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U.S. BANKRUPTCY COURT
ALBUQUERQUE N.M.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Debtor

Chapter 11

Case No. 11-01-10779 SA

OBJECTION TO FIRST INTERIM FEE APPLICATION FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES TO DELOITTE CONSULTING L.P., AND DELOITTE & TOUCHE, LLP

Heller Financial, Inc., as agent for itself, Bank of America, N.A. and Fleet Capital Corporation and Metropolitan Life Insurance, Company ("Heller") objects to the "First Interim Fee Application for Allowance of Compensation and Reimbursement of Expenses to Deloitte Consulting L.P. and Deloitte & Touche, LLP. as Financial Advisers and Reorganization Consultants to the Official Unsecured Creditors Committee for the Period of February 21, through August 31, 2001." ("First Interim Fee Application") which was filed on October 4, 2001. As grounds for its objection, Heller states:

1. The First Interim Fee Application demonstrates that Deloitte Consulting, L.P. and Deloitte & Touche LLP ("Consultants") 1) devoted too many resources to this case given the prospects for recovery by the unsecured creditors, 2) the Consultants failed to control their expenditures given the dim prospects for reorganization and recovery by the unsecured creditors and 3) generally conducted the case in a manner that was inconsistent with the financial situation.

2. The fee application requests payment for work performed beginning February 21, 2001. The Committee did not, however, file the application to retain the Consultants until March 14, 2001. The Court's letter regarding retention of the Consultants specifically did not decide the issue of *post facto* employment. The

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Consultants should not be paid for any time worked and expenses incurred to March 14, 2001.

3. The rates charged by the Consultants are excessive the view of the financial condition of the Debtor and the prospects for recovery by the unsecured creditors.

4. The fee application reveals that the Consultants assigned twenty separate professionals to work on the project putting in a total of 3,297 hours at an average rate of $295.63 per hour. The number of people working on the project resulted in duplication of effort and excessive time spent communicating internally. Any fee award must be reduced by the value of the inefficiencies caused by assigning too many professionals to work on the project.

5. The fee application includes $412,909.25 for "valuation." Heller submits that spending that amount of money on valuation issues of the Debtor was unreasonable under the circumstances.

6. In addition to the fee application filed by the UCC's consultants, the UCC's lead counsel has filed a first interim application for $630,278.36 of fees and expenses of $46,475.51. The UCC's local counsel, Davis & Pierce, PC has filed a First Interim Fee Application for Fees on $164,423.09. Therefore, the total compensation and expenses requested, so far, by professionals to the UCC is $1,906,382.83. Given the financial condition of the Debtor, which was, or should have been, known to the professionals well in advance of the incurrence of such fees and expenses, nearly $2,000,000 in fees and costs is unreasonable under the circumstances.

7. Given the small likelihood that funds will be available to pay the various applications for fees filed by professionals hired by the UCC, and the fact that the professionals knew or should have known of the financial condition of the Debtor before the majority of such fees were incurred, Heller suggests that a final determination of the allowability of such fees need not be made until it appears that funds will be available to pay such fees.

8. Under the cash collateral orders entered in this case, no fees of the UCC's professionals incurred on work adverse to Heller may be paid using Heller's cash collateral. To the extent fees were incurred on work adverse to Heller's interests, Heller objects to payment of such fees from Heller's cash collateral.

WHEREFORE, Heller Financial, Inc. as agent for itself, Bank of America, N.A. and Fleet Capital Corporation and Metropolitan Life Insurance, Company ("Heller") respectfully requests that the Court deny the First Interim Fee Application filed by Deloitte Consulting L.P. and Deloitte & Touche, LLP for allowance and compensation for services and reimbursement of expenses for the time period February 21, through August 31, 2001, and for such other and further relief as the Court deems appropriate.

Respectfully submitted,

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

By: _____

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WE HEREBY CERTIFY that a true and correct copy of the foregoing pleading was mailed to the following counsel of record this _____ day of November, 2001.

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By: _____
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