

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,
Tax I.D. No. 22-3137244,

Debtor.

Case No. 11-01-10779-SA

**U.S. TRUSTEE'S OBJECTION TO
FIRST INTERIM APPLICATION BY PEPPER HAMILTON LLP
COUNSEL FOR THE UNSECURED CREDITORS' COMMITTEE**

The United States Trustee hereby objects to the First Interim Application by Pepper Hamilton LLP, Counsel for the Unsecured Creditors' Committee (Fee Application), and as her reasons therefor states:

1. Numerous billing entries appear to be for services which are duplicative in nature. Examples include, but are not limited to: (1) services in connection with the confidentiality agreement executed by Unsecured Creditors' Committee (UCC) members, (2) services rendered in connection with developing agendas for UCC meetings, (3) attendance at UCC meetings, (4) analysis of the DIP financing agreement and order, (5) attendance at the court hearing relating to the objection to the proposed termination fee for Fleming Companies, Inc., and (6) attendance at the auction of the Debtor's assets.

2. The time expended in rendering certain services appears to be excessive and/or unnecessary. Examples include, but are not limited to those areas set forth in paragraph 1 above. Also included are services rendered in connection with the review of routine entries of appearance and motions for pro hac vice appearances by nonresident counsel.

3. The Fee Application contains numerous intra-firm conferences in all project categories, primarily between senior partners but also including conferences between paralegals, for which only one participant should be allowed to bill.

4. Numerous billing entries by paralegals appear to be for clerical services. Examples include, but are not limited to services rendered in connection with: (1) making hotel reservations, (2) preparing mailing lists, (3) arranging for conference calls, (4) mailing and/or faxing documents.

5. Certain expenses appear to be excessive. Examples include, but are not limited to the following: (1) an item dated April 24, 2001, for \$1,258.14 for meals incurred by a senior partner at a UCC meeting in Chicago on February 21, 2001; (2) an item dated April 24, 2001 for \$2,688.35 reimbursing travel expenses of a senior partner to attend the UCC meeting in Chicago on February 21, 2001; (3) and item dated May 18, 2001, for \$2,023.88 reimbursing travel expenses for a senior partner at a UCC subcommittee meeting in Denver on May 2-3, 2001; (4) and item dated May 25, 2001 for \$1909.15 reimbursing a senior partner for travel expenses to Albuquerque on May 21-23, 2001.

a. In addition to the above, many of the expenses do not provided sufficient explanation (e.g. type of travel, type of fare, hotel rates, and other items included under "travel expenses") to make a determination as to the reasonableness of the amounts incurred.

6. The Application fails to provide any explanation for the need for multiple attendees at certain court hearings, UCC meetings, and the Debtor's auction.

7. Although the Application contained a "Summary of Time by Task Code" for each of the billing statements, no overall summary of time spent by project category was provided.

Respectfully submitted,

BRENDA MOODY WHINERY
United States Trustee

Filed electronically 9/10/01

RON E. ANDAZOLA
Assistant U.S. Trustee
Post Office Box 608
Albuquerque, NM 87103
(505) 248-6544

The undersigned certifies that a true and accurate copy of the foregoing was mailed to the below listed counsel this 10th day of September, 2001.

Filed electronically 9/10/01

Ron E. Andazola
Assistant U. S. Trustee

Stuart E. Hertzberg, Esq.
I. William Cohen, Esq.
Pepper Hamilton LLP
100 Renaissance Center
36th Floor
Detroit, Michigan 48243
(313) 259-7110

William F. Davis, Esq.
Davis & Pierce, P.C.
201 Broadway SE
P.O. Box 6
Albuquerque, NM 87103
(505) 243-6129

Robert H. Jacobvitz, Esq.
Jacobvitz, Thuma, & Walker
500 Marquette NW, Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272

Paul Fish, Esq.
Modrall, Sperling, Roehl, Harris & Sisk P.A.
500 Fourth Street, N.W. Suite 1000
Albuquerque, N.M. 87103-2168
(505) 848-1800

Jennie Deden Behles, Esq.
J.D. Behles & Associates
400 Gold Ave. S.W., Suite 400
Albuquerque, N.M. 87103-0849
(505) 243-9756