

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT
ALBUQUERQUE N.M.

In re:
FURR'S SUPERMARKETS, INC.,
Debtor.

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

MOTION TO APPROVE SETTLEMENT OF ADVERSARY PROCEEDING 02-1190

Yvette G. Gonzales, the Chapter 7 Trustee (the "Trustee"), by counsel, pursuant to F. R. Bankr. P. 9019, moves the Court for an order approving the settlement of adversary proceeding No. 02-1190 S, captioned *Yvette J. Gonzales, Trustee v. Gorton's, Inc.* (the "Adversary Proceeding"), and in support hereof states:

1. Commencement and Conversion of Case. On February 8, 2001 (the "Petition Date"), Furr's Supermarkets, Inc. (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 \$29,036.28 from Gorton's, Inc. (the "Defendant"). Subsequent informal discovery and investigation indicated that the actual amount owed was less than the amount originally sought.

5. The Settlement of the Adversary Proceeding. Defendant has offered to pay the Trustee \$14,688.48 in full satisfaction of any and all claims asserted in the Adversary

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Proceeding. The proposed settlement is fair and equitable, and in the best interests of and beneficial to the Debtor's estate and the creditors.

6. The Settlement and Release Agreement. Subject to approval of this Motion, the parties have executed or will execute a settlement and release agreement memorializing the terms of their settlement.

WHEREFORE, the Trustee requests that the Court enter an order approving the settlement, approving the execution of a settlement and release agreement memorializing the terms of the settlement, and for all other just and proper relief.

JACOBVITZ, THUMA & WALKER
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This certifies that a copy of the
foregoing Motion was served on December 23, 2002
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