

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,
Debtor.

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

MOTION TO APPROVE SETTLEMENT OF ADVERSARY PROCEEDING No. 02-1189 S
(Gonzales v. Agrilink Foods, Inc.)

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. 03-1189 S, captioned *Yvette J. Gonzales, Trustee v. Agrilink Foods, Inc.* (the "Adversary Proceeding"). In support hereof the Trustee 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. On that date the Trustee was appointed as the Chapter 7 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 Adversary Proceeding. In the Adversary Proceeding, the Trustee sought to collect \$25,863.39 in alleged post-petition excess prepayments made to Defendant (the "Account Balance") and \$10,170.97 in "Incentive Money," as that term is defined in the First Amended Complaint, alleged to be owed by Defendant to the Furr's Estate.

4. The Settlement of the Adversary Proceeding. Defendant and Trustee desire to avoid the time and cost of further litigation and have determined to resolve their differences in an amicable fashion. Accordingly, the parties, without admission of liability by either party, and

subject to Court approval after notice and opportunity to object, agreed to settle the Adversary Proceeding pursuant to the terms set forth in a separate Settlement and Release Agreement (“Settlement Agreement”). Upon (i) the entry of a final non-appealable order granting this Motion and approving the Settlement Agreement and (ii) receipt by the Trustee of the Settlement Amount (as such term is defined in the Settlement Agreement) of \$7,841.00, the Adversary Proceeding will be dismissed with prejudice and the parties will release each other as described in the Settlement Agreement.

5. The Settlement Agreement 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 enter an order approving the Settlement Agreement and for all other just and proper relief.

JACOBVITZ, THUMA & WALKER
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This certifies that a copy of the foregoing
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