



To: Richmond City Council **Date:** February 4, 2004
From: Jim Bruce **File:**
General Manager, Finance and Corporate
Services
Re: **Suspension of Business Licence for Hanma (Canada) Investments Ltd doing
business as Blue Sea Health Spa**

Staff Recommendation

That Council suspend the business licence of Hanma (Canada) Investments Ltd doing business as Blue Sea Health Spa for a period of 30 days commencing February 14, 2004 through March 14, 2004 both dates inclusive.

Jim Bruce
General Manager, Finance and Corporate Services
(4095)

Att. 1

FOR ORIGINATING DIVISION USE ONLY

CONCURRENCE OF GENERAL MANAGER

Staff Report

Origin

The City continues to enforce its Business Licence bylaws and Public Health Protection bylaws with an emphasis on the operating hours and permissive functions within the business complex. These efforts for enforcement are part of our ongoing efforts to promote customer, community and employee safety and to ensure that all businesses are operating in a consistent manner so as to not prevent one business gaining an operational advantage over another business in the same business category. Various regulatory, protection services, health and federal agencies have worked together to ensure that business activities are operating within the various legislative parameters as established by these various agencies.

Analysis

City staff in co-operation and conjunction with the other agencies, continue to make unscheduled visits to adult entertainment establishments to ensure business operations comply with various legislative requirements. Many of these businesses, by the very nature of the business activity they provide are open late at night. The various agencies have, in the past, appeared before Council and expressed their concerns and have often explained how these businesses require extra staffing costs to monitor them effectively.

The Blue Sea Health Spa has been one of the many adult entertainment businesses that has been visited by the various regulatory enforcement teams that inspect these types of business entities.

Over the past several months Blue Sea has continually ignored the City's Business and Public Health Protection bylaws. The business has, in fact, been issued three municipal tickets for the various infractions.

The business appeared before the City's Chief Licence Inspector on January 20, 2004 to review the continual disregard for the City's bylaws and to be afforded the opportunity to explain their actions. A copy of the correspondence associated with this hearing is attached for Council review.

At the completion of the hearing the business owner promised to abide by all the City rules and regulations. Three days following the hearing, a site inspection was again taken by enforcement personnel and the business was in contravention of the bylaw and a ticket issued.

Having completed the review of all the material presented at the hearing and the subsequent breach of the business's promise for compliance, it is the belief of the Chief Licence Inspector that a business licence suspension is warranted.

Financial Impact

There is no direct financial impact for the City.

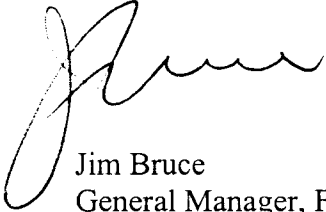
February 4, 2004

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Conclusion

That as Blue Sea Health Spa has continually ignored the City's bylaws and has received tickets for these, the recommendation of a 30 day business licence suspension is warranted.

The recommended suspension will be from February 14, 2004 to March 14, 2004 both dates inclusive.

A handwritten signature in black ink, appearing to read "Jim Bruce", with a large, stylized initial "J" and a long horizontal flourish.

Jim Bruce
General Manager, Finance and Corporate Services
(4095)

JWB:naw



City of Richmond

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February 3, 2004
File: 8060-20-7048

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Mr. De Qun Yang
Hanma (Canada) Investments Ltd
doing business as
Blue Sea Health Spa
Unit 100 - 3311 No. 3 Road
Richmond V6X 2B6

Dear Sir:

Re: Business Licence Review Hearing

This correspondence will serve as official follow up to your business licence review hearing held before me at Richmond City Hall at 2:00 pm on January 20, 2004 in Room T.2.121.

I have now had an opportunity to review all the facts as presented by Mr. Duarte, the City's representative who presented both his findings and information gathered by the RCMP on various site visits. I have also taken into consideration your comments as presented by Ms. A. Sun.

The findings clearly indicate that your establishment was operating in contravention of the City of Richmond's Business Licence Bylaw and associated business regulations. There have been three visits to your establishment and on each occasion there were violations which you confirmed were true.

During the hearing you asked for clarity on the interpretation for hours of operation and Mr. Duarte clearly explained this. You were specifically asked by me if you understood the interpretation and you confirmed your understanding was as it had been explained. You specifically requested that you not have your business licence suspended because you were promising to follow the rules.

Unfortunately, just three days after your hearing and your promise to follow the rules, you again were issued a ticket for the very bylaw infraction you promised not to contravene.

With all of the facts as presented including the incident on January 23, 2004, I have no choice but to recommend to City Council that a licence suspension be considered.


RICHMOND
Island City, by Nature


I will be forwarding a report to the February 9, 2004 meeting of Richmond City Council recommending a 30 day licence suspension commencing February 14, 2004 and running through to March 14, 2004 both days inclusive.

This meeting will commence at 7:00 pm in Richmond City Council Chambers and you have the right to appear before Council to debate the recommendation and to present your case as to why the recommendation should not be supported.

Should you wish to attend to present your case, please contact Mr. Richard McKenna, the City Clerk and he will detail for you the appropriate procedures to follow.

Should you have any questions regarding this recommendation or process relative to the Council meeting, please feel free to call me directly at 604-276-4095.

Yours truly,



Jim Bruce
General Manager, Finance and Corporate Services

JWB:naw

pc: V.Duarte
A.Stevens
R.McKenna
Sgt. D. Meikle - RCMP



BUSINESS LICENCE HEARING

CITY OF RICHMOND/ BLUE SEA HEALTH SPA

**Held January 20, 2004
at 2:03 pm
Meeting Room T.2.121
Richmond City Hall**

In Attendance:

City staff: Jim Bruce, General Manager, Finance and Corporate Services
Victor Duarte, Licence Inspector
Anne Stevens, Manager of Customer Service

Business Representative

Mr. Tony Dong – owner
Ms. Amy Sun – Interpreter (friend)

- AS Advised she was here as a friend to interpret for TD and his business partner was out of the country
- JB Advised business representatives of the process for the hearing and how the results of the hearing will be handled
- AS Advised TD of my explanation and asked to borrow a pen as she left her purse in her car
- VD Advised that on August 15, 2003 at 12:30 am a team of RCMP/Fire and Immigration entered the premises. No City staff were on the team. VD made a correction that the time of the visit was 11:20 pm not that as originally advised
- VD Read information from an RCMP report relative to the August 15, 2003 visit. The report indicated that there were 20 employees working and there were no bylaw infractions except for two employees who were not registered with the City. A ticket was issued for this infraction
- AS Advised TD of VD's presentation material and AS explained that the two staff were not performing massage but were in fact cleaning staff

VD Another inspection was done on December 19, 2003 with a team from Immigration, Fire, RCMP and City staff.

The business was very busy and the premises were open past the required closing time

- Advised that TD explained that he needed to stay open to run a profitable business. He did not want to turn clients away
- Two tickets were issued. One for being open past legal closing time and for smoking on the premises

AS Again explained all this to TD

VD Advised that again on December 23, 2003 at 1:30 am RCMP attended the business and it was open

- a ticket was issued on January 7, 2004 for this infraction
- business of an apparent sexual nature was taking place

AS Explained all of this discussion to TD

JB Advised AS that she could now present her side of the story

AS Discussed with TD and then provided a typed handout which consisted of a letter from TD's business partner, a copy of a newspaper article and a letter to the Richmond News from the Blue Sea Health's law firm.

City staff reviewed the document

JB Asked if the Review had responded to the business in relation to the lawyer's letter. AS advised that nothing had been received

JB Asked if TD would like to offer any other comments

AS Responded with three points:

1. Smoking – TD had put up a No Smoking sign but some customers just ignored the sign. He will try to enforce the rules a little more vigorously
2. Time – TD knew closing time is 12 midnight but didn't know what that meant. He didn't know if it meant everyone out by 12:00 or close doors by 12:00 and those inside could stay and no new customers
3. Misconduct of Business – TD wanted to make it very clear that they do not offer sex services. He has a lot of business because no sex and only offers traditional Chinese massage. AS advised that she often visits the premises to help TD and has never noticed any inappropriate activity

- VD Explained that 12:00 means everyone out of the premises except the manager who can do office work or cleaning staff who are actually cleaning the premises
- VD Advised that he had explained all the rules to TD when he got the business licence
- VD Was surprised that TD needed an interpreter as each time he had talked to him English was not a problem
- AS Advised that TD had the wrong impression of the meaning of time
- JB Again explained the process in the hearing decision from here on out and offered to have a copy of all correspondence sent to AS as well as TD
- AS Discussed this offer with TD and provided contact numbers FAX 604-936-6660 and CELL 604-812-9818 as she did not have her business cards as they were in her purse in her car
- AS Advised that TD does not want to harm his business by closure and he would like one more chance and will do a better job of following the rules

Meeting adjourned at 2:45 pm



City of Richmond
Finance & Corporate Services Division

Memorandum

To: J. Bruce
General Manager, Finance and Corporate
Services
Chief Licence Inspector

Date: January 28, 2004

From: Victor M Duarte
Business Licence Inspector

File:

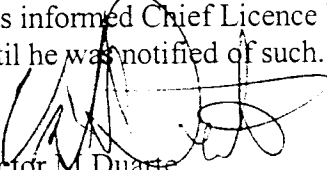
Re: Blue Sea Spa

A follow-up inspection was done on Friday, January 23, 2004 at 00:17 hrs. at Blue Sea Spa, operating at #100-3311 No 3 Road. Business was found still operating. Writer observed three patrons in Lounge area watching TV and receiving foot massage as well, three patrons were found in massage rooms. A total of six patrons and nine staff in premise.

This business appeared at a show cause hearing on Tuesday, January 20, 2004, in front of the Chief Licence Inspector for same infractions.

Municipal Ticket Information was issued to business for violation which carries a fine of \$100.00. Fine was paid January 27, 2004.

Telephone call received from Manager, Tony Dong, January 28, 2004 at approximately 14:30 hrs informing writer he is now and will always follow the rules. He is closed at 12:00 every night. Dong was informed Chief Licence Inspector has not forwarded a decision yet and he would have to wait until he was notified of such.


Victor M Duarte
Business Licence Inspector

VMD:vmd

January 20, 2004

Dear Sir:

My name is DC Yang. I am the president of Blue Sea Health Spa. I am here sincerely providing you this briefing note of our company. The purpose of this briefing note is to give you the opportunity to understand how we run our business as well as the pattern of our operation. We would also like to let you know those difficulties that we faced during the establishment of this business so that you could have a more reasonable judgement on us.

Blue Sea Health Spa was officially opened on May 18, 2002. Currently, there are 8 full time staffs and 14 full time self-employed workers employed in the company. Based on our statistics, we pre-paid our governments 35,000 dollars for different taxes since December last year, collected total of 40,000 dollars GST and pre-paid 12,000 dollars miscellaneous item fees to the government. What we are proud of is that Blue Sea Health Spa not only provides our customers a leisure and healthy home of entertainment, but also provides 20 families a relatively steady and long-term income. To a certain extent, our company alleviates the unemployment burden to the society and to the government, and contributes part of the financial prosperity to greater Vancouver area.

For the time being, the operating condition of Blue Sea Health Spa is perhaps the best amongst those in the same kind in Richmond. Our business has certain level of influence for the society, especially in the Chinese ethnic community. One may ask why such a small business of daily income of two to three hundred dollars when the business was started more than a year ago could survive and reach such an achievement today? (Only last December, Blue Sea Health Spa business income was 60,000 dollars plus) We reference the following reasons:

Firstly, we maintain our principles of "Customers First" and "Our Best to Customers" that offer passionate services to attract our clients. Secondly, we only provide legal and high quality massage services. Within the organisation, we have set strict rules to forbid pornographic services and other indecent activities. Particularly in the pornographic activities, we almost discuss this topic everyday and have established a series of provisions in conduct examination and supervision. Because of this, all of our customers know that Blue Sea Health Spa is a formal massage company. In here, one could enjoy a genuine Chinese or Hong Kong style professional massage services, not the one of those that involves sexual services. Because of our success, we could see four to five massage companies in Richmond have changed their operation pattern resemble to ours since last year.

For the last twenty months since we started our operation, Blue Sea Health Spa received a total of twelve unexpected inspections from different government departments. No single person was found involving in pornographic service during these inspections. From this point, it proves that we are a genuine health spa and are not like some other companies, which provide improper sexual services. I would like to point out here that the RCMP came to search my place in the evening of December 23. I am wondering what they had found? This brings out an unfavourable consequence: On January 2 this year, a reporter of Richmond Review disseminated an untrue report (see attachment 1), misled the readers and damaged the image of



our company. I had informed my lawyer sending a letter of complaint to this reporter, expressing our position and requesting his apology (see attachment 2).

I landed Canada in 2001. I love this country for its beautiful natural environment, and the equality, freedom, democracy and caring social system. I also very much appreciate the fair, reasonable and mature business environment. To fulfill my goal as a successful immigrant in Canada, I try my best and provide a significant financial contribution to the society. Since landed in Canada, I was attracted by the containment and the humanity of the society. I decided to put all my effort and ability onto this beautiful country, and willing to work hard to make my dream comes true. Because of this reason, I established the Blue Sea Health Spa.

I have to admit we noted a few problems during the operation of Blue Sea Health Spa. We received all helps and guidance from different government departments. This very much helps us to run and grow our business. I thank to those who helped us in the past. Since I came from China in which legal system are still being developed, I sometime feel lacking of common knowledge and understanding of Canadian business regulations. I felt sorry that I violated the city regulation this time. I sincerely accept the criticism and comments from the city and wish to continue getting more recommendation and guidance from the city.

I hope, through this hearing, the government would handle our problem impartially and fairly. We view the importance of our business licence as much as our eyes. We wish the government would provide us an opportunity.

We thank you once again.

Yours sincerely,


Yang, DC

(If the meaning of the above translation differs from the original Chinese version, the Chinese version prevails.)

To: Tony Dong
Mob: 604-241-1061
From: William H. Lim
Date: 15 January, 2004

Weekend, January 3-4, 2004

More than blue seen at Blue Sea Health spa

Sexual activity observed by police during follow-up

by Martin van den Hemel
Staff Reporter

If workers at the Blue Sea Health Spa learned a lesson from a Dec. 18 massage parlour crackdown by police and the city, they sure didn't show it.

On Dec. 23, around 1:30 a.m., the Richmond RCMP conducted a follow-up look at the facility at 100-311 No. 3 Rd. and noted several other infractions.

"One employee was dressed inappropriately and some sexual activity was observed by members," Richmond RCMP Cpl. Peter Thiesen said.

But Blue Sea manager Tony Dong told *The Richmond Review* that the police allegations that his

you? Nobody told me."

Dong admitted he asked one of his employees if she was having sex with a customer and she denied it.

"I asked my employee and she said no. Here we do not give any sex services. Not in Richmond. Everybody knows that My business is professional massage. No sex."

Dong conceded that his business was open beyond the hours outlined in a city bylaw, which requires massage parlours to be closed by midnight on weekdays and 1 a.m. on weekends.

During the inspection, one customer was still inside the facility at 1:30 a.m., according to police. Two others were seen leaving.

midnight but he didn't "finish" until much later.

On Dec. 18, a team of city inspectors scrutinized the operations of seven local massage parlours, including Blue Sea Health Spa.

At the Holiday Body Care on Minoru Boulevard two Korean women were found and later deported because of observations that were made but didn't warrant any criminal charges.

The remaining facilities were all found to have violated local bylaws or fire codes, although exactly what happened where isn't known.

At one of the businesses inspected on Dec. 18, a woman was found not

Victim believes life saved by bridge

From Page 1

Wright, an excavator operator, remained trapped that way for about half an hour until fire crews arrived and used air bags to slowly lift up the vehicle. That created just enough room for Wright to crawl into the cab.

Wright think that a bridge is what saved his life. The truck rammed into the side of the bridge, but if it wasn't there he believes he would have been crushed to death. It turned out the suspect's truck had been stolen from Surrey.

Wright was taken to hospital by ambulance, but after about an hour, X-rays turned up negative and he was released, suffering only a sore back, and some bruising and bites.



The path you choose

LIM & COMPANY
BARRISTERS AND SOLICITORS
NOTARIES PUBLIC
TRADEMARK AGENTS

REPLY TO William H. Lim
Barrister & Solicitor

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650 WEST 41ST AVENUE
VANCOUVER, B.C. CANADA
V5Z 2M9
TELEPHONE: (604)266-1988
FACSIMILE: (604) 263-0880

FILE REFERENCE: 70-2280

January 15, 2004

Richmond Review
5671 No. 3 Road
Richmond, BC
V6X 2C7

Fax No. 604-606-8752

Attention: Publisher/Editor

Dear Sir,

Re: Publication on January 3-4, 2004 - Page 6

We refer to your publication of a report on page 6 of your January 3-4, 2004 edition, whereby you have captioned "More than blue seen at Blue Sea Health Spa" We are solicitors for Hanma (Canada) Investments Ltd. doing business as Blue Sea Health Spa. Upon instructions from our client, we wish to state that your report aforesaid gives the reader the impression that sexual services are being offered and performed at our client's establishment. This is factually incorrect. Our client demands a retraction and an apology. Our client asserts that no sexual services are offered nor performed at their establishment.

As a result of your defamatory report, the following consequences emerged:


1. Our client's regular customers were surprised and inquired if these services are being offered or are available;
2. Our client's competition gleefully exploited the article by posting it together with its Chinese translation on their bulletin board or wall;
3. Our client's employees, many of whom are either married or in a stable relationship, have encountered difficulties with their partners, who now use the report as proof of unfaithfulness;

Our client welcomes the opportunity to defend itself against these untrue and defamatory statements. We are prepared to meet with your staff to answer any questions you might have and to show you the operations as they actually are, so as to dispel these wrongful allegations.

Should this matter not be satisfactorily resolved, our client may have to seek redress and compensation through the litigation process.

To resolve this matter, our client demands that you publish in your newspaper an apology and a retraction in a manner whereby the wording & placement in the publication shall be first approved by our client.

Yours truly,
LIM & COMPANY
per:


William H. Lim
WHL/ic