

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT
ALBUQUERQUE, N.M.

IN RE:

Case No. 11-01-10779 SA

FURR'S SUPERMARKETS, INC.,

Chapter 11

Debtor.

**JOE G. MALOOF'S OBJECTION TO MOTION FOR ORDER
APPROVING SALE OF SOME OR ALL OF DEBTOR'S OPERATING
ASSETS AND GRANTING RELATED RELIEF AND OBJECTION TO NOTICE
OF SUBMISSION OF FORM ASSET PURCHASE AGREEMENT**

TO THE HONORABLE JAMES S. STARZYNSKI

Comes now, Joe G. Maloof and Company, a creditor of Furr's Supermarkets, Inc., Debtor-in-Possession, by and through its attorneys, Marchiondo Vigil & Associates P.C. (Kimberly A. Middlebrooks) and Philip Marchiondo, and hereby objects to the Motion for Order Approving Sale of Some or All of Debtor's Operating Assets and Granting Related Relief and in support thereof, STATES:

1. The Debtor filed its Motion for Order Approving Sale of Some or All of Debtor's Operating Assets and Granting Related Relief on June 1, 2001. Notice to creditors and other parties in interest are due on June 21, 2001.
2. The Debtor filed its Notice of Submission of Form Asset Purchase Agreement on June 13, 2001. Notice to creditors and other parties in interest was not given.
3. The sale process appears to be ambiguous in that the Motion and the Notice of Submission of Form Asset Purchase Agreement appear to be inconsistent. The Motion states that the sale will be free and clear of liens with the liens attaching to the proceeds.

651

The Notice states that certain liabilities are to be assumed by the purchaser, including "all obligations to be performed on or after the Closing Date under the Leases, the Purchased Contracts, and any other agreement, lease, license, permit, application or commitment (including any Equipment Lease) to be assigned to Purchaser under this Agreement."

Notice at page 12, Section 3.1(a)(i). Presumably, the liquor license lien claimants will be debts that must be assumed by the Purchaser as these liens are non-avoidable under the laws of the State of New Mexico.

4. In the event that the sale IS to be free and clear of liens with the liens attaching to the proceeds, there must be a procedure in place by which the liquor licenses may be valued in order to preserve the rights of the liquor license lien claimants.

5. In the event that the liquor license lien claims are among those liabilities to be assumed by the proposed purchasers, there must be a procedure in place by which the values are established on a store by store basis. Further, there must be a method in place to insure that the liquor license lien claimants will be paid by the proposed purchasers.

6. The Debtor alleges in the Motion, "The Debtor believes it will obtain any necessary consent of the DIP Lenders and the major pre-petition secured lenders before the sale hearing, thereby satisfying subsection 363(f)(2)." However, applicable non-bankruptcy law does not permit the sale of the liquor licenses without satisfying the liquor license lien claimants. Furthermore, the consent of Joe G. Maloof and Company has not been sought nor obtained. Therefore, the requirements of subsection 363(f)(2) have not been met.

7. It is unclear whether the sale as proposed is in the best interests of the creditors, especially in light of the hasty method utilized by the Debtor in order to conduct the sale.

8. The Notice of Submission of Form Asset Purchase Agreement does not appear to have been served upon creditors, thereby preventing creditors from making timely objections prior to the proposed sale.

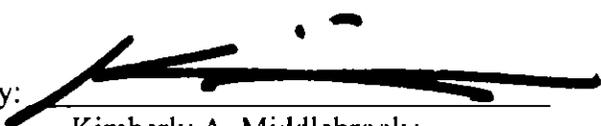
WHEREFORE, Joe G. Maloof and Company prays that this Court deny the Motion to Sell, prays that this Court require proper notice be given of the Form Asset Purchase Agreement and prays for such other and further relief as this Court deems just and proper.

Respectfully submitted,

Law Offices of Philip Marchiondo

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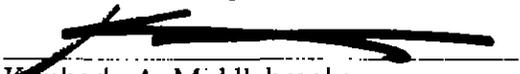
Marchiondo, Vigil & Associates, P.C.

By: 

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Certificate of Service

I hereby certify that a true and correct copy of the foregoing has been served by first class United States mail on this 21st day of June 2001, to all parties listed below.



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