:00 a.m.

This year Flynn's Oil entered into approximately 450 pre-buy contracts and collected approximately \$685,000 from pre-buy customers. According to the Attorney General, they did not follow the law requiring them to "establish firm commitments in the form of futures contracts that guaranteed that they could deliver the pre-bought oil at a fixed price, a surety bond, or a letter of credit with seven days of acceptance of the pre-buy contracts for heating oil with consumers. Flynn's has not honored those pre-buy customers' contracts and has neither delivered the oil those customers paid for, nor returned any of their money. It appears that Flynn's presently lacks the ability to do either one. These circumstances are indicative of fraud by Flynn's."

Docket No. 09-E-0521 (Motion for the Appointment of a Receiver)states: "The Attorney General believes that the interests of other creditors, including the pre-buy customers, would be best served by the appointment of a receiver to oversee the liquidation and to examine the property and books and records of the company to find and liquidate assets for the benefit of creditors."

As in the past four years, SAU 14 pre-bought oil from Flynn's. This year SAU 14 purchased 60,000 gallons for \$116,000 and received \$33,000 worth of fuel before Flynn closed, leaving an outstanding balance due the SAU of \$83,000. It is evident that it will be some time before Flynn's assets are liquidated and a determination made as to what is available for creditors, including pre-buy customers.

February 10, 2010