

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,
Debtor.

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

ORDER APPROVING SETTLEMENT OF ADV. PROCEEDING 03-1172

THIS MATTER came before the Court on the Chapter 7 Trustee's Motion to Approve Settlement of Adversary Proceeding 03-1172 (doc. #2136) (the "Motion"). Having reviewed the Motion, and being otherwise advised in the matter, the Court FINDS:

A. On February 8, 2001, Furr's Supermarkets, Inc. (the "Debtor") filed a voluntary petition in this Court under Chapter 11 of the Bankruptcy Code. On December 19, 2001, the chapter 11 case was converted to a case under chapter 7. On the same day Yvette Gonzales was appointed the Trustee for the Debtor's bankruptcy estate, in which capacity she continues to serve;

B. The Court has jurisdiction over the 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;

C. In Adv. Pro. 03-1172 (the "Preference Action"), the Trustee sought to recover up to \$32,407.22 from Socorro Electric Co-Op (the "Preference Defendant"), plus all other amounts, if any, recoverable under 11 U.S.C § 547, less any unpaid new value provided by the Preference Defendant. The Trustee determined

that the probable net claim was approximately \$5,000. To that claim, the Preference Defendant asserted the ordinary course of business defense and other defenses;

D. The Preference Defendant has offered to pay the Trustee \$5,000 in full satisfaction of any and all claims asserted in the Preference Adversary Proceeding (the "Settlement Amount"). The parties shall execute a settlement and release agreement in the form attached hereto as Exhibit A (the "Settlement Agreement"). The Preference Defendant may file a proof of claim for the amount paid in settlement, as an unsecured, nonpriority, prepetition claim.

E. The terms of the settlement are fair and equitable, and are in the best interests of and beneficial to the Debtor's estate and the creditors;

F. On July 1, 2003, notice of the Motion (docket #2137) (the "Notice") was mailed by first class United States mail, postage prepaid, to all persons on the limited mailing matrix maintained in the bankruptcy case, as shown by the certificate of service on the Notice filed with the Court;

G. The Notice provided for a deadline to object to the Motion of July 24, 2003, which was 23 days after the date of mailing of the Notice. The Notice was sufficient and appropriate in the particular circumstances;

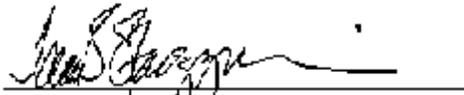
H. The deadline to object to the Motion has expired, and

no objections to the Motion were filed;

I. The requirements of the Bankruptcy Code and Rules, including Rule 9019, have been satisfied with respect to the relief granted by this Order. The proposed settlement is fair and equitable, and in the best interests of and beneficial to the Debtor's estate and the creditors; and,

J. Entry of this Order, without further notice or hearing, is appropriate.

THE COURT THEREFORE ORDERS that the Motion is approved. Preference Defendant shall pay the Trustee the Settlement Amount, the parties shall execute the Settlement Agreement, the Preference Action shall be dismissed with prejudice, and the Preference Defendant may file an unsecured, nonpriority, prepetition claim for the Settlement Amount.



JAMES S. STARZYNSKI
United States Bankruptcy Judge

APPROVED:

JACOBVITZ, THUMA & WALKER, P.C.

By: submitted by e-mail

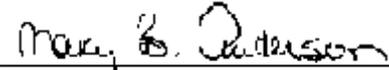
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I hereby certify that on August 6, 2003, a true and correct copy of the foregoing was either electronically transmitted, faxed, delivered, or mailed to the listed counsel and parties.



Mary B. Anderson

SETTLEMENT AND RELEASE OF ALL CLAIMS AGREEMENT

This Settlement and Release Agreement (the "Agreement"), made this ____ day of ____, 2003 by and between Yvette J. Gonzales (the "Plaintiff"), acting in her capacity as the duly appointed Chapter 7 Trustee of the Furr's Supermarkets, Inc. bankruptcy estate (the "Furr's Estate"), on the one hand, and Socorro Electric Co-op (the "Defendant"), on the other, is intended to extinguish the claims and obligations set forth below.

WHEREAS on or about February 7, 2003, the Plaintiff filed her Complaint to Avoid Preferential Transfers against the Defendant in the case captioned **Yvette J. Gonzales, Trustee v. Socorro Electric Co-op** in the United States Bankruptcy Court for the District of New Mexico, Adv. Pro. No. 03-1172 M (the "Avoidance Action");

WHEREAS the Plaintiff and the Defendant desire to settle the Avoidance Action and any other claim or claims which could be asserted by the parties against each other and they have agreed to execute this Agreement for such purpose and to extinguish any claims and obligations set forth below;

NOW THEREFORE, it is agreed between the Plaintiff and the Defendant as follows:

1. The Plaintiff will dismiss the Avoidance Action with prejudice.
2. The Defendant will pay the Plaintiff \$5,000, the receipt and sufficiency of which the Plaintiff hereby acknowledges.
3. The Plaintiff and the Defendant shall each bear their respective costs

EXHIBIT A

and attorneys' fees incurred in the Avoidance Action, and in connection with settlement of the Avoidance Action.

4. The Plaintiff, on her behalf and on behalf of the Furr's Estate, hereby voluntarily and knowingly releases and forever discharges the Defendant and its divisions, agents, officers, directors, employees, attorneys, successors, and assigns from any and all claims, known or unknown, asserted or unasserted or which could be asserted, including demands, actions, costs, expenses and attorney fees that were made or raised in the Avoidance Action or which could have been made or raised in any other cause of action.

5. The Defendant, on its behalf and on behalf of its affiliates, subsidiaries, and divisions, voluntarily and knowingly releases and forever discharges the Plaintiff, the Furr's Estate, and all of the Plaintiff's and/or the Furr's Estate's agents, officers, directors, employees, attorneys, successors, and assigns, from any and all claims known or unknown, asserted or unasserted or which could be asserted, including demands, actions, costs, expenses, and attorney fees assertable or allowable under 11 U.S.C., section 503(b) or any other statute for any claim which could have been made or asserted by Defendant against Plaintiff or Furr's Estates agents, officers, employees, attorneys, successors and assigns.

6. The Plaintiff and the Defendant each acknowledge having had full opportunity to consult with counsel of their choice before executing this Agreement.

7. The Plaintiff and the Defendant warrant and represent to the other that no promise, inducement, or agreement not expressed herein has been offered, made or relied on, and that this Agreement contains the entire agreement between the parties.

8. This Agreement is entered into under the laws of the State of New Mexico. Any dispute concerning this Agreement shall be brought before the United States

EXHIBIT A

Bankruptcy Court for the District of New Mexico. If an action is filed to enforce this Agreement, the prevailing party shall be entitled to recover its reasonable costs and attorney fees.

9. The parties understand and agree this settlement is the compromise of doubtful and disputed claims, and the agreements and payments set forth herein are not to be construed as admissions of liability by any party, which liability is expressly denied. This settlement and release is intended to forever put to rest and discharge all claims of any nature including the present avoidance action which the parties have asserted or have the right to assert known or unknown from the beginning of time to the date shown hereon and on the date the Court confirms this Settlement and Release agreement. This release is contractual and is not a mere recital.

IN WITNESS WHEREOF, the Plaintiff and the Defendant executed this Agreement as of the date first written above.

The Plaintiff

The Defendant

Yvette J. Gonzales in her capacity as the
Chapter 7 Trustee of the Furr's Supermarkets,
Inc. bankruptcy estate

Socorro Electric Co-op

By:  _____

EXHIBIT A