

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

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

Debtor.

MOTION TO APPROVE SETTLEMENT OF ADVERSARY PROCEEDING 03-1064 S

Yvette G. Gonzales, the Chapter 7 Trustee (the "Trustee"), by counsel, pursuant to F. R. Bankr. P. 9019, moves the Court to approve the settlement of adversary proceeding No. 03-1064 SA, captioned *Yvette J. Gonzales, Trustee v. Amigo Airsho, Inc.* (the "Preference Action"), against the named defendant ("Preference Defendant"), and in support hereof states:

1. Commencement and Conversion of Case. 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, this Court entered an order converting the chapter 11 case to a case under chapter 7. On that date the Trustee was appointed as the trustee for the Debtor's bankruptcy estate, in which capacity she continues to serve.

2. 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.

3. The Preference Action. In the Preference Action, the Trustee sought to recover \$88,211.00 from the Preference Defendant.

4. The Settlement of the Preference Action. The Preference Defendant is a non-profit corporation, with limited ability to answer a judgment. Preference Defendant and the Trustee have agreed that Preference Defendant will pay the Trustee \$17,000 (the "Settlement Amount"), without interest. The first payment of \$7,000 shall be due 30 days after the order

approving settlement is entered. The second payment of \$10,000 shall be due on November 15, 2004. Following entry of an order granting this Motion and approving the Settlement Amount, and following payment in full of the Settlement Amount with no default, the Trustee will dismiss the Preference Action with prejudice. Amigo Airsho may file a proof of claim in the Debtor's bankruptcy case for the amounts it pays in settlement. To memorialize the settlement, the parties shall execute a Settlement and Release Agreement in the form attached hereto as Exhibit A.

5. Default. If Preference Defendant defaults in any required payment and does not cure the default within 10 days after receiving written notice of the default, then the entire Preference Claim, less any amounts already paid pursuant to paragraph 4 above (the "Judgment Amount"), shall become immediately due and payable. Upon the Trustee filing an affidavit of default with the Bankruptcy Court, the Bankruptcy Court shall enter a final judgment for the Judgment Amount in the Preference Action, and the Trustee may take any lawful action to enforce and collect the Judgment Amount.

6. Best Interests. The Preference Settlement is fair and equitable, and is in the best interests of and beneficial to the Debtor's estate and the creditors.

WHEREFORE, the Trustee requests that the Court grant this Motion, approve the settlement outlined above, and grant all other just and proper relief.

JACOBVITZ, THUMA & WALKER
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By: Filed electronically
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This certifies that a copy of the
foregoing was served by mail on:

Ronald E. Andazola
P.O. Box 608
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This 2d day of February, 2004.

Filed electronically
David T. Thuma