

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW MEXICO

FILED

In re:

12:00 MIDNIGHT

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

MAR 06 2002 Case No. 11-01-10779 SA

DROP BOX
United States Bankruptcy Court
Albuquerque, New Mexico

Debtor.

**UNITED STATES TRUSTEE'S OBJECTION TO
MOTION TO APPROVE SETTLEMENT AGREEMENT
BETWEEN THE CHAPTER 7 TRUSTEE AND THE SECURED LENDERS**

The United States Trustee for the District of New Mexico hereby objects to the Motion to Approve Settlement Agreement Between the Chapter 7 Trustee and the Secured Lenders (Motion). As her reason therefore, the U.S. Trustee states:

1. At paragraph 5 (page 10) of the proposed Stipulation and Consent Order Approving Compromise and Settlement Between the Trustee on Behalf of the Estate, Heller Financial, Inc., Bank of America N.A., Fleet Capital Corporation and Metropolitan Life Insurance Company (hereafter Proposed Stipulation), the claim of MetLife is stated to be "an aggregate amount of not less than \$37,286,043.42." The claim of Heller Financial, Inc., Bank of America, N.A. and Fleet Capitol Corp. (hereafter Bank Lenders) is stated to be "an aggregate principal amount of not less than \$48,107,674.94."

2. At a minimum, the claims of MetLife and the Bank Lenders should be stated with more precision, setting forth the principal and interest due as of a date certain for each claim. Further, the claims do not appear to take into account the application of proceeds from the Fleming transaction.



3. At paragraph 14 (page 21) of the Proposed Stipulation, it is provided that any surplus

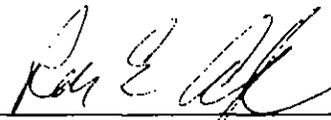
3% statutory commission to the Trustee.

4. On information belief, the surplus from the pension plan and 401(k) plan is estimated to be approximately \$1 million. Therefore, the services of the Trustee with regard to the recovery of the surplus will be of substantial benefit to the Lenders with no corresponding benefit to the Estate. Assets should not be administered solely for the benefit of secured lenders and an

A. It is not reasonable that the Lenders be given a lien on unencumbered estate assets for the costs of collecting their own collateral and pursuing approval of the Proposed Stipulation.

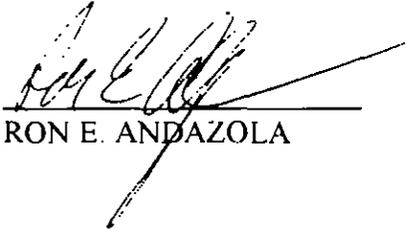
Wherefore, the U.S. Trustee objects to the Motion to Approve Settlement Agreement Between the Chapter 7 Trustee and the Secured Lenders unless and until modifications are made to the Proposed Stipulation which adequately address the above stated concerns

Respectfully submitted,
BRENDA MOODY WHINERY
United States Trustee



RON E. ANDAZOLA
Assistant United States Trustee
Post Office Box 608
Albuquerque, NM 87103
(505) 248-6549

The undersigned certifies that a true and accurate copy of the foregoing was mailed to the below listed counsel this 6th day of March, 2002.



RON E. ANDAZOLA

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

Paul Fish, Esq.
Modrall, Sperling, Roehl, Harris & Sisk P.A.
500 Fourth Street, N.W. Suite 1000
Albuquerque, N.M. 87103-2168
(505) 848-1800

Jennie Deden Behles, Esq.
J.D. Behles & Associates
400 Gold Ave. S.W., Suite 400
Albuquerque, N.M. 87103-0849
(505) 243-9756

Ronald J. Silverman, Esq.
Bingham Dana LLP
399 Park Avenue
New York, NY 10022
(212) 318-7868