

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

**FILED**  
12:00 MIDNIGHT

In re:

FURR'S SUPERMARKETS, INC.,

SEP 14 2001

Debtor

U.S. BOX  
U.S. Bankruptcy Court  
Albuquerque, New Mexico

11-01-0377

**OBJECTION TO FIRST INTERIM APPLICATION FOR FEES  
BY PEPPER HAMILTON, LLP**

Heller Financial, Inc., as agent for itself, Bank of America, N.A., Fleet Capital Corporation and Metropolitan Life Insurance Company ("Heller") objects to the First Interim Application By Pepper Hamilton, LLP, ("Pepper") Counsel for Unsecured Creditors' Committee (the "UCC"), for Allowance and Payment of Compensation for Services Rendered for the Period February 14, 2001 To June 30, 2001 ("Fee Application") and states:

1. Heller incorporates by reference the objections of Debtor and U.S. Trustee to the Fee Application.
2. Heller incorporates by reference its prior objection to fee application of Davis & Pierce.
3. The Fee Application demonstrates that Pepper overloaded this case in a manner unnecessary in general and particularly inappropriate for a proceeding with the Debtor in the financial condition of the Debtor in this case. For example, Pepper would send three lawyers plus a paralegal to meetings of the UCC (in addition to Mr. William Davis) in cities across the country when, given the circumstances of this case, all or essentially all meetings should have been held telephonically. The amounts charged for UCC meetings, including expenses, is unjustified and unnecessary. Another example is

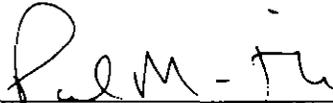
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the complete duplication of services of Mr. Cohen (\$425 per hour) with Mr. Hertzberg (\$450 per hour). The Fee Application demonstrates that Pepper handled its staffing and work on this case in a manner completely inconsistent with the reality of the financial condition in the case or the stake its client, the UCC, had in the case. Some charges are made for "dinner meetings" and other times which are of questionable propriety. Some charges appear to be inflated.

4. It appears that this firm, essentially, incurred many hundreds of thousands of dollars of fees and expenses almost solely to meet and confer with a creditor constituency that has always had no real expectation of a distribution. At this time, the only hope this constituency can express of any chance of a recovery is in actions adverse to Heller, from which Pepper is barred from participating.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By:   
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Paul M. Fish

Attorneys for Heller Financial, Inc., Bank of  
America, N.A., Metropolitan Life Insurance  
Company and Fleet Capital Corporation  
Post Office Box 2168  
Bank of America Centre, Suite 1000  
500 Fourth Street, N.W.  
Albuquerque, New Mexico 87103-2168  
Telephone: (505) 848-1800

and

David S. Heller  
LATHAM & WATKINS  
Sears Tower, Suite 5800  
Chicago, IL 60606  
(312)876-7700  
(312)993-9767

WE HEREBY CERTIFY that a true  
and correct copy of the fore-  
going pleading was mailed to  
the following counsel of record this  
14<sup>th</sup> day of September, 2001.

William F. Davis  
Davis & Pierce  
Post Office Box 6  
Albuquerque, NM 87103

Stuart Hertzberg  
I. William Cohen  
Pepper Hamilton LLP  
100 Renaissance Center, #3600  
Detroit, MI 48243

Ron Andazola  
United States Trustee  
P.O. Box 608  
Albuquerque, NM 87103-0608

Robert H. Jacobvitz  
Jacobvitz, Thuma & Walker, P.C.  
500 Marquette NW, Suite 650  
Albuquerque, NM 87102

Jennie D. Behles (Walley)  
J.D. Behles & Associates  
400 Gold Ave., SW, Suite 400  
Albuquerque, NM 87103

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By:   
Paul M. Fish

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