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

Debtor.

Case No 11-01-10779 SA

UNITED STATES TRUSTEE'S OBJECTION TO DEBTORS MOTION TO EMPLOY ARTHUR ANDERSEN LLP AS ACCOUNTANTS FOR THE DEBTOR

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

1. The hourly rates proposed for Arthur Andersen personnel appear to be excessive.

2. The letter agreement dated May 8, 2001, provides that Arthur Andersen may change the hourly rates for its personnel, without Court approval.

3. The Engagement Terms purport to restrict the Debtor from disclosing Arthur Andersen's "work product and other confidential material, or its role in this engagement, to any third party" without Arthur Andersen's prior written consent. This provision is contrary to the Debtor's duty to provide information concerning the estate to parties in interest.

4. The Engagement Terms also purport to change the standard of proof for a negligence action against Arthur Andersen to a clear and convincing standard. Further, the Engagement Terms to seek to negate the fiduciary nature of the relationship between Arthur Andersen and the Debtor. Such provisions are contrary to public policy and should be void.

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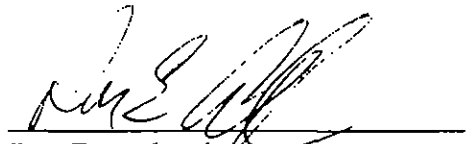
5. The Engagement Terms also provide that the agreement shall be construed in accordance with the laws of Illinois. To the extent that this provision is in conflict with the Bankruptcy Code, it should be void.

Respectfully submitted,

BRENDA MOODY WHINERY
United States Trustee



Ron E. Andazola
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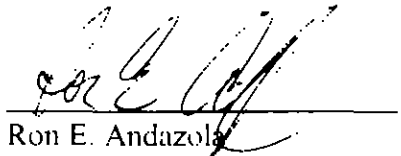
The undersigned certifies that a true and accurate copy of the foregoing was mailed to the below listed counsel this 2nd day of November, 2001.



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