

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT  
ALBUQUERQUE, NM

In re:

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

Case No. 11-01-10779 SA

Debtor:

**UNITED STATES TRUSTEE'S OBJECTION TO  
DEBTORS MOTION TO EMPLOY MEYNER'S & CO.  
AS ACCOUNTANTS FOR THE DEBTOR**

The United States Trustee (UST) objects to the Debtor's Motion to Employ Meyners & Co. as Accountants for the Debtor (Motion). As the reasons therefor, UST states the following:

1. The compensation proposed for Meyners & Co. is unclear. The Schedule for Corporate Tax Preparation Services attached to the Motion states in part that, "[S]ervices will not exceed the estimated fee of \$65,000." At the same time, the Motion requests authorization to make interim payments to Meyners based on monthly billing statements.

2. If the compensation is based on hourly billings, no disclosure is made as to the hourly rates of the professionals propose to render services. If the compensation is a flat fee of \$65,000, no disclosures made as to the payment amounts to be made on a monthly basis.

3. The Engagement Letter attached to the Motion indicates that it is in agreement to provide services for Furr's Supermarkets, Inc. and S & B Beverage Co. No disclosure is made as to what S&B Beverage Company (S&B) is, its relationship to Furr's, and why S&B should be a party to the agreement.

4. The Engagement Letter provides for interest of 1.5% to accrue on unpaid monthly balances prior to Court approval of fee applications.

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5. The Engagement Letter also provides that, in its discretion, Meyners may employ an outside computer service to perform some of the work required for preparation of tax returns. No disclosure is made as to the work to be performed by a computer service nor is any disclosure made as to the fees expected to be charged by the latter. Further it is unclear if the fees for these services would be submitted for review pursuant to 11 U.S.C. §330.

6. The Engagement Letter also provides that if Meyners is terminated prior to the completion of tax returns, the Debtor would be required to make payment in full for all services rendered, within 30 days. This provision is contrary to the requirements of 11 U.S.C. §330 and should be void.

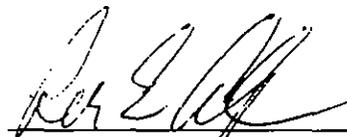
7. The Engagement Letter also provides that in the event of a dispute with Meyners, the prevailing party would be entitled to an award of reasonable attorneys fees and costs.

A. To the extent that this provision is applicable to unsuccessful objections to fee applications submitted by Meyners for Court approval, this provision would be contrary to the provisions and policy of the Code.

B. To the extent that this provision allows the payment of attorneys fees from estate assets, without Court review or approval, objection is made thereto.

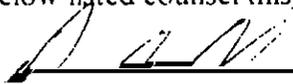
Respectfully submitted.

BRENDA MOODY WHINERY  
United States Trustee



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The undersigned certifies that a true and accurate copy of the foregoing was mailed to the below listed counsel this 2<sup>nd</sup> day of November, 2001.



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