

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Debtor.

Case No. 7-01-10779-SA
Chapter 7

02 JUN 20 PM 4: 05
U.S. BANKRUPTCY COURT
ALBUQUERQUE, NM

MOTION TO APPROVE SETTLEMENT OF ADVERSARY PROCEEDING 02-01096

Yvette G. Gonzales, the Chapter 7 Trustee (the "Trustee"), by counsel, moves the Court for an order approving the settlement of all preferential transfer claims the estate has against Challenge Beverage, Ltd. as set forth in the adversary proceeding No. 02-01096, captioned *Yvette J. Gonzales, Trustee v. Challenge Beverages, Ltd.* (the "Adversary Proceeding"), pursuant to F. R. Bankr. P. 9019, and in support hereof states:

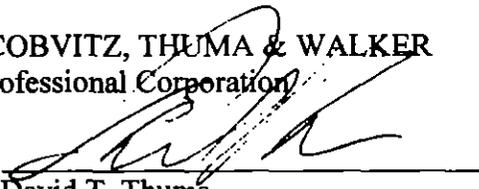
1. Commencement and Conversion of Case. On February 8, 2001 (the "Petition Date"), the Debtor filed a voluntary petition in this Court under Chapter 11 of the Bankruptcy Code. On December 19, 2001, this Court entered an order converting the chapter 11 case to a case under chapter 7.
2. Appointment of Chapter 7 Trustee. On December 19, 2001, the United States Trustee appointed Yvette Gonzales as the Trustee for the Debtor's bankruptcy estate, in which capacity she continues to serve.
3. Jurisdiction And Venue. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
4. The Adversary Proceeding. In the Adversary Proceeding, the Trustee sought to recover \$62,955.95 from Challenge, plus all other amounts, if any, recoverable pursuant to 11 U.S.C § 547.

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6. The Settlement. Challenge has offered to pay the Trustee \$62,955.95 in full satisfaction of any and all claims asserted in the Adversary Proceeding (the "Settlement"). The Settlement is fair and equitable, and in the best interests of and beneficial to the Debtor's estate and the creditors.

WHEREFORE, the Trustee requests that the Court enter an order approving the Settlement and for such other relief as may be just.

JACOBVITZ, THUMA & WALKER
a Professional Corporation

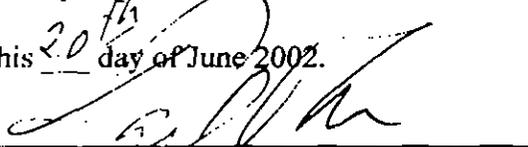
By: 

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Attorneys for the Trustee

This certifies that a copy of the foregoing Motion was served by mail on:

Ronald E. Andazola
P.O. Box 608
Albuquerque, New Mexico 87103

this 20th day of June 2002.


David T. Thuma