UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW MEXICO

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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 APPROVE INDEPENDENT CONTRACTOR AGREEMENT WITH CATHY DAVIS

The United States Trustee (UST) objects to the Debtor's Motion to Approve Independent Contractor Agreement with Cathy Davis (Motion). As her reasons therefor, the UST states the following:

1. The Independent Contractor Agreement contains a provision by which the Bankruptcy Estate agrees to indemnify and hold Ms. Davis harmless from all claims or cause of action brought against her in connection with the services to be provided, with the exception of claims caused by her gross negligence or willful misconduct.

2. The indemnification provision is overbroad and contrary to public policy.

3. As stated in paragraph 9 of the Motion, the large majority of the work proposed to be done by Ms Davis will be done in connection with the Pension Plan. In fact, $33,000 of the total proposed payment to Ms. Davis of $36,000, is to be paid from Pension Plan funds.

4. The work proposed to be done, though very important to former Furrs employees, is not central to the administration of the bankruptcy estate and it is unclear why the Bankruptcy Estate should undertake an unknown and potentially large exposure on this issue.

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Respectfully submitted,

BRENDA MOODY WHINERY
United States Trustee

Ron E. Andazola
Assistant United States Trustee
Post Office Box 608
Albuquerque, NM 87103
(505) 248-6544

The undersigned certifies that a true and accurate copy of the foregoing was mailed to the below listed counsel this 3rd day of March, 2002

Ron E. Andazola

David Thuma, Esq.
Jacobvitz, Thuma, & Walker
500 Marquette NW, Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272