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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

YU-LING WONG,

Defendant.

NO. 16-1-00179-0

INFORMATION

I, Robert W. Ferguson, Attorney General of Washington, in the name and by the authority of the State of Washington, pursuant to RCW 43.10.232 and at the request of Dan Satterberg, King County Prosecuting Attorney, do accuse YU-LING WONG of the crimes of: **Theft in the First Degree (1 count), Unlawful Use of Sales Suppression Software (1 count), and Filing a False or Fraudulent Tax Return (21 counts)** committed as follows:

I.

I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG of the crime of **Theft in the First Degree**, based on a series of acts connected together with another crime charged herein, and which crimes were so closely connected in respect to time, place, and occasion that it would be difficult to separate proof of one charge from proof of the other, committed as follows:

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1 That the defendant, YU-LING WONG, in King County, State of Washington, on or
2 between **January 1, 2010** through **September 30, 2014**, in a series of transactions which are
3 part of a criminal episode or a common scheme or plan, as part of a continuing criminal
4 impulse and a continuing course of criminal conduct, did wrongfully obtain or exert
5 unauthorized control over property, other than a firearm, as defined in RCW 9.41.010, to wit:
6 sales tax collected and owing to the Washington State Department of Revenue, of an aggregate
7 value exceeding \$5,000, with intent to deprive such other of such property; and the crime was
8 aggravated by the following circumstances: the crime was a major economic offense or series
9 of offenses due to the following factors: 1) that crime involved attempted or actual economic
10 loss substantially greater than typical for the offense, 2) the crime involved a high degree of
11 sophistication and planning, 3) the crime occurred over a lengthy period of time, 4) the
12 defendant used a position of trust, confidence, and fiduciary responsibility to facilitate the
13 commission of the crime, as provided by
14 RCW 9.94A.535(3)(d) and contrary to RCW 9A.56.030(1)(a), and 9A.56.020(1)(a), and
15 against the peace and dignity of the State of Washington. (Maximum penalty: 10 years and/or a
16 \$20,000 fine, pursuant to RCW 9A.56.030, 9A.20.021(1)(b)).

17 **II.**

18 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG, of
19 the crime of **Unlawful Use of Sales Suppression Software**, based on a series of acts
20 connected together with another crime charged herein, and which crimes were so closely
21 connected in respect to time, place, and occasion that it would be difficult to separate proof of
22 one charge from proof of the other, committed as follows:

23 That the defendant YU-LING WONG, in King County, State of Washington, on or on
24 or between **January 1, 2010** through **September 30, 2014**, did knowingly use or possess an
25 automated sales suppression device or phantom-ware; contrary to RCW 82.32.290(4)(a), and
26 9A.20.021(1)(c), and against the peace and dignity of the State of Washington.

1 (Maximum penalty: 5 years and/or a \$10,000 fine, contrary to RCW 82.32.290(4)(a), and
2 9A.20.021).

3 **III.**

4 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
5 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
6 series of acts connected together with another crime charged herein, and which crimes were so
7 closely connected in respect to time, place, and occasion that it would be difficult to separate
8 proof of one charge from proof of the other, committed as follows:

9 That the defendant YU-LING WONG, in King County, State of Washington, on or
10 about **February 21, 2013**, did make or cause to be made a false and/or fraudulent return and/or
11 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
12 Return for **January, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
13 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
14 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
15 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
16 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

17 **IV.**

18 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
19 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
20 series of acts connected together with another crime charged herein, and which crimes were so
21 closely connected in respect to time, place, and occasion that it would be difficult to separate
22 proof of one charge from proof of the other, committed as follows:

23 That the defendant YU-LING WONG, in King County, State of Washington, on or
24 about **March 25, 2013**, did make or cause to be made a false and/or fraudulent return and/or
25 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
26 Return for **February, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East

1 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
2 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
3 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
4 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

5
6 **V.**

7 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
8 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
9 series of acts connected together with another crime charged herein, and which crimes were so
10 closely connected in respect to time, place, and occasion that it would be difficult to separate
11 proof of one charge from proof of the other, committed as follows:

12 That the defendant YU-LING WONG, in King County, State of Washington, on or
13 about **April 23, 2013**, did make or cause to be made a false and/or fraudulent return and/or
14 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
15 Return for **March, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
16 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
17 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
18 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
19 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

20 **VI.**

21 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
22 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
23 series of acts connected together with another crime charged herein, and which crimes were so
24 closely connected in respect to time, place, and occasion that it would be difficult to separate
25 proof of one charge from proof of the other, committed as follows:

26 That the defendant YU-LING WONG, in King County, State of Washington, on or
about **May 24, 2013**, did make or cause to be made a false and/or fraudulent return and/or

1 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
2 Return for **April, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
3 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
4 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
5 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
6 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

7 **VII.**

8 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
9 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
10 series of acts connected together with another crime charged herein, and which crimes were so
11 closely connected in respect to time, place, and occasion that it would be difficult to separate
12 proof of one charge from proof of the other, committed as follows:

13 That the defendant YU-LING WONG, in King County, State of Washington, on or
14 about **June 24, 2013**, did make or cause to be made a false and/or fraudulent return and/or
15 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
16 Return for **May, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
17 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
18 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
19 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
20 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

21 **VIII.**

22 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
23 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
24 series of acts connected together with another crime charged herein, and which crimes were so
25 closely connected in respect to time, place, and occasion that it would be difficult to separate
26 proof of one charge from proof of the other, committed as follows:

1 That the defendant YU-LING WONG, in King County, State of Washington, on or
2 about **July 23, 2013**, did make or cause to be made a false and/or fraudulent return and/or
3 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
4 Return for **June, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
5 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
6 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
7 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
8 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

9 **IX.**

10 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
11 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
12 series of acts connected together with another crime charged herein, and which crimes were so
13 closely connected in respect to time, place, and occasion that it would be difficult to separate
14 proof of one charge from proof of the other, committed as follows:

15 That the defendant YU-LING WONG, in King County, State of Washington, on or
16 about **August 25, 2013**, did make or cause to be made a false and/or fraudulent return and/or
17 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
18 Return for **July, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
19 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
20 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
21 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
22 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

23 **X.**

24 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
25 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
26 series of acts connected together with another crime charged herein, and which crimes were so

1 closely connected in respect to time, place, and occasion that it would be difficult to separate
2 proof of one charge from proof of the other, committed as follows:

3 That the defendant YU-LING WONG, in King County, State of Washington, on or
4 about **September 24, 2013**, did make or cause to be made a false and/or fraudulent return
5 and/or made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
6 Return for **August, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
7 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
8 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
9 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
10 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

11 **XI.**

12 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
13 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
14 series of acts connected together with another crime charged herein, and which crimes were so
15 closely connected in respect to time, place, and occasion that it would be difficult to separate
16 proof of one charge from proof of the other, committed as follows:

17 That the defendant YU-LING WONG, in King County, State of Washington, on or
18 about **October 24, 2013**, did make or cause to be made a false and/or fraudulent return and/or
19 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
20 Return for **September, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
21 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
22 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
23 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
24 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

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26 ///

1 **XII.**

2 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
3 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
4 series of acts connected together with another crime charged herein, and which crimes were so
5 closely connected in respect to time, place, and occasion that it would be difficult to separate
6 proof of one charge from proof of the other, committed as follows:

7 That the defendant YU-LING WONG, in King County, State of Washington, on or
8 about **November 21, 2013**, did make or cause to be made a false and/or fraudulent return
9 and/or made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
10 Return for **October, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
11 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
12 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
13 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
14 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

15 **XIII.**

16 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
17 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
18 series of acts connected together with another crime charged herein, and which crimes were so
19 closely connected in respect to time, place, and occasion that it would be difficult to separate
20 proof of one charge from proof of the other, committed as follows:

21 That the defendant YU-LING WONG, in King County, State of Washington, on or
22 about **December 12, 2013**, did make or cause to be made a false and/or fraudulent return
23 and/or made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
24 Return for **November, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
25 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
26 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and

1 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
2 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

3 **XIV.**

4 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
5 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
6 series of acts connected together with another crime charged herein, and which crimes were so
7 closely connected in respect to time, place, and occasion that it would be difficult to separate
8 proof of one charge from proof of the other, committed as follows:

9 That the defendant YU-LING WONG, in King County, State of Washington, on or
10 about **January 26, 2014**, did make or cause to be made a false and/or fraudulent return and/or
11 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
12 Return for **December, 2013**, for business conducted by YL & Daughter, Inc. dba Facing East
13 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
14 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
15 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
16 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

17 **XV.**

18 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
19 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
20 series of acts connected together with another crime charged herein, and which crimes were so
21 closely connected in respect to time, place, and occasion that it would be difficult to separate
22 proof of one charge from proof of the other, committed as follows:

23 That the defendant YU-LING WONG, in King County, State of Washington, on or
24 about **February 23, 2014**, did make or cause to be made a false and/or fraudulent return and/or
25 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
26 Return for **January, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East

1 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
2 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
3 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
4 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

5 **XVI.**

6 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
7 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
8 series of acts connected together with another crime charged herein, and which crimes were so
9 closely connected in respect to time, place, and occasion that it would be difficult to separate
10 proof of one charge from proof of the other, committed as follows:

11 That the defendant YU-LING WONG, in King County, State of Washington, on or
12 about **March 24, 2014**, did make or cause to be made a false and/or fraudulent return and/or
13 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
14 Return for **February, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
15 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
16 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
17 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
18 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

19 **XVII.**

20 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
21 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
22 series of acts connected together with another crime charged herein, and which crimes were so
23 closely connected in respect to time, place, and occasion that it would be difficult to separate
24 proof of one charge from proof of the other, committed as follows:

25 That the defendant YU-LING WONG, in King County, State of Washington, on or
26 about **April 24, 2014**, did make or cause to be made a false and/or fraudulent return and/or

1 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
2 Return for **March, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
3 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
4 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
5 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
6 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

7 **XVIII.**

8 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
9 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
10 series of acts connected together with another crime charged herein, and which crimes were so
11 closely connected in respect to time, place, and occasion that it would be difficult to separate
12 proof of one charge from proof of the other, committed as follows:

13 That the defendant YU-LING WONG, in King County, State of Washington, on or
14 about **May 22, 2014**, did make or cause to be made a false and/or fraudulent return and/or
15 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
16 Return for **April, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
17 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
18 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
19 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
20 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

21 **XIX.**

22 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
23 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
24 series of acts connected together with another crime charged herein, and which crimes were so
25 closely connected in respect to time, place, and occasion that it would be difficult to separate
26 proof of one charge from proof of the other, committed as follows:

1 That the defendant YU-LING WONG, in King County, State of Washington, on or
2 about **June 25, 2014**, did make or cause to be made a false and/or fraudulent return and/or
3 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
4 Return for **May, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
5 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
6 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
7 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
8 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

9 **XX.**

10 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
11 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
12 series of acts connected together with another crime charged herein, and which crimes were so
13 closely connected in respect to time, place, and occasion that it would be difficult to separate
14 proof of one charge from proof of the other, committed as follows:

15 That the defendant YU-LING WONG, in King County, State of Washington, on or
16 about **July 24, 2014**, did make or cause to be made a false and/or fraudulent return and/or
17 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
18 Return for **June, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
19 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
20 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
21 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
22 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

23 **XXI.**

24 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
25 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
26 series of acts connected together with another crime charged herein, and which crimes were so

1 closely connected in respect to time, place, and occasion that it would be difficult to separate
2 proof of one charge from proof of the other, committed as follows:

3 That the defendant YU-LING WONG, in King County, State of Washington, on or
4 about **August 24, 2014**, did make or cause to be made a false and/or fraudulent return and/or
5 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
6 Return for **July, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
7 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
8 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
9 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
10 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

11 **XXII.**

12 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
13 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
14 series of acts connected together with another crime charged herein, and which crimes were so
15 closely connected in respect to time, place, and occasion that it would be difficult to separate
16 proof of one charge from proof of the other, committed as follows:

17 That the defendant YU-LING WONG, in King County, State of Washington, on or
18 about **September 25, 2014**, did make or cause to be made a false and/or fraudulent return
19 and/or made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
20 Return for **August, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
21 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
22 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
23 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
24 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

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26 ///

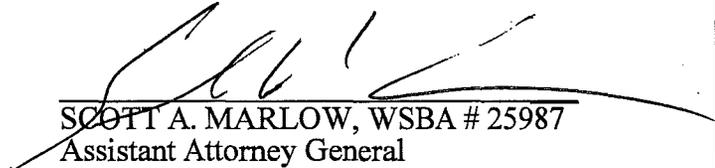
1 **XXIII.**

2 I, Robert W. Ferguson, Attorney General aforesaid, do accuse YU-LING WONG,
3 together with another, of the crime of **Filing a False or Fraudulent Tax Return**, based on a
4 series of acts connected together with another crime charged herein, and which crimes were so
5 closely connected in respect to time, place, and occasion that it would be difficult to separate
6 proof of one charge from proof of the other, committed as follows:

7 That the defendant YU-LING WONG, in King County, State of Washington, on or
8 about **October 24, 2014**, did make or cause to be made a false and/or fraudulent return and/or
9 made or caused to be made a false statement on a return, to-wit: a Combined Excise Tax
10 Return for **September, 2014**, for business conducted by YL & Daughter, Inc. dba Facing East
11 restaurant, with intent to defraud the State and evade the payment of a tax or a part thereof;
12 contrary to RCW 82.32.290(2)(a)(iii), 2(b), and 9A.20.021(1)(c), and against the peace and
13 dignity of the State of Washington. (Maximum penalty: 5 years and/or a \$10,000 fine,
14 contrary to RCW 82.32.290(2)(a), and 9A.20.021).

15
16 DATED this 5th day of February, 2016.

17
18 ROBERT W. FERGUSON
Attorney General

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1 and Health Services as an investigator for the Office of Fraud and Accountability, Adult
2 Protective Services and Child Protective Services. During my work as an investigator, I have
3 been responsible for investigating welfare fraud, vendor fraud, food stamp trafficking, child
4 abuse and the abuse/exploitation of vulnerable adults.

5 As an investigator with the AGO-CRJ, I have as one of my primary responsibilities the
6 investigation of tax fraud in which the State of Washington Department of Revenue and other
7 State agencies are the victims. I am familiar with the facts and circumstances contained in this
8 certification, either through personal investigation or through personal discussions with DOR
9 and/or the Internal Revenue Service, who have obtained information in the normal course of
10 their duties.

11 All individuals and business entities wishing to conduct business in the State of
12 Washington must file a Master Business License and receive a Unified Business Identifier
13 prior to engaging in business. If the business (taxpayer) intends to engage in activity subject to
14 retail sales tax, the business must also obtain a Certificate of Registration from the DOR.
15 Businesses that are engaged in the sales of retail goods and personal property in the State of
16 Washington are required to collect Washington State sales and other applicable taxes from
17 their customers.

18 RCW 82.08.050 requires the seller to collect retail sales tax, which is "deemed to be
19 held in trust by the seller until paid to the Department (DOR)". Businesses are required to
20 report their gross receipts from the retail sales and remit the appropriate amount of sales tax by
21 the due date of the tax return for the reporting period.

22 Based on the following facts set forth in this affidavit, there is probable cause to
23 believe that WONG committed the crimes of Theft in the First Degree (RCW 9A.56.030),
24 Filing of False Tax Returns (RCW 82.32.290) and Unlawful Acts (RCW 82.32.290) during the
25 time frame of January 2010 through September 30, 2014.
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1 WONG owns and operates a Taiwanese restaurant in the downtown Bellevue area by
2 the name of "Facing East Restaurant". The restaurant is held under the entity name of YL &
3 Daughter Inc., under Unified Business Identifier (UBI) 602 610 558. This restaurant has been
4 in operation since November of 2006 and remains in business. WONG filed a Certificate of
5 Formation and an Initial Report for YL & Daughter, Inc., in November of 2006, naming
6 herself as the President of the company. All subsequent Annual Reports filed with the
7 Secretary of State (SOS) from 2007 through 2015, have been submitted by WONG and
8 continue to list her as the president of the company. WONG is the majority business owner
9 holding a 55% share of the business. There are two other business partners: Hon L. MOK,
10 owns a 30% share and Jie You YU, holds a 15% share of the business. The business partners
11 are not listed in any capacity on the Annual filings with the SOS.

12 On February 19, 2015, a criminal referral was received from DOR regarding Facing
13 East Restaurant and WONG. The restaurant had gone through a routine audit covering the
14 years of 2010 through 2013, when the auditors found that the cash sales were showing at a flat
15 7%. During the audit the DOR was able to review the Profittek POS system database that had
16 all of Facing East Restaurant's sales transactions from which WONG printed her end of
17 month reports. While reviewing the transactions DOR noticed several unusual characteristics
18 with the transactions in the database: the amount of cash taken out of the register each night
19 (to pay out tips) was often more than the amount of cash taken in by the restaurant each day,
20 the percentage of cash sales per total sales each day seemed to be unusually flat
21 (approximately the same percentage each day), multiple transactions showed bills being time
22 stamped as paid before they were time stamped as entered into the system, multiple
23 transactions showed only minutes between the time stamp when the order was entered into
24 the system and when the bill was time stamped as paid, which is unusual because this time
25 period would typically be much longer (i.e.: the time it took from ordering the meal to the
26 time the bill was paid).

1 Jerome Salido, DOR's Computer Audit Specialist, who was working on this audit, had
2 attended training about Sales Suppression Software and he was aware of what the software
3 was capable of doing to transactions in a database. Salido was aware that the
4 characteristics found in the Facing East database could be a result of sales suppression
5 software being utilized.

6 DOR personnel determined they would not be able to use the Profitek POS system to
7 calculate the true cash sales of Facing East because it could not be relied on to be complete and
8 accurate. DOR employees informed WONG that they did not trust the Profitek POS system
9 and asked WONG to explain the anomalies found thus far. WONG offered no explanation.
10 The DOR staff provided WONG an assessment of estimated tax due and owing based on the
11 percentage of cash sales that Facing East Restaurant had in their books for the first half of
12 2010. This percentage was used to estimate the tax due for the remainder of the audit period,
13 rather than the POS system sales information. This figure fell in line with the industry average
14 of cash sales for dine in restaurants which is between 22-30%. DOR issued a tax assessment
15 of total tax due and owing in excess of **\$394,835.00**. A few weeks later WONG contacted
16 DOR and asked the auditors to come meet with her again. WONG said the amount of the
17 assessment was too high and she had an accurate set of books, showing different amounts of
18 cash sales, for DOR to review.

19 When DOR employees met with WONG she admitted to keeping a second set of books
20 and provided the second set to the DOR. This set of books had cash sales at 14%, still below
21 the industry average and again at a flat rate. There were no fluctuations in the cash sales
22 leading to follow up questions about how the sales could remain so flat. WONG admitted
23 during this interview with DOR auditors that she was utilizing a Sales Suppression Software
24 program on to her Point of Sale (POS) System and that she had been utilizing it for years.
25 WONG demonstrated to DOR personnel how to use the software and took them through an
26 example on her computer.

1 WONG said that at the end of the month she inserted a USB dongle (thumb drive)
2 which housed and executed the Sales Suppression Software into the Profitek POS computer
3 and ran the software on each day's sales. After insertion, a pop-up window prompted her to
4 select how much in cash sales were to be reported for each day. WONG would pick an amount
5 or a percentage of cash sales to be reported. For example, if WONG selected 7%, the Sales
6 Suppression Software used the POS system and deleted sufficient cash transactions until the
7 books reflected only 7% cash sales. When completed, another pop-up box appeared on the
8 POS screen which advised WONG how much cash to remove from the register to reconcile the
9 books. WONG explained that she printed out a true report before using the Sales Suppression
10 Feature. WONG also printed out a new report after the sales were deleted/changed by the
11 software. The new, altered reports were the ones WONG submitted to DOR along with her tax
12 payments. DOR personnel observed WONG run the Sales Suppression Software and saw the
13 pop-up boxes on WONG's Profitek POS system, as described above.

14 WONG explained to DOR that she used the cash she removed from the register to pay
15 her kitchen staff under the table because, WONG said, the kitchen staff preferred to be paid
16 that way. WONG then took out a hand written ledger that showed how she accounted for the
17 cash payroll for the kitchen staff. Although DOR staff did not receive a copy of the
18 handwritten ledger, they estimate the ledger listed between nine and fourteen employees who
19 were being paid in cash.

20 WONG gave the USB with the Sales Suppression Software to the DOR personnel and
21 agreed to be honest when paying her taxes in the future. WONG also told DOR staff that she
22 was very worried she would be in trouble in the community for sharing how the software
23 worked because so many restaurants use it.

24 The USB drive was turned over to the Washington State Attorney General's Office,
25 Criminal Justice Division's custody. On February 20, 2015, the AGO received concurrence to
26 investigate the situations and file any charges that arise from the investigation.

The table below outlines the CETRs filed by Facing East Restaurant (YL & Daughter, Inc.). The table outlines what WONG reported to DOR on her CETRs and hence what amount of revenue she paid retail sales tax on versus what WONG provided to DOR as her second set of books, the differences between the two and the business bank deposits for each month.

<u>Month/Year</u>	<u>Revenue reported on CETRs filed by Facing East</u>	<u>Date CETR was filed by taxpayer</u>	<u>Revenue according to the second set of books</u>	<u>Differences</u>	<u>Business Bank Deposits</u>
Dec - 2012	\$218,750	1/23/2013	\$238,544	\$19,794	\$246,525
Jan - 2013	\$192,734	2/21/2013	\$208,975	\$16,241	\$232,958
Feb - 2013	\$181,259	3/25/2013	\$195,679	\$14,420	\$210,565
Mar - 2013	\$228,787	4/23/2013	\$245,625	\$16,838	\$235,634
Apr - 2013	\$197,511	5/24/2013	\$214,518	\$17,007	\$259,910
May - 2013	\$233,130	6/24/2013	\$249,321	\$16,191	\$265,956
June - 2013	\$242,633	7/23/2013	\$261,898	\$19,265	\$255,157
July - 2013	\$231,357	8/25/2013	\$254,458	\$23,101	\$287,261
Aug - 2013	\$258,771	9/24/2013	\$277,497	\$18,726	\$282,443
Sep - 2013	\$223,451	10/24/2013	\$240,138	\$16,687	\$274,246
Oct - 2013	\$220,231	11/21/2013	\$237,157	\$16,926	\$260,245
Nov - 2013	\$236,539	12/12/2013	\$253,144	\$16,605	\$251,259
Dec - 2013	\$250,849	1/26/2014	\$269,892	\$19,043	\$302,407
Jan - 2014	\$221,025	2/23/2014	\$238,938	\$17,913	\$253,334
Feb - 2014	\$197,092	3/24/2014	\$210,182	\$13,090	\$230,598
Mar - 2014	\$244,492	4/24/2014	\$260,363	\$15,871	\$280,382
Apr - 2014	\$215,277	5/22/2014	\$232,660	\$17,383	\$248,802
May - 2014	\$255,694	6/25/2014	\$268,587	\$12,893	\$277,820

1	Jun - 2014	\$261,301	7/24/2014	\$276,754	\$15,453	\$310,899
2	Jul - 2014	\$261,637	8/24/2014	\$281,767	\$20,130	\$299,392
3	Aug - 2014	\$287,831	9/25/2014	\$303,939	\$16,107	\$292,927
4	Sep - 2014	\$238,086	10/24/2014	\$253,239	\$15,153	\$307,615
5	Total : 22	\$5,098,437	22	\$5,473,275	\$374,839	\$5,866,335

6 *The CETRs listed in the table are the returns that fall within the statute of limitations for Filing of False Tax
7 Returns (RCW 82.32.290). There are 22 false returns within the statute of limitations; each is an unranked Class
8 C Felony.

9 The table represents the amount of sales tax theft based on the difference of the first set
10 of books during the audit period and the second set of books that was provided to DOR, once a
11 tax warrant was issued. It is probable that the theft amount is much higher given the industry
12 average and the amounts that WONG has been reporting since the audit.

14	<u>Year</u>	<u>Initially Reported</u>	<u>Second set of books</u>	<u>Difference</u>	<u>Amount of Sales Tax Theft</u>
15		<u>on CETRs</u>			
16	2010	\$1,194,576	\$1,383,723	\$189,147	\$17,969
17	2011	\$1,898,355	\$2,115,672	\$217,317	\$20,645
18	2012	\$2,285,834	\$2,497,656	\$211,822	\$20,123
19	2013	\$2,697,252	\$2,908,303	\$211,051	\$20,050
20	2014	\$2,182,435	\$2,326,428	\$143,993	\$13,679
21	5 years	\$10,258,452	\$11,231,782	\$973,330	\$92,466

22 *Note: The 2014 figures encompass the first nine months only as information for October 2014 was missing.

23 **Theft amounts are based on the 9.5% retail sales tax rate in the city of Bellevue for the years of 2010-2014.

24 Since Facing East Restaurant and WONG were audited by DOR their reported sales
25 have increased for the first three quarters of 2015 by 15% compared to the first three quarters
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1 of 2014 and were up 26% compared to the first three quarters of 2013. This would follow
2 earlier cash sales reported by Facing East Restaurant. Prior to DOR's audit and the restaurant
3 being remodeled the cash sales were averaging at 25%. Since WONG turned over the Sales
4 Suppression Software to DOR, and subsequently to the AGO's Criminal Justice Division, in
5 February of 2015 Facing East Restaurant and WONG are now reporting on average \$37,000
6 more income per month.

7 SEARCH WARRANT on PROFITEK SALES REPRESENTATIVE

8 On July 9, 2015, the Attorney General's Office Criminal Justice Division, in
9 coordination with the Internal Revenue Service Criminal Division, executed a search warrant
10 on the residence and vehicle of the Profitek Sales Representative for Washington State, John
11 X. Yin. During the execution of the search warrant Yin agreed to be interviewed. During the
12 interview Yin admitted that Facing East Restaurant and WONG had Sales Suppression
13 Software for about eight years. When WONG initially received the SS Software Yin trained
14 her on how to use it and has assisted her with running end of month reports when she has
15 called him to do so. Yin said he did help WONG pull sales reports during her audit. Yin stated
16 that the only person he has worked with at Facing East Restaurant has been WONG.

17 **HISTORY OF PROFITEK**

18 Profitek Software is owned by InfoSpec, Inc., a company based in Vancouver, British
19 Columbia, Canada. The company goes by the name Profitek and sells Profitek related
20 products.

21 Profitek was the first POS solution in North America to provide dual language
22 operation. From 2000-2008, Profitek and its parent company InfoSpec Systems, Inc. were
23 investigated by Canadian Revenue Agency for creating and marketing accompanying Sales
24 Suppression Software. This software allowed clients to delete cash transactions from the
25 system and therefore under-report their revenue and income for tax purposes.
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1 According to court documents and news articles the InfoSpec Systems Inc.'s
2 president, Pius Chan, sold "zappers" to restaurants knowing the programs would be used to
3 facilitate tax evasion. InfoSpec was initially charged with fraud, four counts of evading income
4 tax, and four counts of evading the Canadian Revenue Agency. They were only convicted of
5 Fraud. In the preceding the court found that Pius Chan was the: "directing mind of the
6 corporation" and that he "intended to defraud the public by providing or distributing a zapper
7 program that allowed customers to suppress income and thereby evade tax". In 2013, the
8 conviction against the company InfoSpec was overturned by an appellate court saying the sale
9 of the software is not illegal: "I do not accept the Crown's submission that InfoSpec engaged
10 in a course of dealings that was by its very nature dishonest. InfoSpec participated in
11 commercial transactions involving the sale of a computer program that is not prohibited by law;
12 the restaurants got what they paid for. Whatever reasonable people might think about the
13 propriety of such a sale, I am unable to say they would consider the vendor to have acted
14 dishonestly." The court acknowledged that if Parliament considers a prohibition on zappers
15 necessary to thwart tax evasion, it should pass a law saying that.

16 In 2014, the Canadian Government passed new federal rules that businesses or
17 individuals caught using, developing, or selling Zappers may face a fine of \$5,000 to
18 \$1,000,000. A criminal conviction could result in a prison sentence of up to five years. Based
19 on the above, it is reasonable to believe that InfoSpec, Inc., its employees and its authorized
20 sales representatives are aware that the development, sale and use of Profitek's RSS are illegal.

21 In addition to the case against InfoSpec there have been several tax evasion and fraud
22 cases brought by the Canadian Revenue Agency (in various territories in Canada) against
23 salespeople that sold Profitek Sales Suppression Software and against restaurants that use the
24 Profitek Sales Suppression Software. Some of these cases have resulted in guilty pleas or
25 convictions. In 2013 the State of Washington passed Senate Bill 5715 which makes it a
26 class C felony to buy sell, utilize and/or possess automated sales suppression software,

1 commonly known as "Zappers". Washington was the 14th state to pass legislation targeting
2 sales suppression software. These crimes fall under the authority of RCW 82.32.290,
3 Unlawful Acts.

4 WONG was a resident of King County, Washington, during the DOR audit period.

5 Based upon my information and belief, Facing East Restaurant (YL & Daughter, Inc.)
6 had its physical location in Bellevue, Washington and the corporate office was also in
7 Bellevue, Washington. All of the above acts and/or omissions occurred in King County, State
8 of Washington.

9 I certified under penalty of perjury under the laws of the State of Washington that the
10 foregoing is true and correct.

11 DATED, this 5th day of February, 2016.

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14 Lisa R. Gilman, Investigator
Criminal Justice Division

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