

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. 03-1043 S
(GONZALES V. LOS ALAMOS COUNTY)**

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. 03-1043 S, captioned *Yvette J. Gonzales, Trustee v. Los Alamos County* (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 Los Alamos County (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 the form 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
Thomas D. Walker
500 Marquette NW, Suite 650
Albuquerque, NM 87102
(505) 766-9272
(505) 766-9287 (facsimile)
Attorneys for the Trustee

This certifies that a copy of the foregoing
was served on August 10, 2004 by mail to:

Alicia Gutierrez
P.O. Box 27047
Albuquerque, NM 87125-7047

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