

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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COURT
NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC..

Debtor.

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

**MOTION TO APPROVE SETTLEMENT OF
ADVERSARY PROCEEDING 02-1105-S**

Yvette Gonzales, the Chapter 7 Trustee (the "Trustee"), by counsel, moves the Court for an order approving the settlement of all claims against American Greetings Corporation, including without limitation the preferential transfer claims the estate has against American Greetings Corporation as set forth in the adversary proceeding No. 02-1105-S, captioned *Yvette J. Gonzales, Trustee v. American Greetings Corporation* (the "Adversary Proceeding"), pursuant to F.R.Bankr.P.9019, and 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

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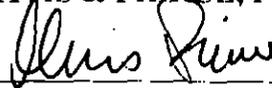
recover Two Hundred Forty-Four Thousand Six-Hundred Twenty-seven Dollars and 30/100 (\$244,627.30) from American Greetings Corporation, plus all other amounts, if any, recoverable pursuant to 11 U.S.C. §547. The Trustee had also identified certain other potential post-petition claims which the Trustee believed totaled at least \$53,958.86. American Greetings Corporation disputed these claims.

5. **The Settlement.** American Greetings Corporation has offered to pay the Trustee Two Hundred Thirty-Three Thousand and No/100 Dollars (\$233,000.00) in full satisfaction of any and all claims which the parties have against each other (the "Settlement"). No party admits or acknowledges any liability to any other party and specifically denies the existence of such liability. The Settlement resolves all claims, counterclaims and causes of action held by the Trustee against the Defendant, and by the Defendant against the Trustee, and, upon approval of the Settlement, the Trustee and the Defendant shall mutually release each other from any and all such claims, with the exception of the Defendant's pre-petition unsecured claim in this matter. The Defendant specifically reserves its rights with regard to its pre-petition unsecured claim in Case No. 7-01-10779-SA, including without limitation its rights to receive payment on such claim to the extent permitted by applicable bankruptcy law, and to the extent that there is a distribution to holders of allowed pre-petition unsecured claims.

6. 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

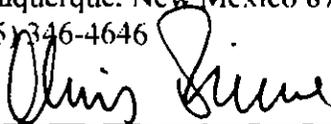
I hereby certify that a true and correct copy of the foregoing was served on counsel and parties as indicated below this 5th day of November, 2002.

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

John M. Riccione, Esq.
Aronberg, Goldgehn, Davis & Garmisa
One IBM Plaza, Suite 3000
Chicago, Illinois 60611
(312) 828-9600

James Rasmussen, Esq.
Keleher & McLeod, P.A.
Post Office Box AA
Albuquerque, New Mexico 87103
(505) 346-4646



Chris W. Pierce, Esq.