

Renn's to close its doors

— By Lillian J. Kelly —
The Daily Times

FARMINGTON — Less than a month after opening, Renn's Supermarket announced it will close its consignment-style grocery store on 20th Street.

"The residents of Farmington have not received us as a business," owner Renn Farnsworth said Monday, citing poor customer turnout for the failed venture.

Renn's at 1700 E. 20th St. will close its doors by the end of February.

"We've exhausted over \$1 million on this project," Farnsworth said. "The section owners have worked like dogs to get everything done, and the community has just not accepted them."

In newspaper, TV and radio advertisements, Renn's touted itself as a unique grocery store offering customers a different style of shopping.

"The community rejected us," said Tabitha Fife, store director, as a handful of customers check out Monday afternoon. "We did not get enough people in here. We've had to let a lot of people go."

More than 60 employees have

been fired, with 10 people remaining to run the cash registers, bag the groceries and attend to the aisles, she said.

Under its consignment framework, sections of the store were rented to individuals who were responsible for ordering and purchasing products. Rent, in turn, would pay for the building's utilities and salaries for Renn's full-time and part-time employees.

Profits from sales of grocery, alternative, health and international products were to be divided between the section tenant and the store.

"The loss is coming where there is no revenue generated to pay the debt factor. The sales are not enough to pay the debt factor," Farnsworth explained.

He also blamed a delay in the store's opening, which cost investors anticipated revenue.

When asked if the business plan was faulty, or if he would do anything differently, Farnsworth simply said, "Nope."

"It's that we did not have the deep pockets that corporate does," he said, referring to chain supermarkets in town. "We gave it our best shot."

Farnsworth said the store's closure will cost him a lot. He sold his share of Renn's Super-



The aisles at Renn's Supermarket were unattended Monday evening at 5:30 p.m. According to the owner, the store, which opened Jan. 12, will be closing by the end of February because of a lack of clientele.

market in Kirtland — now called Country Market — to his brother, Mark, in August to pay for

the endeavor.

But the closure of Renn's also will cost local businesses in the

end, he said.

See **Renn's** A3.

Lindsay Pierce/*The Daily Times*

Renn's

(Continued from Page A1)

"I've lost a lot, but I wouldn't change a thing," Farnsworth said. "I wish the city of Farmington would have embraced the section owners because the money stays in Farmington and does not go to corporate."

Before Renn's opened Jan. 12 in the former Furr's Supermarket location, section owners paid a deposit to reserve a rental space.

Farnsworth said that money will be refunded.

"I think some people had the wrong idea of what this store is," said Neil Jones, the receiving manager who has overseen the store's deliveries.

He said many customers mistakenly assumed the build-

ing housed a flea market.

"It's a good idea, and I think under the right circumstances this idea would be great," Jones said, as he helped customers bag groceries. "We just didn't have the clientele to support the store."

The deli and bakery were empty Monday, with a majority of the meat and dairy sections bare.

Farnsworth said inventory will be discounted in order to move it off the shelves over the next few weeks.

Velma Christiansen, a customer service clerk, is among those who will be looking for a new job soon.

"It's sad," she said. "I guess we didn't get enough customers."

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Lack of our support didn't close Renn's

Editor:

I just finished reading the article in today's newspaper about the closing of Renn's Supermarket.

I can understand why this supermarket is not being successful, but Mr. Farnsworth should be shouldering that responsibility, not blaming the community for not supporting his store.

I went to Renn's when it opened to check our new store and check their merchandise and prices.

I would say they opened up

much too soon.

The smell in the store from the new tile being put down was burning my eyes something terrible and I could not even make it through the entire store without having to go outside for a breath of fresh air.

There was no signage up to let you know what item was in each aisle and the shelves were not even fully stocked. If you want to open a grocery store, then groceries are what you need to have in your store.

Don't blame us, the community for your short fallings. If it had been a store that was ready to be up and running, people may have gone back to shop again. That day I didn't purchase anything because of the terrible smell in the store from the new floor and for lack of merchandise.

The pricing on many items was also a lot higher than some of our other grocery stores in the community.

Mr. Farnsworth had a good idea, but did not do enough homework. We, the community, will support a new business if it is ready for us to shop in.

This store was not ready, and that is not our fault.

Shouldering some of the blame himself would have been the right thing to do, not bad mouthing the community.

Everyone knows it takes awhile for a new business to thrive; he didn't even give his a chance.

I feel very sorry for the new employees who will now be out of a job.

Maybe instead of closing, Mr. Farnsworth should address some of the store's problems and work on that. Maybe then he will see customers coming to shop in his supermarket.

Sandy
Feb 13, 2005
MARIE BROWN
Farmington

DAILY TIMES EDITORIAL

Lessons learned from failed Renn's venture

Shock. Surprise. Disappointment.

Some Farmington community members used those words in the past week after finding out locally owned Renn's Supermarket was going out of business.

Others had a much different reaction, claiming Renn's was never ready to fully compete against the likes of Smith's, Safeway and Wal-Mart.

Renn's, which opened Jan. 12 in the former Furr's Supermarket building on 20th Street, announced it simply did not sell enough groceries to keep the doors open.

"The community rejected us," Renn's Store Director Tabitha Fife bluntly put it in a Feb. 8 front-page story in The Daily Times.

Rejected? Well, not exactly.

Anyone who shopped in Renn's noticed that the store didn't quite have its act together. In its opening days, departments and aisles were not marked and some departments — such as deli and liquor — weren't open at all.

The store operating under a unique consignment strategy where local individuals controlled sections of the store such as milk and bread, also originally planned to open in November.

It did not welcome shoppers until the middle of January. The delayed opening date certainly didn't help.

On a positive note, the store did appear to have good customer service and a fairly wide selection of food and other goods. Carts were rolled directly up to the check-out lanes, where cashiers unloaded the groceries and Renn's employees immediately delivered the bags to vehicles in the parking lot.

The bottom line here, to borrow a famous expression, is that you only get one chance to make a good first impression. Many of those initial impressions of Renn's Supermarket weren't strong enough to stop shoppers from going back to their regular stores.

Unfortunately, the 55,000-square-foot facility will again soon be empty. However, just because Furr's and Renn's could not make it work, there's no reason to think another grocery store or retail business couldn't be successful at the same location.

Furr's was a victim of a corporate bankruptcy. Renn's, on the other hand, couldn't draw enough shoppers in its first month for, in part, the reasons already mentioned above.

We hope to see another business venture, be it a national chain or locally owned store, open in the 20th Street location sometime in the not-so-distant future. Large vacant buildings are a troubling sight in a community that has a thriving economy.

The same holds true for other areas of Farmington and San Juan County that have too many empty facilities. Farmington's San Juan Plaza, which has several substantial vacancies, in particular comes to mind.

As for the assessment by Renn's officials that the store failed due to lack of local support, we don't completely buy that line of thinking. Local shoppers will support the vast majority of businesses that provide a needed service at a fair, consistent price.

Today's grocery shoppers also want more than just a basic store. They want to get their groceries, pick up some flowers, grab a quick meal at the deli counter and rent a DVD on the way out — all in one trip.

When any business opens before it's ready to compete, especially in the rough-and-tumble world of retail groceries, the end result likely won't be too appetizing.

It's food for thought.

Renn's owner files for bankruptcy

March 10, 2005

— By Karen Iwamoto —
The Daily Times

The former owner of Renn's Supermarket Center, a consignment-style grocery store that went out of business last month, owes more than \$1 million to his creditors and has filed for bankruptcy.

Renn Farnsworth closed the doors of his store, 1700 E. 20th St., after it had been in business for less than a month.

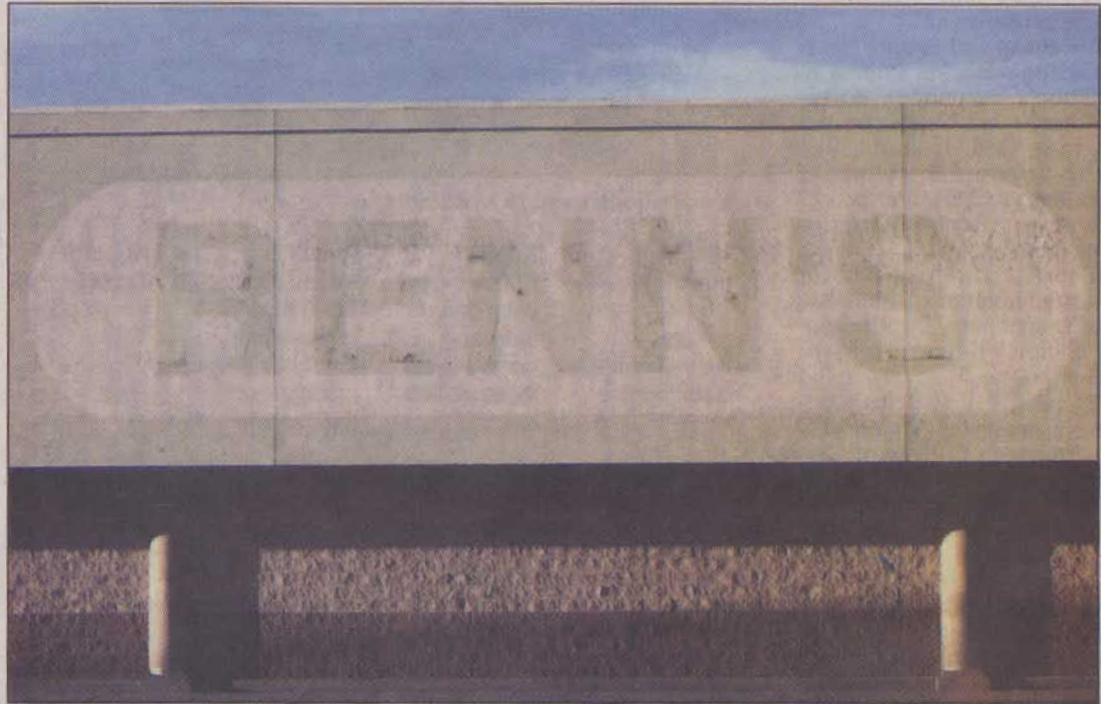
According to bankruptcy papers filed by Farnsworth on Feb. 17, he owes \$1,852,921.27 to at least 50 different creditors — many of whom were vendors at his grocery store.

When the store's closing was announced, Farnsworth promised that vendors would get back their deposit money.

In a Daily Times story, he blamed a "lack of customer interest" on the store's failure.

"I've lost a lot, but I wouldn't change a thing," he said in the article.

But Farnsworth filed for Chapter 7 bankruptcy, which means all assets that are not exempt and protected are fully mortgaged and nothing is left over to reimburse creditors, said Robert L. Finch, the bankruptcy trustee appointed by the U.S.



Lindsay Pierce/*The Daily Times*

The stone on the former Renn's Supermarket building still spells out 'Renn's' even though the neon letters have been removed.

Bankruptcy Court to oversee Farnsworth's case.

"Basically the creditors don't get anything," Finch added. "If the bankruptcy successfully closes out, (Farnsworth) is not

legally obligated to pay them back."

The Daily Times attempted to contact Farnsworth at his Fruitland home, but his telephone had been disconnected.

Neighbors reported seeing a moving van in front of his house about a week ago.

The number for Renn's

See **Renn's** A3.

(Continued from Page A1)

Supermarket Center also had been disconnected.

"A lot of people are looking for Mr. Farnsworth right now, but it seems he's turned off his phone and is laying low," Finch said.

Vendors and others will get a chance to face Farnsworth at a 9 a.m. Meeting of Creditors on April 7 at the Farmington Civic Center.

Creditors will have a chance to direct "business-like" questions to Farnsworth about the bankruptcy.

They then have 60 days to file an objection to the bankruptcy proceedings.

Farnsworth owed his store's largest vendor, Affiliated Foods Inc. of Amarillo, Texas, \$429,063, according to documents filed in bankruptcy court.

He also owes \$43,248.17 to ALDEA Developers of Durango, the company from which he was renting his store's property.

Finch said several of Farnsworth's creditors are seeking any funds that may still be available through Renessa Corp, the now-defunct company under which Farnsworth operated his store.

The Jolley Law Firm confirmed it was representing Affiliated Foods, but declined to elaborate. Company officials at Affiliated Foods also declined to comment on the bankruptcy.

Farnsworth had marketed Renn's as a different kind of store, one that offered local vendor contracts for 285 sections of the store to private individuals for as little as \$289. Renn's would handle overhead costs including mortgage payments, utilities, insurance and check-out cashiers.

Farnsworth previously owned part of Renn's Supermarket in Kirtland, but sold his share to his brother, Mark Farnsworth, in August to pursue his Farmington endeavor. The Kirtland grocery store has since closed.

Renn mum on bankruptcy

Sunday
March 13 2005

Vendors complain of faulty business plan for supermarket

— By Lillian J. Kelly —
The Daily Times

FARMINGTON — The former owner of Renn's Supermarket has moved to Utah after closing his consignment-style grocery store and declaring bankruptcy last month.

Local investors fear they may never recoup their money, blaming

a faulty business plan for the failed endeavor.

According to documents filed in U.S. Bankruptcy Court on Feb. 17, Renn Farnsworth and his wife, Vanessa Farnsworth, owe creditors more than \$1.85 million as co-owners of Renessa Corp.

In response to a story that was published in *The Daily Times* earlier this week, Renn Farnsworth

sent the newspaper an email stating his bankruptcy was unrelated to the store's closing.

He described the Chapter 7 filing as "personal only."

However, according to the bankruptcy documents, Renessa Corp. and Renn's Supermarket are listed next to Renn Farnsworth's names as debtors.

More than 50 creditors are listed as being owed money.

Many of these creditors provided services to Renn's Supermarket, including: Affiliated Foods, Inc. of Amarillo, Texas; Albuquerque Tortilla of Albuquerque;

ALDEA Developers of Durango, Colo., (the company that owns the building at 1700 E. 20th St. that Farnsworth rented for the grocery store); Bimbo Bakeries USA of El Segundo, Calif.; Frito-Lay, Inc. of Dallas; Pepsi Cola of Dallas; and Schwans Consumer Brands of Minneapolis, Minn.

The *Daily Times* also is listed among the creditors.

Reached by phone, Farnsworth was given several opportunities Friday to respond to questions regarding the bankruptcy filing and the grocery store's closing, but he refused to comment or explain.

He referred only to the email he sent to the *Daily Times* on Thursday, which admonished a reporter who wrote about his bankruptcy: "You remind me of Dan Rather in the memo gate scandal."

When asked by phone if he anticipated the business would fail before the doors even opened in January, Farnsworth again refused to respond, referring back to his email.

The telephone and utilities to Farnsworth's Fruitland home have been disconnected. Neighbors

See **Renn** A3.

Renn

(Continued from Page A1)

reported seeing a moving van in front of his house more than a week ago, and relatives said he has moved to an undisclosed location in Utah.

"Because this was personal only, we had to give up our house, our land and our real estate. That is why we had to move, no other reason," Farnsworth wrote in his email to the Daily Times.

However, according to documents filed in federal bankruptcy court, a family residence worth \$345,000 and a second home worth \$169,000 are both exempt from liquidation.

In the family's list of personal property, the Farnsworths do not list household goods or furnishings, such as audio, video or computer equipment.

There are no savings or stocks listed either.

The family does list \$1,234 in a personal checking account and four vehicles with a total value of \$57,895.

Excluding the two homes, the Farnsworths list \$694,500 in real property that may be sold to appease creditors.

The vendors — those who rented spaces in the grocery store and were responsible for purchasing the prod-

ucts sold for a profit — have said they will not be able to recoup the money they invested in Renn's Supermarket, now that Farnsworth has filed for bankruptcy.

Vendor Chris Garcia said he was unaware Farnsworth did not have enough capital to keep the business open longer than three weeks.

"I will not be able to recoup what I lost," said Garcia, who has \$20,000 worth of unsold merchandise in his garage.

He pulled the products from the shelves of the grocery store when he learned Farnsworth planned to close the store in February.

At the time, Farnsworth claimed a lack of public response was responsible for the failure of the consignment-style grocery store.

"To blame it on the public was totally wrong. That's garbage," Garcia said. "You create your own destiny when you own a business. You have to cater to the public, and the public embraced us fine."

In the weeks the store was open, Garcia said he was down there every day to help make the store a success.

"I feel bad because I allowed him to take my money," said Garcia, who found out about the investment opportunity through an advertisement in the Thrifty Nickel.

He said he called a phone number and met with Farnsworth and toured the family's grocery store in Kirtland. Garcia said he was impressed with the operation.

"That store was doing well, and

thought to myself, 'This guy obviously wants to make it work and he'd probably do even better in Farmington,'" he said.

After filling out an application and being accepted as a possible investor, Garcia put down \$11,000 and expected to make \$60,000 by the end of the year.

"I feel like all our money was squandered," he said. "Do I think he meant to squander it? No. Perhaps he didn't know any better."

Garcia was quick to point out he is not upset with Farnsworth himself, but said "the thing that angered me was he (Farnsworth) was willing to give up instantaneously."

Less than a month after Renn's opened its doors Jan. 12, Farnsworth told The Daily Times the business was losing money and could not stay open.

"He knew he was going to go out of business before he ever opened, and he didn't tell us. He knew," Garcia said.

In the following weeks following Farnsworth's announcement, vendors pulled some of their products.

The products that were left were sold at discounts up to 50 and 75 percent.

"As for all the section owners (vendor's), their debts have been satisfied completely by the assets of the corporation prior to filing," Farnsworth wrote in his email.

But in subsequent cell phone interviews, he refused to answer any questions regarding vendors.

Steve Nygren is another vendor who was shocked that Farnsworth quit his endeavor so quickly.

Nygren, who rented five sections of the store, said he has received original deposit back from Farnsworth. But he pulled a certain number of items off the shelves early, and Nygren lost money when remaining products had to be sold at a dramatic discount.

"We didn't get full value for what we left in the store," he said.

Nygren said he was surprised to learn Farnsworth did not have enough capital, or available cash, to support the business during its first year.

"It was just a matter of time (Farnsworth's) going into the profit funded improperly. I thought would have been good for Farmington and the community, if he gave six months to a year.

"Anytime you open a business you have to have backup capital rent for up to a year," said Nygren, an experienced businessman. "I think he thought, when he opened the doors, people would flood in. It didn't let it grow."

Like Garcia, Nygren said he learned from the experience.

"To me, it was like any venture Nygren said. "I went into it with an open mind. If it worked, great. If nothing ventured, nothing gained."

Farnsworth's creditors will have the opportunity to face him during a public hearing April 7 at 9 a.m. at the Farmington Civic Center, 200 Arrington.

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DAILY TIMES EDITORIAL

Renn's: Still looking for answers on what went wrong at store

Plenty of questions still remain in the aftermath of Renn's Supermarket Center's closing and subsequent bankruptcy filing by Renessa Corp. owners Renn and Vanessa Farnsworth.

Renn Farnsworth and his wife filed for Chapter 7 bankruptcy in U.S. Bankruptcy Court on Feb. 17, owing more than 50 creditors about \$1.85 million. The consignment-style grocery store never got off the ground and closed within weeks of its Jan. 12 opening.

Vendors who were in charge of sections of the store are blaming a faulty business plan for the store's failure. Renn Farnsworth has claimed the public simply did not accept the business, forcing its closure.

Farnsworth, who has recently moved to Utah, is claiming that the Chapter 7 filing is "personal only" and has nothing to do with the corporation. Bankruptcy documents tell a different story, though. Renessa Corp. and Renn's Supermarket are both listed next to the Farnsworths as debtors in the case.

Creditors will get their chance to address "business-like" questions to Farnsworth at a 9 a.m. public hearing on April 7 at the Farmington Civic Center. It is hoped that they will get some answers about what went so wrong in such a small time period.

So far, Farnsworth has declined to directly comment on the bankruptcy matter, only referring to an e-mail he sent to a Daily Times reporter last week. The e-mail stated that the bankruptcy was not related to the store's closing.

Bankruptcy documents indicate that Affiliated Foods Inc., of Amarillo, Texas, is owed the largest amount at \$429,063. Facility owners ALDEA Developers, of Durango, are also owed more than \$43,000.

Should the bankruptcy proceedings successfully close, Farnsworth would be protected from paying back any of the creditors.

This has all been a hard lesson for everyone involved with the store.

Store vendor Chris Garcia said he has \$20,000 worth of unsold merchandise stored in his garage. Steve Nygren, another vendor and a veteran Farmington business owner, summed up the reactions of most when he said he was shocked to learn that Farnsworth was closing the store after just several weeks of operation.

"It was just a matter of him going into the project funded improperly. I thought it would have been good for Farmington and the community, if he gave it six months to a year," Nygren told The Daily Times in a March 13 story.

In this very space we lauded Farnsworth's initial effort to attempt to compete with the big boys on the grocery block: the likes of Safeway, Albertsons, Wal-Mart and Smith's. We certainly commended the effort of trying to build a store through a unique, local-ownership approach.

Unfortunately, the store failed from the moment it opened.

Anyone who shopped at Renn's knows it was not fully ready to open. Aisles were not marked and some departments never even opened. Many first impressions of Renn's Supermarket Center were not positive — and shoppers flocked back to their regular stores.

Had Renn's been fully ready to compete, and stayed in the game for at least six months to a year, the store likely would have found its niche in the Farmington area. That's all just wishful thinking now, though.

The building on 20th Street, which was originally a Furr's grocery store, again sits empty — a sad reminder of what could have been.

Our sincere hope is that the empty building — and others like it throughout the region — will be filled with another enterprise in the near future.

Next time, we hope the operators choose to stay in it for the long haul.

Building a successful business is not just a quick sprint out of the gate. Instead, it's a long marathon filled with plenty of twists and turns on the road to the finish line.

In the case of a business, the finish line represents consistent financial profitability. Getting there, and staying there, is the primary goal of any business endeavor.

Renn's creditors unlikely to recoup losses

More questions than answers at Farnsworth bankruptcy hearing

— Karen Iwamoto —
The Daily Times

FARMINGTON — The former owner of Renn's Supermarket, a consignment-style grocery store that closed three months ago, faced questions Thursday from creditors who lost thousands of dollars in his failed venture.

Renn Farnsworth, who legally represented himself with no attorney present, kept his answers short and vague during his bankruptcy hearing at the Farmington Civic Center.

According to personal bankruptcy papers filed Feb. 17 by Renn and Vanessa Farnsworth, the couple owes some 50 creditors — mostly businesses tied to his failed business — more than \$1.85 million.

Renn Farnsworth displayed little emotional strain Thursday. On several occasions, he smiled and waved at former investors in the audience.

Vanessa Farnsworth remained mostly silent throughout the hearing.

Under questioning by Robert Finch, the bankruptcy trustee overseeing court proceedings, the Farnsworths testified that their only assets were their home, furniture and clothes.

Renn Farnsworth, who has since moved to Utah, said he and his wife are broke, getting by financially through help from his parents.

He also said that although they owned properties in San Juan County, those properties had been assessed at a lower value than what was owed to creditors.

Finch said creditors now have 60 days to file an objection to the Farnsworths' bankruptcy. For the objection to have standing, creditors must prove the bankruptcy filing was fraudulent or illegal.

If no objection is filed, Finch said he will continue to review the Farnsworths' property and hold-



Dave Watson/*The Daily Times*

Renn and Vanessa Farnsworth answer questions during a bankruptcy hearing Thursday morning at the Farmington Civic Center.

ings for possible funding sources to repay creditors. If there are none, Farnsworth will likely be discharged from repaying any debt, he said.

"At this point it does not look like there will be any funds," Finch said. "He (Renn Farnsworth) talked about his real estate holdings and the fact that all of them were mortgaged to the point that exceeded their value. There's nothing left for creditors. He also testified about several vehicles he owned but they were also fully mortgaged."

Farnsworth, who has declined several requests for interviews by *The Daily Times*, quickly left the hearing upon its conclusion, refusing to answer questions from reporters.

The Farnsworths filed for Chapter 7 bankruptcy, a form of personal bankruptcy. In letters to *The Daily Times*, Renn Farnsworth stressed that fact, denying it had any connection with his business, which closed after it had been open for less than a month.

Val Jolly, a local attorney rep-

resenting Affiliated Foods Ltd. of Amarillo, Texas, said it was his understanding that although the bankruptcy is personal, Renn Farnsworth signed personal guarantees to several of his creditors.

In other words, Farnsworth guaranteed creditors that he would use his personal assets to take care of the debt should the business venture fail, Jolly said.

It likely doesn't matter, Finch said. If the Chapter 7 bankruptcy proceedings go through, Farnsworth would be discharged from any financial responsibility, he said.

Jolly, meanwhile, said he is still trying to obtain documentation of the personal guarantees.

"I asked him during the hearing if he had a copy of these personal guarantees and he said yes," Jolly said. "He also said he had a personal guarantee with all of the section owners, but I have not yet seen any of the contracts."

Mark Biel of R.A. Biel Plumbing & Heating said his company performed \$65,000 worth of work at Renn's Supermarket but was

never paid for it.

Biel said he has signed invoices from Renn Farnsworth stating that he personally would take care of the debt.

"Then he filed for bankruptcy and left us holding the bag," Biel added. "We got the signatures to proceed with the work and signatures that work was done according to what laid out. Now we expect to get paid. I have contacted an attorney and we are going to pursue this."

Joanne Graham, a candle vendor who did attend the hearing, also was upset at Farnsworth and his business ethics, saying she doubts she'll ever recover her investment.

"He closes the business then turns around and files for bankruptcy, and when the investors try to recoup for losses, he says it's a personal bankruptcy, not corporate," she said. "It just seems like he's trying to shake his responsibility."

Jolly said his client provided most of the inventory for Renn's Supermarket and lost an estimated \$450,000 in the venture.

He said he has already filed a civil case against Farnsworth's company, Renessa Corp LLC, on behalf of his client.

The personal bankruptcy proceeding prevents creditors from filing lawsuits against the Farnsworths, but does not prevent them from taking action against Renessa Corp LLC, the corporation through which the Farnsworths ran their business, Finch said.

The Farnsworths, however, maintain there are no assets available in the corporation, which has not filed for bankruptcy.

According to the New Mexico Public Regulation Commission Web site, the Renessa Corp. is still in existence, with Renn and Vanessa Farnsworth listed as organizers and former Farmington attorney David Potterage listed as the registered agent.

FMN Daily Times April 8, 2005