

# Agenda Report

DATE: June 28, 2004  
TO: City Council  
FROM: City Manager  
SUBJECT: Applicant Appeal of a Denied Permit to Operate a Massage Establishment

## **RECOMMENDATION:**

It is recommended that the City Council uphold the decision from the City Manager's Office denying a massage establishment permit for a proposed massage establishment at 2846 Foothill Boulevard, to be owned and operated by Mr. Guoqing Li.

## **BACKGROUND:**

Mr. Li owns the Shangri La massage establishment located at 382 N. Allen Ave. and is believed to be a silent partner in Angela's Massage at 596 N. Lake Ave. Each location had previous criminal violations involving prostitution and/or inappropriate touching by massage technicians. Based upon these prior violations, when Mr. Li submitted an application to operate a massage establishment at a third location, Shangri La II, the police department recommended denial of the application.

Mr. Li appealed the denial to the City Manager's Office. On November 11, 2003, the matter was heard by the Assistant City Manager, who ruled against Mr. Li and upheld the denial. On March 8, 2004, Mr. Li submitted another application for the same type of business with a different name (Daming Lake Health Center) at the same location. It was also denied based upon a recommendation from the police department for the same reasons as the first denial. Mr. Li appealed the denial and another hearing was heard on May 21, 2004. The Assistant City Manager was the hearing officer and again upheld the denial of Mr. Li's massage establishment permit. Pursuant to PMC 5.48.210, Mr. Li has filed a formal appeal to have the matter heard before City Council.

Mr. Li's attorneys submitted a Memorandum of Points and Authorities, which included a personal declaration by Mr. Li. In it Mr. Li stated he has no affiliation with Angela's Massage, and as such any criminal activity that occurred at Angela's, i.e. prostitution and

inappropriate touching on the part of the masseuses, should have no bearing on his desire to obtain a massage establishment permit for Shangri La II.

The police department believes otherwise, and has significant evidence to prove that Mr. Li is financially affiliated with Angela's Massage. The evidence includes, but is not limited to the following:

- Mr. Li's daughter told PD staff that Mr. Li and Yu Zhou (the owner of record for Angela's) are married. This was later denied by both Mr. Li and Ms. Zhou at an appeal hearing before the Assistant City Manager on August 20, 2002.
- Mr. Li's daughter was the first manager of Angela's. The day after a prostitution arrest was made at Angela's, officers from the Special Investigations Section questioned her about employee records. Mr. Li was present and told the officers that he had the employee records for those employed at Angela's at his house because he was taking care of the business for the owner.
- A public records check on Mr. Li and Ms. Zhou revealed that they have shared a number of residences for the past several years.
- The property owner for 596 N. Lake Ave.(Angela's Massage) was contacted, and stated that the person who signed the lease for the location was Mr. Li. The owner provided copies of Mr. Li's driver's license, a rent check from Mr. Li dated 2/22/02 with "596 N. Lake" in the memo section, and correspondence from the owner to Mr. Li dated 1/21/04 requesting Mr. Li's signature on the new lease. The rent check was drawn from the joint account of Guo Qing Li or Yu Jia Zhou.
- Mr. Li and Ms. Zhou currently reside in the same apartment in Alhambra. They each filled out rental applications dated 9/28/02 and each listed the other as their spouse. They also listed the identical bank account information and stated the account was opened in July 1997.


PD staff believes that Mr. Li was not only affiliated with Angela's Massage, but that he was the primary operator of the business. Therefore, based upon the inappropriate activities that occurred at Angela's Massage and the Shangri La, PD staff recommended denial of Mr. Li's application for the Shangri La II.

After Mr. Li's failed appeal to the City Manager's Office, a person known only as Fan Wang submitted a massage establishment permit application for Baotu Spring Health Center at the same address that Mr. Li wanted to open the Shangri La II. Numerous attempts to contact Mr. Wang for a standard interview failed and the PD was unable to proceed with the application. That was followed with another massage establishment permit application for the same address. The name of this business was Daming Lake Health Center, with Mr. Li listed as the owner. The PD recommended denial, which was upheld on appeal.


#### **CONCLUSION:**

Based upon the totality of the circumstances the police department is recommending that the City Council deny Mr. Li's application for a massage establishment at 2846 Foothill Blvd.


Respectfully submitted,

  
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City Manager

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