



CITY OF SANTA FE

Memorandum

Date: December 8, 2025

To: Finance Committee

From: Maggie Moore, Assistant Land Use Director *MM*

Via: Mark Scott, City Manager
Andrea Phillips, Deputy City Manager
Elisa Montoya, Community Development Director
Heather Lamboy, AICP Planning and Land Use Director

RE: Request for Issuance of a Cease-and-Desist Order to close Yang Yang Massage/Pony Massage, 1225 S. St. Francis Dr, Unit E, Hong Zhou, Owner/Operator, (505-460-9448). Code Enforcement Case# 2025-005040, Violation of SFCC 18-1.7 *Notice of violation; penalty*, operating in a manner contrary to the public welfare. (Maggie Moore, Assistant Land Use Director, mrmoore@santafenm.gov)

EXECUTIVE SUMMARY:

The Enforcement Division is responsible for compliance with SFCC Chapter 18 Licensing, which requires that a person conducting business in the city secure a business license and operate their business in a manner that is not contrary to the public welfare. For certain types of business, the Enforcement Division requires proof of compliance with applicable state regulations, including for food service establishments, cannabis businesses, daycare centers, and massage therapy businesses, among others. Requiring compliance with applicable state laws supports the city's provision that businesses operate in a manner not contrary to the public welfare.

The state has established several requirements for licensing and professional conduct of massage therapists and empowers municipalities to regulate licensed massage therapists pursuant to the Massage Therapy Practice Act. New Mexico Statutes Annotated (NMSA) 1978 Section 61-12C-5 requires that individuals shall not provide or offer to provide massage therapy services unless they are a licensed massage therapist. The state law further requires that individuals shall not use the title of massage therapist or make any representation of being a massage therapist or use any other title, abbreviations, letters, figures, signs, or devices that indicate the individual is a massage therapist unless the individual is a licensed massage therapist, and licenses issued by the state are

not transferable or assignable. Additionally, NMSA 1978 Section 61-12C-11 and Section 16.7.1.9 NMAC requires that massage therapy licenses or registrations issued by the state board be posted at all times in a conspicuous place in the massage therapist's principal place of business.

On June 24, 2025, the Enforcement Division received a report from the Santa Fe Police Department (SFPD) of possible prostitution at Yang Yang Massage/Pony Massage, 1225 S. St Francis Drive, Unit E, (Police Case #2025006293).

Following the tip from the SFPD, members of the City's Enforcement Division ("Staff") inspected 1225 S St Francis Drive, Unit E (the "Property") on June 27, 2025 during normal business hours. The main entrance was locked, but Staff gained access into the property by Hong Zhou, who provided a California identification card (see Attachment A.1). There were no other individuals present at the time of the inspection, and Ms. Zhou is not a licensed massage therapist. Ms. Zhou provided Staff with an image on her phone of a massage therapist license for Dan Gao (Attachment A.2), but this individual was not present, and Staff has not been able to make contact with Dan Gao.

Through online translation services, Staff informed Ms. Zhou of the requirements for a business license, that licensed massage therapists must have their licenses posted in a conspicuous place in the business at all times, that primary entrances and exits must remain unlocked when the business is open, and directed her that only licensed massage therapists were allowed to provide massages per NMSA 1978 Section 61-12C-5.

At the time of the inspection, Yang Yang Massage, 1225 S. St Francis Dr, Unit E, had a city issued business license #238657, exp. date January 23, 2026 (Attachment A.3). City business license records indicate that another massage therapy business, Pony Therapeutic Massage, 450 St Michael's Drive Suite 602, Yan Bai, Owner/Operator may be affiliated with Yang Yang Massage and the 1225 S. St Francis Dr., Unit E address, but the current business license and NM State Gross Receipts Tax documents (Attachment A.4) indicate that Yang Yang Massage is owned by Hong Zhou as an individual.

Staff gathered evidence of illicit online advertisements associated with the Property and the business phone number 505-460-9448 (Attachment A.5), found that the business does not comply with state licensing and professional requirements for massage therapists, and is operating in a manner contrary to the public welfare. The illicit advertisements affiliated with the property use both Yang Yang Massage and Pony Massage in their online posts, indicating a connection between the two businesses.

On November 6, Staff conducted a follow up inspection and found Ms Zhou present, with no licensed massage therapists onsite and no massage therapists licensed conspicuously posted. On November 7, 2025, Carl Krings issued a violation notice (see Attachment A), which was posted on the property, sent to the business owner, Hong Zhou and the property owner, Paul Montoya. The notices established a compliance date of November 26th and a Finance Committee hearing date of December 8, 2025.

Per SFCC 18-1.8 *Enforcement; hearing; cease and desist order*; staff requests that the Finance Committee issue a cease and desist order closing the business, Yang Yang Massage/Pony Massage at 1225 S. St. Francis Drive, Unit E, Hong Zhou, owner/operator.

BACKGROUND:

Illicit massage businesses (IMBs) commonly known as “massage parlors” have become ubiquitous across the country, within the state of New Mexico, and in our community. Research finds an estimated 9,000-plus of these businesses operate in every state in the country, with earnings totaling nearly \$2.5 billion per year.¹ Staff research of business license records and online advertising indicates there are as many as twenty (20) IMBs operating within the city of Santa Fe, some with valid business licenses, expired licenses or without the requisite business license. The State of New Mexico, through the Massage Therapy Board oversees the practice of individuals who use the title of massage therapist or otherwise represent themselves to be massage therapists, and massage therapy schools. The State and the Board do not regulate businesses that use the title of massage or otherwise represent themselves as massage businesses, but through its review and approval of business licenses, the city requires compliance with applicable state laws.

Acts of prostitution have a long history of concealing themselves behind the label of massage. While there may be some individuals who choose to sell sex under the guise of massage therapy, evidence suggests that thousands of women engaging in commercial sex in illicit massage businesses are victims of human trafficking. Corporate secrecy laws that obscure ownership make it nearly impossible to identify the organized crime networks and traffickers behind these operations². Traditional law enforcement approaches are resource intensive and often focus on the women engaged in these illicit acts, further victimizing them, while the criminal networks and traffickers evade accountability. Furthermore, the ubiquity of IMBs degrades the integrity of legitimate massage therapists, spas and wellness businesses.

Many jurisdictions have found success in closing IMBs through targeted business licensing requirements³, particularly in those jurisdictions which require all businesses to obtain a license, as Santa Fe does. Successful ordinances target the easily observable characteristics that distinguish an illicit massage business from a legitimate massage therapy business. Trevor Vaughn, an expert in identifying and preventing IMBs, has observed several factors in the business models of legitimate massage therapy businesses and illicit sex and human trafficking businesses (see Table 1).

Table 1. Illicit and Legitimate Massage Business Models

Illicit Sex and Human Trafficking Business	Legitimate Massage Therapy Business
Cheat requirements to look legit	Professional training, education and license

¹ Keyhan, Rochelle et al, “Trafficking in Illicit Massage Businesses.” Polaris, (January 17, 2018)

² “Hidden in Plain Sight: How Corporate Secrecy Facilitates Human Trafficking in Illicit Massage Parlors.” Polaris (April 1, 2018)

³ “Successful Massage Ordinance Factors.” The Network, (September, 2021)

Advertise to people looking for sex	Advertise for health purposes
Unlicensed personnel	Licensed Massage Therapists
No records of treatments or clients	Regular business recordkeeping
Long hours, often living on site	Normal business hours and operations
Locked doors to conceal illicit activities	Professional massage practices
Advertise at lower rates	Rates match industry standard

The Department is currently engaged with the City Attorney’s Office to draft a new massage facility ordinance to prevent IMBs from opening via a thorough application process, and regulating those characteristics and behaviors associated with IMBs. In Aurora, Colorado, multiple IMBs predated the passage of its ordinance in May 2018. By allowing the city to close businesses for committing certain violations, such as operating without a license, Aurora closed 18 IMBs within a year after its regulations went into effect.

The Department intends to bring forward the legislation for adoption by the end of the calendar year and will continue targeted inspections and enforcement actions against illicit massage businesses operating within the city.

ATTACHMENTS:

- A. Notice of Violation Case #2025-005040
 - 1. Hong Zhou California Identification Card #W9776431
 - 2. Dan Gao Massage Therapy License #MT8725
 - 3. Yang Yang Massage Santa Fe Business License #238657 (Expires January 23, 2026)
 - 4. New Mexico State Gross Receipts Tax Certificate #03662930008
 - 5. Illicit Online Advertisements – 1225 S St Francis Drive, Unit E, 505-460-9448