

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT
ALBUQUERQUE N.M.

IN RE:

FURR'S SUPERMARKETS, INC.

Case No. 01-10779-SA

Debtor

Chapter 11

**OBJECTION TO THE THIRD INTERIM
APPLICATION BY PEPPER HAMILTON, LLP FOR THE UNSECURED
CREDITORS' COMMITTEE FOR ALLOWANCE AND PAYMENT OF
COMPENSATION**

Heller Financial, Inc. as agent for itself, Bank of America, N.A., Fleet Capital Corporation and Metropolitan Life Insurance Company ("Heller") objects to the Third Interim Application by Attorneys for the Unsecured Creditors' Committee ("UCC") for Allowance and Payment of Compensation for September 27, 2001 through December 14, 2001 ("Third Fee Application") and states:

1. Heller incorporates by references its prior objection the First Interim Application for Fees by Pepper Hamilton, LLP ("Pepper").
2. The Third Fee Application like the First and Second Fee Applications demonstrates that Pepper over-staffed and over-worked this case given the financial condition of the Debtor in this case. As noted in the objections to the First and Second Interim Applications, Pepper sent three lawyers, plus a paralegal to meetings of the UCC (in addition to Mr. William Davis) in cities across the country. 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.
3. The Fee Application reveals duplication of services of Mr. Cohen (\$425.00 per hour) with Mr. Hertzberg (\$450.00 per hour).

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4. The Fee Application demonstrates that Pepper handled its staffing and work on this case in a manner completely inconsistent with the known financial condition of the Debtor in this case and the stake its client, the UCC, had in the case. Some charges in the Fee Application appear to be inflated. Additionally, some charges are inappropriate or miscategorized.

5. 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 two million dollars in fees and costs is unreasonable under the circumstances.

6. At this time, the only source of recovery for the UCC is in actions adverse to Heller. Pepper is barred from participating in such actions and may not be paid from such proceeds.

WHEREFORE, Heller Financial, Inc., as agent for itself, Bank of America, N.A., Fleet Capital Corporation and Metropolitan Life Insurance Company ("Heller") respectfully requests that the Court deny the Third Interim Application by Pepper Hamilton, LLP, counsel for Unsecured Creditors' Committee, for allowance and compensation for services rendered for the period September 27, 2001 through December 14, 2001, and for such other and further relief as the Court deems appropriate.

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

By:  _____

William R. Keleher
Attorneys for Heller Financial, Inc. as agent for
itself, Bank of America, N.A., Fleet Capital
Corporation and Metropolitan Life
Insurance Company

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
Scars Tower, Suite 5800
Chicago, IL 60606
(312)876-7700
(312)993-9767

WE HEREBY CERTIFY that a true
and correct copy of the foregoing pleading
was mailed to the following this 18th day
of January 2002.

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

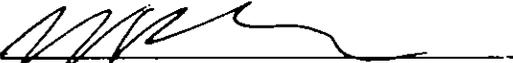
William F. Davis
Davis & Pierce, P.C.
P.O. Box 6
Albuquerque, NM 87103

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

Jennie Deden Behles
J. D. Behles Associates
Post Office Box 849
Albuquerque, New Mexico 87103

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

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

By: 
William R. Keleher

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