

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

CLERK OF THE COURT
2002 JUL -1 PM 3:32
U.S. BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Debtor.

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

**MOTION TO APPROVE SETTLEMENT OF
ADVERSARY PROCEEDING 02-1120-S**

Yvette 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 McKee Foods Corporation, as set forth in the adversary proceeding No. 02-1120-S, captioned *Yvette J. Gonzales, Trustee v. McKee Foods Corporation* (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.

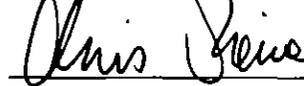
4. **The Adversary Proceeding.** In the Adversary Proceeding, the Trustee sought to recover Sixty Two-Thousand Six-Hundred Seventy-Four Dollars and 74/100 (\$62,674.74) from

McKee Foods Corporation, plus all other amounts, if any, recoverable pursuant to 11 U.S.C. §547.

5. **The Settlement.** McKee has offered to pay the Trustee Fifty Three Thousand Two Hundred Seventy-Three Dollars and 53/100 (\$53,273.53) 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.

DAVIS & PIERCE, P.C.

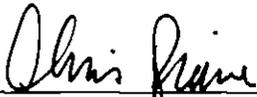


Chris W. Pierce, Esq.
Post Office Box 6
Albuquerque, New Mexico 87103
(505) 243-6129

I hereby certify that a true and correct copy of the foregoing was served on counsel and parties as indicated below this 16th day of July, 2002.

Ronald F. Andazola
Post Office Box 608
Albuquerque, New Mexico 87103

David T. Thuma, Esq.
Jacobvitz, Thuma & Walker
500 Marquette NW, Suite 650
Albuquerque, New Mexico 87102



Chris W. Pierce, Esq.