

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  
No. 03-1045 S (GONZALES V. ORCHARD PLAZA REALTY, LTD.)**

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. 03-1045 S, captioned *Yvette J. Gonzales, Trustee v. Orchard Plaza Realty, Ltd.* (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. 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 avoid and collect preferential transfers to Orchard Plaza Realty, Ltd. (the "Defendant") under 11 U.S.C § 547. Defendant denies liability to the Trustee.

4. 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, subject to Court approval after notice and opportunity to object, agreed to settle the Adversary Proceeding pursuant to the terms set forth in the separate Settlement and Release Agreement a copy of which is attached to this Motion (“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 this Motion and the Settlement Agreement and for all other just and proper relief.

JACOBVITZ, THUMA & WALKER  
a Professional Corporation

By: s/ filed electronically  
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Attorneys for the Trustee

This certifies that a copy of the foregoing  
was served on April 30, 2004 by mail to:

John Ivie  
Two Lincoln Centre  
5420 LBJ Freeway, Suite 300  
Dallas, Texas 75240

Ronald E. Andazola  
P.O. Box 608  
Albuquerque, New Mexico 87103

Jennie D. Behles  
P.O. Box 7070  
Albuquerque, NM 87194-7070

S/ filed electronically  
Thomas D. Walker

**EXHIBIT**  
**SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release Agreement (the "Agreement"), is made this \_\_\_ day of April 2004 by and between Yvette J. Gonzales (the "Trustee"), acting in her capacity as the duly appointed Chapter 7 Trustee of the bankruptcy estate of Furr's Supermarkets, Inc. (the "Furr's Estate") and Orchard Plaza Realty, Ltd. (the "Defendant").

WHEREAS, on February 8, 2001 (the "Petition Date"), Furr's Supermarkets, Inc. (the "Debtor") filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Mexico (the "Court"); on December 19, 2001, the Court entered an order converting the Chapter 11 case to a case under Chapter 7; and on December 19, 2001, the United States Trustee appointed Trustee as the Chapter 7 Trustee for the Furr's Estate, in which capacity she continues to serve;

WHEREAS on or about January 30, 2003 (the "Commencement Date") Trustee filed a Complaint initiating Adversary Proceeding 03-1045 S (the "Adversary Proceeding") against Defendant to avoid, under Section 547 of the Bankruptcy Code, alleged preferential payments made by the Debtor to the Defendant;

WHEREAS the Defendant denies that the amounts alleged by the Trustee are avoidable preferences pursuant to Section 547 of the Bankruptcy Code;

WHEREAS the Trustee and the Defendant desire to settle the Adversary Proceeding and have agreed to execute this Agreement for such purpose;

NOW THEREFORE, Trustee and the Defendant incorporate all the clauses in the preamble set forth above as though set forth below in there entirety, and further agree as follows:

1. Trustee will file a motion seeking approval of this Agreement and will give notice of the motion with an opportunity to object as required by the Court.

2. No later than fifteen (15) days after an order entered by the Court approving the Agreement becomes a final order and from which no timely appeal shall have been taken, Defendant will pay the Trustee \$25,000.00 (the "Settlement Amount").

3. The Settlement Amount will be paid by cashiers check, certified funds or other immediately available funds, and sent to Yvette J. Gonzales, P.O. Box 1037, Placitas, New Mexico, 87043-0621 or to Thomas D. Walker, Trustee's counsel, at Jacobvitz, Thuma & Walker, P.C., 500 Marquette N.W., Suite 650, Albuquerque, NM 87102.

4. Following receipt of the Settlement Amount, the Trustee will file in the Adversary Proceeding a notice or stipulation of dismissal with prejudice.

5. The Trustee and the Defendant hereby expressly agree and understand that nothing in this Agreement shall constitute any admission or acknowledgment of liability by either the Trustee or the Defendant.

6. The Trustee and the Defendant each shall bear its respective costs and attorneys' fees incurred in the Adversary Proceeding, and in connection with settlement of the Adversary Proceeding.

7. The Trustee, on behalf of the Furr's Estate, for good and adequate consideration, hereby voluntarily and knowingly releases and forever discharges the Defendant, and all of the Defendant's agents, officers, directors, employees, attorneys, successors and assigns, from any and all claims, demands, actions, costs, expenses, and attorney fees that were made or raised or could have been raised in the Adversary Proceeding; provided, however, that this release does not waive or release any claims arising in connection with this Agreement.

8. The Defendant, on its behalf and on behalf of its affiliates, subsidiaries, and divisions, voluntarily and knowingly releases and forever discharges the Trustee, the Furr's Estate, and all of the Trustee's and/or the Furr's Estate's agents, officers, directors, employees, attorneys, successors and assigns, from any and all claims, demands, actions, costs, expenses, and attorney fees assertable in this case or allowable under 11 U.S.C. §503(b); provided, however, that this Agreement does not waive or release any claims arising in connection with this Agreement, nor does the Defendant release any pre-

petition claim asserted in any proof of a general unsecured claim filed in the Debtor's bankruptcy case (the "Preserved Claim").

9. Defendant shall be allowed to amend the Preserved Claim to increase its general unsecured claim by the total of the amounts actually paid to the Trustee pursuant to this Agreement. If no previous claim has been filed, Defendant shall be permitted to file a general unsecured claim (the "Settlement Claim") for the total of the amounts actually paid to the Trustee pursuant to this Agreement. The Trustee shall not object to such amendment to the Preserved Claim or to the Settlement Claim on the basis of lateness, and such claim shall be deemed an allowed general unsecured claim.

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

11. The Trustee 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.

12. Trustee and the Defendant warrant that each is the sole and current owner of the claims released by this Agreement and that each is respectively authorized to enter into this Agreement. Each individual signing this Agreement on behalf of any party represents and warrants that he/she has full authority to do so.

13. This Agreement is entered into under the laws of the State of New Mexico and is subject to approval of the Court, after appropriate notice and an opportunity to object. The Court shall have exclusive jurisdiction to hear and determine any matter arising from this Agreement. If an action is filed to enforce this Agreement or the Preference Judgment, the prevailing party shall be entitled to recover its reasonable costs and attorney fees.

14. If any part of this Agreement is held invalid, void or voidable against public policy or otherwise, the invalidity thereof shall not affect any other provisions, or parts hereof, which shall be given effect without the invalid provision or part.

15. No provision of this Agreement may be changed except by a written instrument executed by the Trustee and Defendant.

16. All of the terms and provisions of this Agreement shall be binding in all respects upon and inure to the benefit of the parties to the Agreement and their respective successors and assigns.

17. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which when taken together shall constitute one and the same agreement. Signatures may be exchanged by electronic transmission. Each party agrees that it will be bound by its electronically transmitted signature and that it accepts such signature of the other party.

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

The Trustee

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

The Defendant

Orchard Plaza Realty, Ltd.

By: \_\_\_\_\_

Its \_\_\_\_\_