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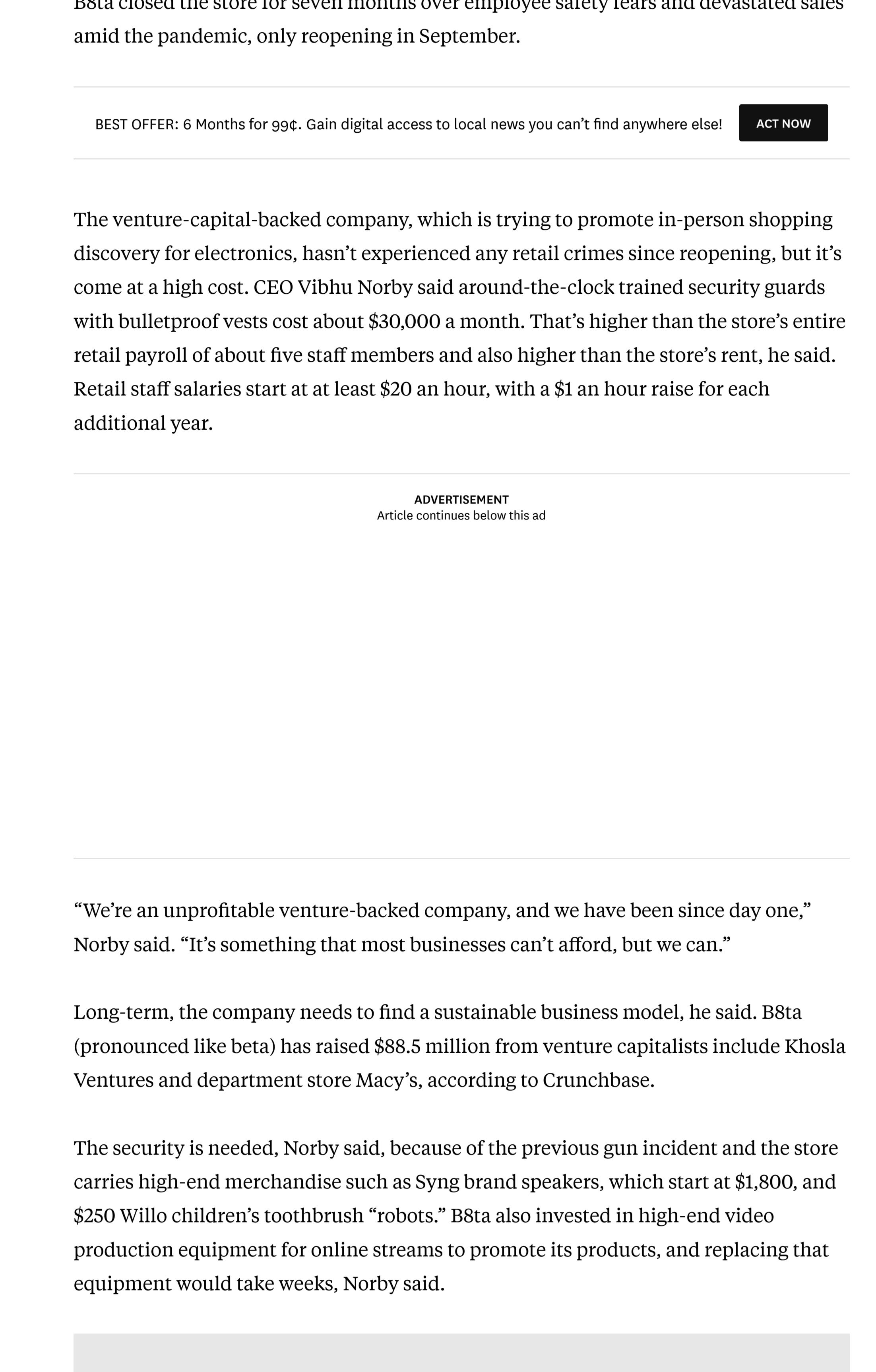


BAY AREA // SAN FRANCISCO

\$30,000 a month security and bulletproof vests: How one S.F. retailer reopened after robbery at gunpoint

By Roland Li, Business Reporter

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People shop inside B8ta as security guard Ron Legaspi stands by the store's entrance in the Hayes Valley neighborhood of San Francisco. B8ta recently reopened its Hayes Valley location six months after an armed robbery forced its temporary closure. The store now utilizes private security around the clock.

Stephen Lam/The Chronicle 2021



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The brazen heists in San Francisco's Union Square and across the Bay Area last weekend underscored the retail crime woes that have plagued the region, particularly during the pandemic. They're far from the first incidents: In February, 2 miles west of Union Square in Hayes Valley, a man entered electronics retailer B8ta, flashed a silver gun and took two high-end laptops.

B8ta closed the store for seven months over employee safety fears and devastated sales amid the pandemic, only reopening in September.

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The venture-capital-backed company, which is trying to promote in-person shopping discovery for electronics, hasn't experienced any retail crimes since reopening, but it's come at a high cost. CEO Vibhuti Norby said around-the-clock trained security guards with bulletproof vests cost about \$30,000 a month. That's higher than the store's entire retail payroll of about five staff members and also higher than the store's rent, he said. Retail staff salaries start at at least \$20 an hour, with a \$1 an hour raise for each additional year.

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Norby said last weekend's coordinated theft "sort of" validated B8ta's decision to upgrade security, "but I don't know how security stops 80 people," which was around the number of people involved in a Walnut Creek mass theft, police said.

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"The organized crime seems to be getting much more brazen," said Lloyd Silverstein, president of the Hayes Valley Merchants Association. But most of the retailers around B8ta don't have the resources to hire private security, and Silverstein's group is exploring the possibility of hiring private security for the neighborhood, which has seen a resurgence of new shops. He advises retailers to install security cameras, which are less expensive and can be invaluable for helping police investigate break-ins.

B8ta permanently closed its Union Square store this year because of robberies there. It also has a Chase Center store that's protected by the arena's security team and the San Francisco Police Department headquarters, which is nearby.

Foot traffic at B8ta is still down about 40%, and sales are down 20% to 30% compared with before the pandemic. But it's much better than the worst part of the pandemic, when traffic was down 95%.

"I think this holiday season will tell us a lot," Norby said.

Norby said none of the other B8ta stores outside San Francisco — including those in Palo Alto, San Jose, New York and Houston — has had major security problems. The Los Angeles store had some broken windows after racial justice protests last year, but it isn't comparable to retail robberies, he said.

"We want to make it work. We love being there. It's our home store," Norby said of Hayes Valley. "Under normal circumstances we would have closed this store."

Retail security experts say San Francisco has some of the worst retail crime problems in the country. A survey by the National Retail Federation of 41 retail loss prevention professionals ranked Los Angeles as the top U.S. region affected by organized retail crime in 2020, San Francisco and Oakland as second, and Sacramento as eighth.

"San Francisco was always a challenge, even before the pandemic," said Tony Sheppard, director of loss prevention solutions at ThinkLP, a retail security software company. "San Francisco is the easiest place to sell what you steal. I've never seen so much blatant purchasing of stolen products than anywhere else."

Sheppard, who has more than 27 years of retail loss prevention experience and previously worked at CVS and Bloomingdale's, remembers visiting San Francisco to do surveillance for retail crime and seeing someone get off a bus with a flat-screen television and sell it on the street.

"The reason they choose retail theft is because it is considered a low-risk, high-reward crime," Sheppard said.

"Until the district attorney in conjunction with law enforcement take a hard stance on organized retail crime, they will continue to have major issues. This can't just be the district attorney announcing significant charges on high-profile cases like these recent ones or the bicycle guy in Walgreens," he said, referring to a viral video from June of a retail theft at a Hayes Valley drugstore that has since permanently closed. "The criminal element must believe there will be consequences both for the theft and fencing of the stolen goods."

Sheppard said it is rare for a large retailer such as Walgreens to say specifically that a store is closing because of crime, as it did in October when the retailer announced several closures in San Francisco. "Acknowledging that is not great," he said. "You want your customers to feel safe there."

Sheppard said untrained guards who avoid confrontation are ineffective, making it more common for companies such as B8ta to hire upgraded security or even off-duty police, who are armed.

"Is that even a deterrent anymore? I would say the answer's no. That's why you have to hire officers," Sheppard said.

Norby declined to say how much B8ta was paying per hour for guards, but Sheppard said the estimate of around \$30,000 per month sounded reasonable given around-the-clock security.

"The issue is he's having to run it all the time," Sheppard said. He said installing security equipment such as roll-down gates or bars is expensive but is a one-time cost that could be cheaper than having guards after closing time.

Retailers and office tenants who hire off-duty San Francisco police through the 10-B program pay upward of \$100 per hour for police. The Police Department didn't immediately respond to an inquiry on how many police officers have been hired during the pandemic. Proposed legislation would allow about 800 sheriff's deputies to also be hired for businesses while off duty.

Rachel Michelin, president of the California Retailers Association, an industry group that includes some of the largest retailers, said it is common for her members to hire off-duty officers in San Francisco. That's part of the reason the city is the most expensive market in California for retailers, she said, and the size of B8ta's monthly security bill isn't uncommon.

"I think you would find other retailers that are paying the same amount, if not more," she said.

Michelin said there needs to be more distinction between people who are shoplifting out of financial desperation and organized retail crime, which is professional criminals targeting expensive products. Her group supports a diversion approach that helps rehabilitate low-level shoplifters and more aggressive prosecution for organized retail crime.

"I think the pandemic has shone a bright light" on retail crime, she said. "People are noticing a lot more."

Roland Li is a San Francisco Chronicle staff writer. Email: roland.li@sfchronicle.com
Twitter: [@rolandliif](https://twitter.com/rolandli)

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 Roland Li
BUSINESS REPORTER

Roland Li covers commercial real estate for the business desk, focusing on the Bay Area office and retail sectors.

He was previously a reporter at San Francisco Business Times, where he won one award from the California News Publishers Association and three from the National Association of Real Estate Editors.

He is the author of "Good Luck Have Fun: The Rise of eSports," a 2016 book on the history of the competitive video game industry. Before moving to the Bay Area in 2015, he studied and worked in New York. He freelanced for the Wall Street Journal, the New York Times and other local publications. His hobbies include swimming and urban photography.

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