

Chairman, Ranking Member, and Members of the Committee:

Thank you for the opportunity to testify today. My name is Hrag Kalebjian, and I am the third-generation owner of Henry's House of Coffee, a small-batch, family-owned coffee roaster that has been part of San Francisco's Sunset District since 1965. Our business was founded by my father and grandfather, who immigrated to the United States from Lebanon. For decades, our shop has been a place where generations of neighbors gather, share stories, and feel a sense of community over a cup of coffee roasted on site.

In recent years, however, that sense of community and safety has eroded under the weight of rising crime and lawlessness that small business owners like myself face daily.

A Daily Reality of Theft and Fear

About two years ago, a mentally unstable individual began repeatedly stealing from my shop. He comes in, takes drinks or food from our refrigerated case—sometimes three times a week—and occasionally steals from our tip jar. On multiple occasions, he harassed me and my staff, once even attempting to spit on me. He has stolen from us more than 35 times. Repeat offenders not only hurt the bottom line, but drive away loyal customers and endanger staff.

I called the police numerous times. Officers respond quickly, and I can tell they want to help, but they've told me their hands are tied. One officer advised me that my best option was to file a restraining order. I filed one, but enforcement has proven impossible. He returns repeatedly, and the police can't take meaningful action.

For my employees and customers, this isn't about the cost of stolen goods. It's about safety. I constantly remind my staff not to intervene, because no cup of coffee is worth someone getting hurt. Yet some of our loyal customers feel so protective of our shop that they've tried to stop the thief themselves. My worst nightmare is that something will happen to my employees or to our customers.

Financial and Emotional Toll

The toll of this criminal activity goes far beyond dollars. It's exhausting, demoralizing, and deeply discouraging to work hard every day only to feel that the system no longer values your contribution. We've installed metal gates on our storefront, shatterproof window screens, and replaced stolen equipment such as cash registers and iPads—all costly measures for a small business still recovering from the pandemic.

Our shop even built a parklet during COVID so neighbors could enjoy coffee outdoors, but it's frequently vandalized. Between security costs and repairs, we've spent thousands simply to stay operational while watching nearby businesses close due to the same issues.

Broader Community Impact

San Francisco's Sunset District was once a quiet, family-centered neighborhood. Since the pandemic, criminal activity that was once concentrated downtown has spread into our residential communities. Break-ins, vandalism, and theft are now common topics of neighborhood conversation. The closure of nearby essential businesses—like the only local pharmacy—shows how crime affects not just merchants but the very fabric of the community.

When businesses close, blight follows. Vacant storefronts attract more crime, and a cycle of decay begins. Each closure represents a lost opportunity for community connection and economic resilience.

Policy Failures and Needed Action

At the heart of this problem are policy failures. Local prosecutors, constrained by political and legal choices, rarely pursue these cases. Police officers—many of whom are empathetic and dedicated—feel demoralized.

From a business owner's perspective, the absence of local leadership compounds these problems. Our city supervisors have rarely visited our shop. Promises are made about prioritizing public safety, but in practice, laws and enforcement remain unchanged.

The Broader Economic Risk

This is not only a San Francisco problem. Across the country, 56% of small businesses report being affected by theft, with most saying it has gotten worse. I am honored to serve on the U.S. Chamber of Commerce's Small Business Council and one of my peers on the Council provided me with an example of how crime is more than just economic costs shown in data. For small business owners, crime is accompanied by an emotional burden that is an unnecessary addition to everything else we have to deal with. Fellow Small Business Council member, Mike Zaffaroni, owns Liberty Landscape Supply, which operates out of several locations in the Jacksonville Florida area. Mike explained that recently a juvenile defaced and sprayed graffiti on one of his greenhouses with nazi swastikas and racially charged hateful language. The offensive spray-painted symbols and language were removed, only to be spray-painted back on the greenhouses again. The Jacksonville Sheriff's Office responded, and they did the best that they could to gather evidence. Later in the same week, phone messages were left at the nursery threatening to kill everyone who worked there if the business opened the following day. Despite support from law enforcement, the fear and anxiety this caused within Mike's staff and his customers was a significant price to pay. The stress of those events made employees not want to come to work, fearing for their safety. As a small business owner, there was little Mike could do, as full-time security and cameras covering an entire retail garden center and nursery were not practical. The criminal was eventually apprehended and received probation and community service.

Retail crime—both petty theft and organized theft—now costs American businesses nearly \$100 billion annually. When small businesses shutter, jobs disappear, tax bases shrink, and

communities suffer. As my example and Mike Zaffaroni's example highlight, the toll is much deeper than economic harm.

What Congress Can Do

Congress can take steps to address this.

1. Shine a spotlight on the problem. Thank you. Holding this hearing is a valuable part of fixing the problem.
2. Incentivize policy reform at the state level, encouraging states to repeal or amend laws that disincentivize enforcement.
3. Support stronger federal-state coordination to address theft rings and habitual offenders.
4. Expand grant programs for small business security upgrades, ensuring safety costs don't disproportionately harm local entrepreneurs.
5. Increase data-sharing and transparency, helping local law enforcement track repeat offenses that cross jurisdictions.

Closing Thoughts

My father always taught me that incentives drive behavior—show me the incentive, and I'll show you the outcome. Right now, our incentives tell people that crime pays and accountability doesn't. That cannot be the legacy we leave for the next generation of small business owners.

Henry's House of Coffee is not just a business—it's a testament to immigrant perseverance, family legacy, and community pride. I love my city and my customers, and I want to remain part of San Francisco's revival. But unless policymakers act decisively to restore law and order, more small businesses will make the painful choice to leave.

Thank you for listening to my story and for giving small business owners a voice on this issue. I look forward to your questions.