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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO
U.S. BANKRUPTCY COURT
ALBUQUERQUE, N.M.

In re

Case No. 11-01-10779-SA
Chapter 11

FURR'S SUPERMARKETS, INC.,

Debtor.

MOTION FOR ORDER ESTABLISHING PROCEDURES
FOR RESOLVING RECLAMATION CLAIMS

Furr's Supermarkets, Inc. (the "Debtor") moves for an order establishing uniform procedures for determining and resolving any disputes concerning the validity and enforceability of reclamation claims asserted in this case.

1. On February 8, 2001 (the "Petition Date"), the Debtor filed a voluntary petition in this Court under Chapter 11 the Bankruptcy Code. The Debtor continues to operate its business and manage its properties as debtor-in-possession under Bankruptcy Code §§ 1107(a) and 1108.

2. In the ordinary operation of the Debtor's business, numerous vendors provide the Debtor with millions of dollars of goods every week. Under section 546(c) of the Bankruptcy Code and this Court's "Order Confirming Grant of Administrative Expense Status to Obligations Arising from Postpetition Delivery

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and Shipment of Goods, Confirming Administrative Expense Treatment for Valid Reclamation Claims, and Prohibiting Third Parties from Interfering with Delivery of Goods," entered on February 9, 2001, (the "Reclamation Order"), numerous vendors have asserted their rights under the Uniform Commercial Code to reclaim goods delivered to the Debtor shortly before the Petition Date.

3. At the urging of the official Committee of Unsecured Creditors, the Debtor has developed procedures to provide for a uniform, easily understood process for determining and resolving any disputes concerning the validity and enforceability of these reclamation claims. The Debtor proposes to follow the following process:

- a. Within five days after the entry of an order approving these procedures, the Debtor would send a notice to all reclamation claimants advising them of these procedures and requesting that they provide supporting documentation for their reclamation claims, if they have not done so already.
- b. The reclamation claimants would be required to provide the Debtor with this documentation within thirty days (the "Documentation Deadline"). If any vendor failed to provide the requested information within thirty days it would be barred from asserting a reclamation claim in this case.
- c. Within forty-five days after the Documentation Deadline, the Debtor would analyze each remaining reclamation claim and determine whether to assert any defenses to the claim or to the amount of the claim.

- d. Upon completion of the foregoing analysis, the Debtor would prepare a report setting forth the results of its analysis. This report would be served on each reclamation claimant, and the Committee of Unsecured Creditors, by the end of the forty-five day period.
- e. Each reclamation claimant would then have thirty days from the service of the report (which includes three days for service by mail) to object to the Debtor's proposed treatment of its claim (the "Objection Date"). If a claimant objects, the Debtor and the claimant will first attempt to resolve the issue informally. If the parties are unable to reach a resolution, the claimant would be entitled to seek an order from the Court setting the amount of the reclamation claim.
- f. After passage of the Objection Date, and any time needed to informally resolve objections, the Debtor would file its report with a proposed order establishing the treatment of each claim on the report as an allowed administrative claim under the Reclamation Order or otherwise, subject to the limitations of the next paragraph.
- g. The foregoing order would not determine the value of the Debtor's inventory on the Petition Date, or the value of the reclamation claimants' interests in this inventory. Reclamation claims would not be entitled to administrative claim status under the Reclamation Order, or section 546(c), until these issues are resolved.
- h. Upon approval of these procedures, all vendors asserting reclamation claims in this case would be barred from bringing a proceeding to resolve a reclamation claim, except as allowed by paragraph "e." Reclamation claimants also would be excused from any obligation they may have under the Reclamation Order to file a motion or commence an adversary proceeding.

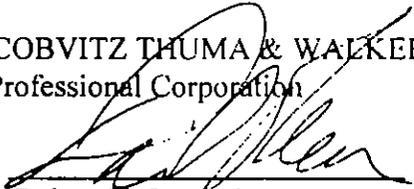
4. These procedures will enable the Debtor to definitively fix the amount of its reclamation claims early in this case, which will aid in the formulation of a reorganization plan. The procedures will also reassure the Debtor's vendors that they have taken all necessary steps to advance their reclamation claims. This should improve the Debtor's relations with these key vendors and the Committee of Unsecured Creditors, which has taken a keen interest in the reclamation claims.

5. The Debtor has served notice of this Motion on the United States Trustee, Counsel for the Committee of Unsecured Creditors, all parties that have filed reclamation claims in this case, and all parties who filed requests for inclusion on the limited mailing list in this case.

WHEREFORE, the Debtor respectfully requests that this Court enter an order (i) establishing the outlined procedures for resolving the reclamation claims in this case, and (ii) granting such other and further relief as is just and proper.

Dated: Albuquerque, New Mexico
March 26, 2001

JACOBVITZ THUMA & WALKER
A Professional Corporation

By: 

Robert H. Jacobvitz
David T. Thuma
500 Marquette N.W., Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272
(505) 766-9287 (fax)

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Jay M. Goffman and Alan J. Carr
Four Times Square
New York, New York 10036-6522
(212) 735-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Richard Levin (CA State Bar No. 66578)
Peter W. Clapp (CA State Bar No. 104307)
Stephen J. Lubben (CA State Bar No. 190338)
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000

Attorneys for the Debtor-in-Possession