

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 03-1164

THIS MATTER came before the Court on the Chapter 7 Trustee's Motion to Approve Settlement of Adversary Proceeding 03-1164 (doc. #2144) (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 (the "Trustee"), 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. No. 03-1164 (the "Preference Adversary Proceeding"), the Trustee sought to recover \$126,785 from AFCO Credit Corporation, sued as Afco Insurance, (the "Preference

Defendant"), plus all other amounts, if any, recoverable pursuant to 11 U.S.C. § 547.

D. Preference Defendant has offered to pay the Trustee \$24,500 in full satisfaction of any and all claims asserted in the Preference Adversary Proceeding (the "Settlement Amount"). In consideration of the Settlement Amount, the Preference Action will be dismissed with prejudice and the parties shall execute a settlement and release agreement in the form attached hereto as Exhibit A (the "Settlement Agreement").

E. The Settlement Amount is fair and equitable, and is in the best interests of and beneficial to the Debtor's estate and the creditors.

F. On July 18, 2003, notice of the Motion (docket #2149) (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 August 11, 2003, which was 23 days after the date of mailing of the Notice. The Notice was sufficient and appropriate in the particular circumstances;

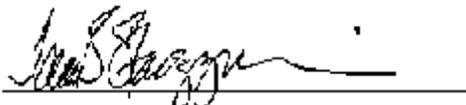
H. The deadline to object to the Motion has expired, and no objections to the Motion were filed;

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 and the Settlement Agreement are approved. Preference Defendant shall pay the Trustee the Settlement Amount, the parties shall execute the Settlement Agreement, and the Preference Action shall be dismissed with prejudice.

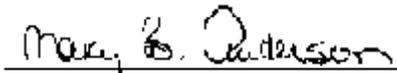


JAMES S. STARZYNSKI
United States Bankruptcy Judge

Submitted and Approved:
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Attorneys for the Trustee

I hereby certify that on September 16, 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