

# Securities and Exchange Commission

Washington, D.C. 20549

## FORM 8-K

Current Report  
Pursuant To Section 13 or 15(d) Of  
The Securities Exchange Act of 1934

Date of Report: June 13, 2005

### **RICK'S CABARET INTERNATIONAL, INC.**

(Exact Name of Registrant As Specified in Its Charter)

Texas	0-26958	76-0037324
(State Or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10959 Cutten Road  
Houston, Texas 77066  
(Address Of Principal Executive Offices, Including Zip Code)

(281) 397-6730  
(Registrant's Telephone Number, Including Area Code)

505 North Belt, Suite 630  
Houston, Texas 77060  
(281) 820-1181  
(Registrant's previous office/phone)

## ITEM 2.01 COMPLETION OF ACQUISITION OF ASSETS.

On June 13, 2005, our wholly owned subsidiary, RCI Entertainment (North Carolina), Inc., a North Carolina corporation ("RCI North Carolina") entered a Purchase Agreement (the "Purchase Agreement") with Top Shelf, LLC, a North Carolina limited liability company ("Top Shelf") and Tony Hege, the holder of Top Shelf's membership interests, to purchase all of the issued and outstanding membership interests of Top Shelf which owns a nightclub known as "The Manhattan Club" located in Charlotte, North Carolina (the "Club"). RCI North Carolina has been managing the Club under the name "Rick's Cabaret" since February 2005.

The Purchase Agreement provides for a purchase price of \$1,000,000 which is payable with 180,000 shares of our common stock valued at \$3.75 per share (the "Shares") and a seven year promissory note in the amount of \$325,000 bearing interest at the rate of 7% per annum (the "Note"). The Note is payable with an initial payment due November 1, 2005 of interest only for the period of time from the date of Closing until October 31, 2005, plus a principal reduction payment in the amount of \$3,009.29. Thereafter, RCI North Carolina will make eighty-three (83) successive equal monthly payments commencing December 1, 2005, of principal and interest in the amount of \$4,905.12 until paid in full. The Note is secured by the assets of RCI North Carolina.

Pursuant to the terms of the Note, on or after November 1, 2005, Hege shall have the right, but not the obligation to have Rick's purchase from Hege 4,285 Shares per month (the "Monthly Shares"), calculated at a price per share equal to \$3.75 ("Value of the Shares") until Hege has received a total of \$1,000,000 from the sale of the Shares less the amount of the Note. At our election during any given month, we may either buy the Monthly Shares or, if we elect not to buy the Monthly Shares from Hege, then Hege shall sell the Monthly Shares in the open market. Any deficiency between the amount which Hege receives from the sale of the Monthly Shares and the Value of the Shares shall be paid by us within three (3) days of the date of sale of the Monthly Shares during that particular month. Our obligation to purchase the Monthly Shares from Hege shall terminate and cease at such time as Hege has received a total of \$1,000,000 from the sale of the Shares, less the amount of the Note.

Under the terms of the Purchase Agreement, we will be required to file a registration statement for the Shares within thirty (30) days. A copy of the Purchase Agreement is attached hereto as Exhibit 10.1. A copy of the Note is attached hereto as Exhibit 10.2.

A copy of the press release related to this transaction is attached hereto as Exhibit 99.1.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits	
Exhibit Number	Description
10.1	Purchase Agreement
10.2	Promissory Note
99.1	Press release dated June 14, 2005

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

### **RICK'S CABARET INTERNATIONAL, INC.**

*Date: June 14, 2005*

*By: /s/ Eric Langan*

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*Eric Langan*

*Chairman, President, Chief Executive*

*Officer and Acting Chief Accounting Officer*

## **EXHIBIT 10.1**

### **PURCHASE AGREEMENT**

This Purchase Agreement (the "Agreement") is made and entered into this 13th day of June, 2005, by and among Tony Hege ("Seller" or "Hege"), Top Shelf Entertainment, L.L.C., a North Carolina limited liability company (the "Company"), Rick's Cabaret International, Inc., a Texas corporation ("Rick's") and RCI Entertainment (North Carolina), Inc., a North Carolina corporation ("RCI North Carolina" or the "Buyer").

WHEREAS, Seller owns 100% of the units of membership interest of the Company (the "Units"); and

WHEREAS, the Company owns an adult entertainment cabaret known as "The Manhattan Club" (the "Club"), located at 5300 Old Pineville Road, Charlotte, North Carolina 28217 (the "Premises").

WHEREAS, Seller and Buyer entered into a Management Agreement dated February 13, 2005, pursuant to which Buyer has been managing the Club since February 1, 2005, and under which the Buyer is currently operating the Club (the "Management Agreement").

WHEREAS, Seller and Buyer entered into an Option to Purchase Agreement dated February 1, 2005, (the "Option Agreement") under which Seller granted Buyer an option to purchase all of the outstanding Units of the Company for a purchase price of \$1,000,000.

WHEREAS, Seller desires to sell the Units of the Company to Buyer on the terms and conditions set forth herein; and

WHEREAS, Buyer desires to purchase the Units of the Company from Seller on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements and the respective representations and warranties herein contained, and on the terms and subject to the conditions herein set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

### **ARTICLE I PURCHASE AND SALE OF THE UNITS**

Section 1.1 Sale of the Units. Subject to the terms and conditions set forth in this Agreement, at the Closing (as hereinafter defined) Seller hereby agrees to sell, transfer, convey and deliver to Buyer all of the Units, free and clear of all encumbrances, which represents all of the issued and outstanding units of membership interest of the Company, and shall deliver to Buyer certificates representing the Units, duly endorsed to Buyer or accompanied by duly executed stock powers in form and substance satisfactory to Buyer.

Section 1.2 Purchase Price. As consideration for the purchase of the Units, Buyer shall pay to Seller the total consideration of \$1,000,000 (the "Purchase Price"), which shall be payable as follows:

(a) 180,000 shares of common stock of Rick's (the "Shares") to be valued at \$3.75 per share; and

(b) the balance of the Purchase Price shall be evidenced by a seven

(7) year \$325,000 promissory note bearing simple interest at a rate of seven percent (7%) per annum (the "Promissory Note") payable (i) with an initial payment due November 1, 2005 of interest only for the period of time from the date of Closing until October 31, 2005, plus a principal reduction payment in the amount of \$3,009.29, and thereafter (ii) eighty-three (83) successive equal monthly payments commencing December 1, 2005, of principal and interest in the amount of \$4,905.12 until paid in full. The Promissory Note shall be secured by the assets of the Buyer.

Section 1.3 Right of Hege to "Put" Shares. On or after November 1, 2005, Hege shall have the right but not the obligation to have Rick's purchase from Hege 4,285 Shares per month (the "Monthly Shares"), calculated at a price per share equal to \$3.75 ("Value of the Shares") until Hege has received a total of \$1,000,000 from the sale of the Shares less the amount of the Promissory Note as provided for in Section 1.2(b) above. At Rick's election, during any given month, it may either buy the Monthly Shares or if Rick's elects not to buy the Monthly Shares from Hege, then Hege shall sell the Monthly Shares in the open market and any deficiency between the amount which Hege receives from the sale of the Monthly Shares and the Value of the Shares shall be paid by Rick's within three (3) days of the date of sale of the Monthly Shares during that particular month. Hege shall notify Rick's during any given month of its election to "Put" the Monthly Shares to Rick's during that particular month and Rick's shall have three (3) business days to elect to buy the Monthly Shares or instruct Hege to sell the Monthly Shares in the open market. Rick's obligation under this

Section 1.3 to purchase the Monthly Shares from Hege shall terminate and cease at such time as Hege has received a total of \$1,000,000 from the sale of the Shares, less the amount of the Promissory Note as provided for in Section 1.2(b) above. Hege agrees to provide monthly statements to Rick's as to the total number of Shares which he has sold and the amount of proceeds derived therefrom. Nothing contained in this Section 1.3 shall limit or preclude Hege from selling the Shares in the open market or require Hege to "Put" the Shares to Rick's during any given month.

Section 1.4 Sale by Buyer. In the event that Buyer transfers or sells all or substantially all of the assets of the Buyer or Rick's/Buyer sells, or transfers all or substantially all of its interest or ownership in the Buyer to an unaffiliated third party, then in such event, Hege shall have the right and option that Rick's shall purchase from Hege all remaining Shares of Rick's owned by Hege. The purchase price, if Hege exercises this option, shall be determined as follows: The price will be a dollar amount calculated by deducting the unpaid amount owed to Hege on the Promissory Note by the Buyer and deducting the amount paid or received by Hege for any sold Shares of Rick's stock by Hege from \$1,000,000.00. Further, in the event that Hege exercises his option for Rick's to purchase his Shares as provided for in this Section 1.4, and in the event that Buyer/Rick's receives cash or cash equivalent from the sale of all or substantially all of the assets or ownership interests of the Buyer as provided for in this Section 1.4 in an amount in excess of the

amount to be paid to Hege for the Shares of Rick's then such excess shall be prepaid on the Promissory Note to reduce or eliminate any unpaid portion of the Promissory Note. This resulting amount would be paid to Hege within five (5) days from the date of the option being exercised by Hege. The Buyer shall give written notice to Hege of any anticipated transaction as described in this paragraph and any closed transaction.

Section 1.5 Registration Rights. Rick's agrees to file a Registration Statement under the Securities Act of 1933, as amended (the "Act") within thirty

(30) days after Closing with the Securities and Exchange Commission ("SEC") on Form SB-2 or Form S-3 or other similar form (except on Form S-8 or Form S-4) to register for re-sale of the Shares, as set forth in the Registration Rights Agreement between the parties (a copy of which is attached hereto as Exhibit "A"). Rick's will use its best efforts to cause the Registration Statement to become effective under the Act (the "Effective Date"), as promptly as is practical and to keep the Registration Statement continuously effective under the Act for a period of the earlier of (i) two years from the Effective Date, or  
(ii) until all of the Shares which were registered for re-sale have been sold.

## **ARTICLE II CLOSING**

Section 2.1 The Closing. The closing of the transactions provided for in this Agreement shall take place on or before June 10, 2005 (the "Closing Date"), or at such other time and place as agreed upon among the parties hereto (the "Closing"). The parties have agreed further to close at 5300 Old Pineville Road, Charlotte, North Carolina.

Section 2.2 Actions at the Closing. At the Closing:

- (a) the Buyer shall deliver to the Seller and/or the Company the various certificates, instruments and documents (and shall take the required actions) referred to in Article VI below;
- (b) the Seller shall deliver to the Buyer the various certificates, instruments and documents (and shall take the required actions) referred to in Article VI below;
- (c) the Seller shall deliver or cause to be delivered to Buyer originally issued certificates representing the Units of the Company duly endorsed over to the Buyer in a form satisfactory to the Buyer;
- (d) the Buyer shall deliver the Shares representing the Purchase Price to Seller or a letter of instruction to the transfer agent instructing the issuance of the Shares; and
- (e) the Buyer shall execute the Promissory Note and Security Agreement as set forth in Section 1.2.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES  
OF SELLER AND THE COMPANY**

Seller and the Company, jointly and severally, hereby represent and warrant to the Buyer and Rick's as follows:

**Section 3.1. Organization, Good Standing and Qualification.**

(a) The Company (i) is an entity duly organized, validly existing and in good standing under the laws of the state of North Carolina, (ii) has all requisite power and authority to own, operate and lease its properties and to carry on its business, and (iii) is duly qualified to transact business and is in good standing in all jurisdictions where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to do so would not have a material adverse effect to Seller or the Company, respectively.

(b) The authorized capital of the Company consists of 1,000 units of Membership Interest of which 1,000 units of Membership Interest are validly issued and outstanding. There is no other class of capital authorized or issued by the Company. All of the issued and outstanding units of membership interest of the Company are owned by Seller and are fully paid and non-assessable. None of the Units issued are in violation of any preemptive rights. The Company has no obligation to repurchase, reacquire, or redeem any of its outstanding units of membership interests. There are no outstanding securities convertible into or evidencing the right to purchase or subscribe for any units of membership interests of the Company, there are no outstanding or authorized options, warrants, calls, subscriptions, rights, commitments or any other agreements of any character obligating the Company to issue any units of membership interests or any securities convertible into or evidencing the right to purchase or subscribe for any units of membership interests, and there are no agreements or understandings with respect to the voting, sale, transfer or registration of any units of membership interest of the Company.

**Section 3.2 Ownership of the Units.** Seller owns, beneficially and of record, all of the Units of the Company free and clear of any liens, claims, equities, charges, options, rights of first refusal, or encumbrances. Seller has the unrestricted right and power to transfer, convey and deliver full ownership of the Units without the consent or agreement of any other person and without any designation, declaration or filing with any governmental authority. Upon the transfer of the Units to Buyer as contemplated herein, Buyer will receive good and valid title thereto, free and clear of any liens, claims, equities, charges, options, rights of first refusal, encumbrances or other restrictions (except those imposed by applicable securities laws).

**Section 3.3 Authorization.** The Company has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. All action on the part of Seller necessary for the authorization, execution, delivery and performance of this Agreement has been taken by the Seller. This Agreement, when duly executed and delivered in accordance with its terms, will constitute legal, valid and binding obligations of the Company and Seller enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other

similar laws of general application affecting creditors' rights generally or by general equitable principles.

Hege represents that he is a person of full age of majority, with full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby by and for himself and his spouse. All action on the part of Hege necessary for the authorization, execution, delivery and performance of this Agreement by him has been taken and will be taken prior to Closing. This Agreement, when duly executed and delivered in accordance with its terms, will constitute legal, valid and binding obligations of Hege enforceable against him in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws of general application affecting creditors' rights generally or by general equitable principles.

Section 3.4 Consents. No consent of, approval by, order or authorization of, or registration, declaration or filing by the Seller or the Company with any court or any governmental or regulatory agency or authority having jurisdiction over the Seller or any of its property or assets is required on the part of the Seller or the Company (a) in connection with the consummation of the transactions contemplated by this Agreement or (b) as a condition to the legality, validity or enforceability as against the Company of this Agreement, excluding any registration, declaration or filing the failure to effect which would not have a material adverse effect on the financial condition of the Company. Except for the landlord's consent, no consent or approval of any other third party is required in connection with the execution, delivery and performance by the Seller of this Agreement.

Section 3.5 Acquisition of Stock for Investment. The Seller understands that any issuance of the Shares (as referenced in Section 1.2 herein) will not have been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities acts, and are accordingly, are restricted securities, and the Seller represents and warrants to the Purchaser that the Seller's present intention is to receive and hold the Shares for investment only and not with a view to the distribution or resale thereof.

Additionally, the Seller understands that any sale of any the Shares issued, under current law, will require either (a) the registration of the Shares under the Act and applicable state securities acts; (b) compliance with Rule 144 of the Act; or (c) the availability of an exemption from the registration requirements of the Act and applicable state securities acts.

To assist in implementing the above provisions, the Seller hereby consent to the placement of the legend, or a substantially similar legend, set forth below, on all certificates representing ownership of the Shares acquired hereby until the Shares have been sold, transferred, or otherwise disposed of, pursuant to the requirements hereof. The legend shall read substantially as follows:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES ACTS. THESE SECURITIES HAVE BEEN ACQUIRED FOR

INVESTMENT, ARE RESTRICTED AS TO TRANSFERABILITY, AND MAY NOT BE SOLD, HYPOTHECATED, OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION AND QUALIFICATION PROVISIONS OF



**APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE  
EXEMPTIONS THEREFROM."**

Section 3.6 Litigation. There is no claim, suit, arbitration, investigation, judgment, action or other proceeding, whether judicial, administrative or otherwise, now pending or, to the best of Seller's knowledge, threatened before any court, arbitration, administrative or regulatory body or any governmental agency which may result in any judgment, order, award, decree, liability or other determination which will or could reasonably be expected to have a material adverse effect upon the Company or the transfer by Seller to Buyer of the Units under this Agreement.

Section 3.7 Taxes. The Company has timely and accurately filed all federal, state, foreign and local tax returns and reports required to be filed prior to such dates and have timely paid all taxes shown on such returns as owed for the periods of such returns, including all sales taxes and withholding or other payroll related taxes shown on such returns and any taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor or independent contractor. The Company has made adequate provision for the payment of all taxes accruable for all periods ending on or before the Closing Date to any taxing authority and are not delinquent in the payment of any tax or governmental charge of any nature. No assessments or notices of deficiency or other communications have been received by the Company with respect to any tax return which has not been paid, discharged or fully reserved against and no amendments or applications for refund have been filed or are planned with respect to any such return. The Company does not have knowledge of any actions by any taxing authority in connection with assessing additional taxes against or in respect of it for any past period. There are no agreements between the Company and any taxing authority waiving or extending any statute of limitations with respect to any tax return.

Section 3.8 Financial Statements. Seller has delivered to Buyer the audited balance sheet of the Company as of December 31, and 2004 and the unaudited balance sheet for the quarter ended December 31, 2004, together with the related statements of income, changes in shareholder's equity and cash flow for the year, or quarter, then ended, including the related notes for the Company (collectively, the "Financial Statements"). Such Financial Statements, including the related notes, are in accordance with the books and records of the Company and fairly represent the financial position of the Company and the results of operations and changes in financial position of the Company as of the dates and for the periods indicated, in each case in conformity with generally accepted accounting principles applied on a consistent basis. Except as, and to the extent reflected or reserved against in the Financial Statements, the Company, as of the date of the Financial Statements, has no material liability or obligation of any nature, whether absolute, accrued, continued or otherwise, not fully reflected or reserved against in the Financial Statements. As of the Closing Date, Seller represents there have been no adverse changes in the financial condition or other operations, business, properties or assets of the Company from that reflected in the latest financial statements of the Company as furnished pursuant to this Agreement.

Section 3.9 Labor Matters. The Company is not a party or otherwise subject to any collective bargaining agreement with any labor union or association. The Company is not a party to any written or oral contract, agreement or understanding for the employment of any officer, director or employee of the Company. The Company is not a party to any employee benefits plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) or any other fringe or employee benefits plan, programs or arrangements.

Section 3.10 Compliance with Laws; Permits. The Company is, and at all times prior to the date hereof has been, to the best of its knowledge, in compliance with all statutes, orders, rules, ordinances and regulations applicable to it or to the ownership of their assets or the operation of their businesses, except for failures to be in compliance that would not have a material adverse effect on the business, properties or condition (financial or otherwise) of the Company. Except as contemplated by this Agreement the Company owns, holds, possesses or lawfully uses in the operation of its business all permits and licenses which are in any manner necessary for it to conduct its business as now or previously conducted.

Section 3.11 No Conflicts. The execution and delivery by the Company and the Seller of this Agreement does not, and the performance and consummation by the Company and the Seller of the transactions contemplated hereby will not

(i) conflict with the articles of organization or regulations of the Company;

(ii) conflict with or result in a breach or violation of, or default under, or give rise to any right of acceleration or termination of, any of the terms, conditions or provisions of any note, bond, lease, license, agreement or other instrument or obligation to which the Company is a party or by which the Company's or Seller's assets or properties are bound; (iii) result in the creation of any encumbrance on any of the assets or properties of the Company; or (iv) violate any law, rule, regulation or order applicable to the Company or Seller or any of the Company's assets or properties.

Section 3.12 Title to Properties; Encumbrances. The Company has good and marketable title to all of the personal property and assets, that are used in the business that are material to the condition (financial or otherwise), business, operations or prospects of the Company, free and clear of all mortgages, claims, liens, security interests, charges, leases, encumbrances and other restrictions of any kind and nature, except (i) as disclosed in the Financial Statements of the Company, (ii) any and all intellectual property rights of the Seller and the Company, including but not limited to any and all copyrights, trademarks, tradenames, trade secrets, servicemarks, slogans, logos, corporate or partnership names (and any existing or possible combination or derivation of any or all of the same) associated with or used in connection with the operation or business of the Club, which may have been previously used by the Company, (iii) statutory liens not yet delinquent, and (iv) such liens consisting of zoning or planning restrictions, imperfections of title, easements, pledges, charges and encumbrances, if any, as do not materially detract from the value or materially interfere with the present use of the property or assets subject thereto or affected thereby. The Company does not own any real property.

Section 3.13 No Pending Transactions. Except for the transactions contemplated by this Agreement, neither Seller nor the Company is a party to or bound by or the subject of any agreement, undertaking, commitment or discussions or negotiations with any person that could result in (i) the sale, merger, consolidation or recapitalization of the Company, (ii) the sale of any of the assets of the Company except in the ordinary course of business, or (iii) the sale of any outstanding capital stock of the Company.

Section 3.14 Contracts and Leases. Except as disclosed to the Buyer, the Company (i) has no leases of personal property relating to the assets of the Company, whether as lessor or lessee; (ii) has no contractual or other obligations relating to the assets of the Company, whether written or oral; and

(iii) has not given any power of attorney to any person or organization for any purpose

relating to the assets of the Company. Other than as contemplated by this Agreement, as of the Closing Date, there will not be any lease agreements for the Premises where the Club is located. The Company has provided Buyer access to each and every contract, lease or other document relating to the assets of the Company to which they are subject or are a party or a beneficiary. To Seller's knowledge, such contracts, leases or other documents are valid and in full force and effect according to their terms and constitutes a legal, valid and binding obligation of the Company and the other respective parties thereto and are enforceable in accordance with their terms. Seller has no knowledge of any default or breach under such contracts, leases or other documents or of any pending or threatened claims under any such contracts, leases or other documents.

**Section 3.15 Material Agreements; Action** Except as disclosed to Buyer, there are no contracts, agreements, commitments, understandings or proposed transactions, whether written or oral, to which the Company is a party or by which it is bound that involve or relate to: (i) any of the respective officers, managers or affiliates of the Company; (ii) the sale of any of the assets of the Company other than in the ordinary course of business; (iii) the acquisition by the Company of any operating business or the capital stock of any other Person; or (iv) the borrowing of money.

**Section 3.16 No Default.** The Company is not (a) in violation of any provision of its articles of organization or regulations or (b) in default under any term or condition of any instrument evidencing, creating or securing any indebtedness of the Company, and there has been no default in any material obligation to be performed by the Company under any other contract, lease, agreement, commitment or undertaking to which it is a party or by which it or its assets or properties are bound, nor has the Company waived any material right under any such contract, lease, agreement, commitment or undertaking.

**Section 3.17 Books and Records.** The books of account, minute books, stock record books and other records of the Company are accurate and complete and have been maintained in accordance with sound business practices and will be located at the Premises upon Closing.

**Section 3.18 Insurance Policies.** Copies of all insurance policies maintained by the Company relating to the operation of the Club have been delivered or made available to Buyer. The policies of insurance held by the Company are in such amounts, and insure against such losses and risks, as the Company reasonably deems appropriate for its property and business operations. All such insurance policies are in full force and effect, and all premiums due thereon have been paid. Valid policies for such insurance will be outstanding and duly in force at all times prior to the Closing.

**Section 3.19 Disclosure.** No representation or warranty of Seller contained in this Agreement (including the exhibits hereto) contains any untrue statement or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

**Section 3.20 Brokerage Commission.** No broker or finder has acted for the Seller, or the Company in connection with this Agreement or the transactions contemplated hereby, and no person is entitled to any brokerage or finder's fee or compensation in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Seller or the Company.

Section 3.21 Environmental. The Company has not received any citation, directive, letter or other communication, written or oral, or any notice of any proceeding, claim or lawsuit relating to any environmental issue arising out of the ownership or occupation of the Club.

Section 3.22 Banks and Brokerage Accounts. Exhibit 3.22 sets forth (a) a true and complete list of the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship, and (b) a true and complete list and description of each such account, box and relationship, indicating in each case the account number and the names of the respective officers, employees, agents or other similar representatives of the Company having signatory power with respect thereto.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller as follows:

Section 4.1 Organization, Good Standing and Qualification. Buyer (i) is an entity duly organized, validly existing and in good standing under the laws of the state of North Carolina, (ii) has all requisite power and authority to carry on its business, and (iii) is duly qualified to transact business and is in good standing in all jurisdictions where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to do so would not have a material adverse effect to Buyer.

Section 4.2 Authorization. Buyer is a corporation duly organized in the state of North Carolina and has full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby. All action on the part of Buyer necessary for the authorization, execution, delivery and performance of this Agreement by it has been taken and will be taken. This Agreement, when duly executed and delivered in accordance with its terms, will constitute legal, valid, and binding obligations of Buyer enforceable against Buyer in accordance with its terms, except as may be limited by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally or by general equitable principles.

Section 4.3 Consents. No permit, consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or any other person or entity is required on the part of Buyer in connection with the execution and delivery by Buyer of this Agreement or the consummation and performance of the transactions contemplated hereby other than as may be required under the federal securities laws.

Section 4.4 Disclosure. No representation or warranty of Buyer contained in this Agreement (including the exhibits hereto) contains any untrue statement or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

Section 4.5 Brokerage Commission. No broker or finder has acted for the Buyer in connection with this Agreement or the transactions contemplated hereby, and no person is entitled to any brokerage or finder's fee or compensation in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Buyer.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES OF RICK'S**

Rick's hereby represents and warrants to Seller as follows:

Section 5.1 Organization, Good Standing and Qualification. Rick's (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, (ii) has all requisite power and authority to carry on its business, and (iii) is duly qualified to transact business and is in good standing in all jurisdictions where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to do so would not have a material adverse effect to Rick's.

Section 5.2 Authorization. Rick's is a corporation duly organized in the state of Texas and has full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby. All action on the part of Rick's necessary for the authorization, execution, delivery and performance of this Agreement by it has been taken and will be taken. This Agreement, when duly executed and delivered in accordance with its terms, will constitute legal, valid, and binding obligations of Rick's enforceable against Rick's in accordance with its terms, except as may be limited by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally or by general equitable principles.

Section 5.3 Consents. No permit, consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or any other person or entity is required on the part of Rick's in connection with the execution and delivery by Rick's of this Agreement or the consummation and performance of the transactions contemplated hereby other than as may be required under the federal securities laws.

Section 5.4 Disclosure. No representation or warranty of Rick's contained in this Agreement (including the exhibits hereto) contains any untrue statement or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

Section 5.5 Brokerage Commission. No broker or finder has acted for the Rick's in connection with this Agreement or the transactions contemplated hereby, and no person is entitled to any brokerage or finder's fee or compensation in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Rick's.

**ARTICLE VI**  
**CONDITIONS TO CLOSING**

The obligations of the parties to effect the transactions contemplated hereby are subject to the satisfaction at or prior to the Closing of the following conditions:

**Section 6.1 Conditions to Obligations of Buyer and Rick's.**

- (a) **Representations and Warranties of the Seller.** The representations and warranties of the Company and the Seller shall be true and correct on the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date.
- (b) **Resolutions.** Seller shall have delivered resolutions of the Company, which authorize the execution, delivery and performance of this Agreement and the documents referred to herein to which it is or is to be a party dated as of the Closing Date.
- (c) **Third-Party Consents.** Any and all consents or waivers required from third parties relating to this Agreement or any of the other transactions contemplated hereby shall have been obtained.
- (d) **Satisfactory Diligence.** Buyer shall have concluded its due diligence investigation of the Company and its assets and properties and all other matters related to the foregoing, and shall be satisfied, in its absolute and sole discretion, with the results thereof.
- (e) **No Actions or Proceedings.** No claim, action, suit, investigation or proceeding shall be pending or threatened before any court or governmental agency which presents a substantial risk of the restraint or prohibition of the transactions contemplated by this Agreement.
- (f) **Government Approvals.** All authorizations, permits, consents, orders, licenses or approvals of, or declarations or filings with, or expiration of waiting periods imposed by, any governmental entity necessary for the consummation of the transactions contemplated by this Agreement shall have been filed, occurred or been obtained.
- (g) **Resignation of Officer.** Tony Hege shall have resigned as an officer and director of the Company.

**Section 6.2 Conditions to Obligations of the Company and the Seller**

- (a) **Representations, Warranties and Agreements of Buyer and Rick's.** The representations and warranties of Buyer shall be true and correct on the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date.
- (b) **Resolutions.** Buyer and Risk's shall deliver resolutions of the Buyer and Rick's, which authorize the execution, delivery and performance of this Agreement and the documents referred to herein to which it is or is to be a party dated as of the Closing Date.

(c) Third-Party Consents. Any and all consents or waivers required from third parties relating to this Agreement or any of the other transactions contemplated hereby shall have been obtained.

(d) No Actions or Proceedings. No claim, action, suit, investigation or proceeding shall be pending or threatened before any court or governmental agency which presents a substantial risk of the restraint or prohibition of the transactions contemplated by this Agreement.

(e) Government Approvals. All authorizations, permits, consents, orders or approvals of, or declarations or filings with, or expiration of waiting periods imposed by, any governmental entity necessary for the consummation of the transactions contemplated by this Agreement shall have been filed, occurred or been obtained.

## **ARTICLE VII INDEMNIFICATION**

Section 7.1 Indemnification from Seller. Seller hereby agrees to and shall indemnify, defend (with legal counsel reasonably acceptable to Buyer), and hold Buyer, its officers, directors, shareholders, employees, affiliates, agents, legal counsel successors and assigns (collectively, the "Buyer Group") harmless at all times after the date of this Agreement, from and against any and all actions, suits, claims, demands, debts, liabilities, obligations, losses, damages, costs, expenses, penalties or injury (including reasonable attorneys fees and costs of any suit related thereto) (collectively, "Indemnifiable Loss" or "Indemnifiable Losses") suffered or incurred by any of the Buyer Group arising from: (a) any material misrepresentation by, or material breach of any covenant or warranty of Seller contained in this Agreement, or any exhibit, certificate, or other instrument furnished or to be furnished by Seller or the Company hereunder; (b) any nonfulfillment of any material agreement on the part of Seller under this Agreement; or (c) any suit, action, proceeding, claim or investigation against Buyer which arises from or which is based upon or pertaining to Seller's conduct or the operation or liabilities of the business of the Company prior to entering into the Management Agreement.

Section 7.2 Indemnification from Buyer. Buyer agrees to and shall indemnify, defend (with legal counsel reasonably acceptable to Seller) and hold Seller and his agents, affiliates, legal counsel, successors and assigns (collectively, the "Seller's Group") harmless at all times after the date of the Agreement from and against any and all actions, suits, claims, demands, debts, liabilities, obligations, losses, damages, costs, expenses, penalties or injury (including reasonable attorneys fees and costs of any suit related thereto) suffered or incurred by any of the Seller's Group, arising from (a) any material misrepresentation by, or material breach of any covenant or warranty of Buyer contained in this Agreement or any exhibit, certificate, or other agreement or instrument furnished or to be furnished by Buyer hereunder; (b) any nonfulfillment of any material agreement on the part of Buyer under this Agreement; or (c) any suit, action, proceeding, claim or investigation against Seller which arises from or which is based upon or pertaining to Buyer's conduct or the operation or liabilities of the business of Buyer subsequent to entering into the Management Agreement.

Section 7.3 Defense of Claims.

(a) If any indemnitee receives notice of assertion or commencement of any claim, action or proceeding made or brought by any person or entity who or which is not a party to this Agreement or an affiliate of a party to this Agreement ("Third Party Claim") against such indemnitee with respect to which an indemnifying party is obligated to provide indemnification under this Agreement, the indemnitee will give such indemnifying party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. Such notice will describe the Third Party Claim in reasonable detail, will include copies of all material written evidence thereof and will indicate the estimated amount, if reasonably practicable, of the Indemnifiable Loss that has been or may be sustained by the indemnitee. The indemnifying party will have the right to participate in, or, by giving written notice to the indemnitee, to assume, the defense of any Third Party Claim at such indemnifying party's own expense and by such indemnifying party's own counsel (reasonably satisfactory to the indemnitee), and the indemnitee will cooperate in good faith in such defense.

(b) If, within ten (10) calendar days after giving notice of a Third Party Claim to an indemnifying party pursuant to Section 7.3(a), an indemnitee receives written notice from the indemnifying party that the indemnifying party has elected to assume the defense of such Third Party Claim as provided in the last sentence of Section 7.3(a), the indemnifying party will not be liable for any legal expenses subsequently incurred by the indemnitee in connection with the defense thereof; provided, however, that if the indemnifying party fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) calendar days after receiving written notice from the indemnitee that the indemnitee believes the indemnifying party has failed to take such steps or if the indemnifying party has not undertaken fully to indemnify the indemnitee in respect of all Indemnifiable Losses relating to the matter, the indemnitee may assume its own defense, and the indemnifying party will be liable for all reasonable costs or expenses paid or incurred in connection therewith. Without the prior written consent of the indemnitee, the indemnifying party will not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the indemnitee for which the indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the indemnitee for which the indemnitee is not entitled to indemnification hereunder and the indemnifying party desires to accept and agree to such offer, the Indemnifying party will give written notice to the indemnitee to that effect. If the indemnitee fails to consent to such firm offer within ten (10) calendar days after its receipt of such notice, the indemnitee may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the indemnifying party as to such Third Party Claim will not exceed the amount of such settlement offer, plus costs and expenses paid or incurred by the indemnitee through the end of such ten calendar day period.

(c) A failure to give timely notice or to include any specified information in any notice as provided in Sections 7.3(a) or 7.3(b) will not affect the rights or obligations of any party hereunder except and only to the extent that, as a result of such failure, any party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise damaged as a result of such failure.

(d) The indemnifying party will have a period of thirty (30) calendar days within which to respond in writing to any claim by an indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim"). If the indemnifying party does not so



respond within such thirty (30) calendar day period, the indemnifying party will be deemed to have rejected such claim, in which event the indemnitee will be free to pursue such remedies as may be available to the indemnitee on the terms and subject to the provisions of this Article VII.

(e) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other entity, the amount of such reduction, less any costs, expenses, premiums or taxes incurred in connection therewith (together with interest thereon from the date of payment thereof at the annualized rate of interest equal to the "prime" or "reference" rate of interest as publicly announced by Bank One, N.A. and in effect from time to time during the relevant period, calculated on the basis of the actual number of days elapsed over 365) will promptly be repaid by the indemnitee to the indemnifying party. Upon making any indemnity payment the indemnifying party will, to the extent of such indemnity payment, be subrogated to all rights of the indemnitee against any third party that is not an affiliate of the indemnitee in respect of the Indemnifiable Loss to which the indemnity payment related; provided, however, that (i) the indemnifying party shall then be in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss and (ii) until the indemnitee recovers fully payment of its Indemnifiable Loss, any and all claims of the indemnifying party against any such third party on account of said indemnity Payment will be subrogated and subordinated in right of payment to the indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such indemnitee and indemnifying party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

Section 7.4 Default of Indemnification Obligation. If an entity or individual having an indemnification, defense and hold harmless obligation, as above provided, shall fail to assume such obligation, then the party or entities or both, as the case may be, to whom such indemnification, defense and hold harmless obligation is due shall have the right, but not the obligation, to assume and maintain such defense (including reasonable counsel fees and costs of any suit related thereto) and to make any settlement or pay any judgment or verdict as the individual or entities deem necessary or appropriate in such individual's or entities' absolute sole discretion and to charge the cost of any such settlement, payment, expense and costs, including reasonable attorneys fees, to the entity or individual that had the obligation to provide such indemnification, defense and hold harmless obligation and same shall constitute an additional obligation of the entity or of the individual or both, as the case may be.

Section 7.5 Termination. Indemnification obligations of the Seller and the Buyer shall terminate on February 1, 2006.

## **ARTICLE VIII MISCELLANEOUS**

Section 8.1 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by all the parties hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or

among any of the parties, shall constitute a waiver of, or shall preclude any other or further exercise of, any right, power or remedy.

**Section 8.2 Notices.** Any notices or other communications required or permitted hereunder shall be sufficiently given if in writing and delivered in person, transmitted by facsimile transmission (fax) or sent by registered or certified mail (return receipt requested) or recognized overnight delivery service, postage pre-paid, addressed as follows, or to such other address as such party may notify to the other parties in writing:

(a) if to the Seller: Tony Hege 509 Glen Walk Fort Mill, SC 29708

with a copy to: Norman L. Sloan, Esq.

1014 West Fifth Street  
Winston-Salem, NC 27101

(b) if to Buyer or Rick's: RCI Entertainment (North Carolina), Inc. Attn: President 10959 Cutten Road Houston, Texas 77066

With a copy to: Robert D. Axelrod Axelrod Smith & Kirshbaum 5300 Memorial Drive, Suite 700 Houston, Texas 77007

A notice or communication will be effective (i) if delivered in person or by overnight courier, on the business day it is delivered, (ii) if transmitted by telecopier, on the business day of actual confirmed receipt by the addressee thereof, and (iii) if sent by registered or certified mail, three (3) business days after dispatch.

**Section 8.3 Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

**Section 8.4 Assignment; Successors and Assigns.** Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto, which consent will not be unreasonably withheld.

**Section 8.5 Entire Agreement.** This Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations,

alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 8.6 Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina, without regard to principles of conflict of laws. The parties agree that venue for purposes of construing or enforcing this Agreement shall be proper in Mecklenburg County, North Carolina.

Section 8.7 Counterparts and Facsimiles. This Agreement may be executed in multiple counterparts and in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute and be deemed to be one and the same instrument and each of which shall be considered and deemed an original for all purposes. This Agreement shall be effective with the facsimile signature of any of the parties set forth below and the facsimile signature shall be deemed as an original signature for all purposes and the Agreement shall be deemed as an original for all purposes.

Section 8.8 Costs and Expenses. Each party shall pay their own respective fees, costs and disbursements incurred in connection with this Agreement.

Section 8.9 Section Headings. The section and subsection headings in this Agreement are used solely for convenience of reference, do not constitute a part of this Agreement, and shall not affect its interpretation.

Section 8.10 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third party beneficiary or other rights upon any person (specifically including any employees of the Company) or any entity that is not a party to this Agreement.

Section 8.11 Attorneys' Review. In connection with the negotiation and drafting of this Agreement, the parties represent and warrant to each other they have had the opportunity to be advised by attorneys of their own choice.

Section 8.12 Further Assurances. Each party covenants that at any time, and from time to time, after the Closing Date, it will execute such additional instruments and take such actions as may be reasonably be requested by the other parties to confirm or perfect or otherwise to carry out the intent and purposes of this Agreement.

Section 8.13 Exhibits Not Attached. Any exhibits not attached hereto on the date of execution of this Agreement shall be deemed to be and shall become a part of this Agreement as if executed on the date hereof upon each of the parties initialing and dating each such exhibit, upon their respective acceptance of its terms, conditions and/or form.

IN WITNESS WHEREOF, the undersigned have executed this Purchase Agreement to become effective as of the date first set forth above.

**RCI ENTERTAINMENT  
(NORTH CAROLINA), INC.**

*/s/ Eric Langan*  
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*By: Eric Langan, President*  
*Date: June 13, 2005*

**RICK'S CABARET INTERNATIONAL, INC.**

*/s/ Eric Langan*  
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*By: Eric Langan, President*  
*Date: June 13, 2005*

**SELLER**

*/s/ Tony Hege*  
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*Tony Hege, Individually*  
*Date: June 13, 2005*

**TOP SHELF ENTERTAINMENT, LLC**

*/s/ Tony Hege*  
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*By: Tony Hege, Manager*  
*Date: June 13, 2005*

## EXHIBIT 10.2

### PROMISSORY NOTE

\$325,000.00 Date: June 13, 2005

FOR THE BALANCE OF THE PURCHASE PRICE (pursuant to a Purchase Agreement dated the 13th day of June, 2005) the undersigned (hereinafter referred to as the "Debtor", whether one or more in number) promises to pay to TONY E. HEGE, individually, (hereinafter "Creditor"), or order, at any office of Creditor, the principal sum of THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$325,000.00), plus interest at the rate hereinafter provided, and payable in accordance with the payment schedule set out below.

This Promissory Note shall bear interest from the date of execution hereof at the fixed rate of Seven percent (7.0%) per annum until paid.

Payments shall be made as follows: An initial payment due November 1, 2005 of interest only for the period of time from the date hereof until October 31, 2005, plus a principal reduction payment in the amount of \$3,009.29, and thereafter eighty-three (83) successive equal monthly payments commencing December 1, 2005, of principal and interest in the amount of \$4,905.12 until paid in full.

This Promissory Note is secured by a Security Agreement, liens upon the assets of and after acquired assets of RCI Entertainment (North Carolina), Inc., d/b/a Rick's Cabaret located at 5300 Old Pineville Road, Charlotte, North Carolina 28217.

The time for making payments is of the essence. However the Creditor shall provide the Debtor written notice of any failure of the Debtor to pay an amount due to the Creditor as agreed and Debtor shall have five (5) days from the receipt of said notice to cure such default. Unless otherwise agreed or required by law, each payment shall be applied in such order and manner as the Creditor may elect to unpaid interest, fees, premiums, other charges and to principal in the order due. Prepayments may, at the Creditor's discretion, be applied in reverse order of the dates periodic payments are due. Debtor may elect to prepay this Note in whole or in part, at any time without premium or penalty. If Debtor sells all or substantially all of the business, either by asset sale or units of membership sale, stock sale or otherwise, or transfers any interest in the business RCI Entertainment (North Carolina), Inc. or any interest in Top Shelf Entertainment, LLC, then this note shall be pre-paid in accordance with

Section 1.4 of the Purchase Agreement executed of even date herewith by the Creditor and Debtor.

The amount of any final payment, or the number of payments required to pay the indebtedness in full, may differ from the payment schedule provided if payments are made on other than the exact due dates.

The following shall be grounds for declaration of default: (a) failure of any Debtor to pay an amount due to the Creditor as agreed, (b) failure of any Debtor to comply with any other obligation to the Creditor, (c) the death, or declaration of incompetency of any Debtor, or the dissolution, merger in which it is not the survivor, reorganization with any unaffiliated third

party, or other material change in the structure of Debtor, as applicable, (d) the loss or destruction of more than twenty-five percent (25%) of the collateral which is not replaced collateral securing payment to the Creditor, (e) the filing of any petition in bankruptcy or insolvency by or against any Debtor, (f) determination that any information supplied to the Creditor by any Debtor in connection with this credit is materially false or incomplete, and (g) Debtor moving its business to another location without prior written approval from the Creditor,

Upon determination by the Creditor of the existence of any such ground for default, the Creditor may, without notice, declare a default hereunder, whereupon all amounts due hereunder, and under any other obligation to the Creditor, shall become immediately due and payable. Any failure of the Creditor to declare a default, or to otherwise exercise any right or remedy available to it, shall not constitute a waiver by the Creditor of any such right or remedy. All amounts due to the Creditor after the Creditor declares Debtor in default, shall bear interest at the maximum rate allowed by law, but if there is no such maximum, then at Sixteen percent (16%) per year until paid.

Upon default, Debtor agrees to pay the Creditor such reasonable attorneys' fees as may be allowed by law, plus all other expenses reasonably incurred by the Creditor (including reasonable attorneys' fees) in exercising its rights or remedies, enforcing its rights against others, or in storing, protecting, or repossessing any collateral.

Unless this Promissory Note is payable in a single payment, and not by installments of interest or principal and interest, Debtor agrees to pay a late fee of 10% for any payment past due for ten (10) business days or more.

All parties to this Promissory Note, including Debtor and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor and all other notices required by law. All parties agree to remain bound hereunder notwithstanding any release of other parties, the release or surrender of collateral, or any extension of time for payment. Each Debtor shall be jointly and severally liable hereunder.

This Note may not be changed orally and shall be governed in accordance with the laws of the State of North Carolina.

IN TESTIMONY WHEREOF, effective as of the day and year first above written, the corporate Debtor has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors.

**DEBTOR:**  
**RCI ENTERTAINMENT (NORTH CAROLINA), INC.**

<i>Attest: /s/</i>	<i>By: /s/ Eric Langan</i>
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<i>Secretary</i>	<i>Name: Eric Langan</i>
<i>(Corporate Seal)</i>	<i>Title: President</i>

**RICK'S CABARET INTERNATIONAL, INC. COMPLETES ACQUISITION OF GENTLEMEN'S CLUB IN CHARLOTTE, NC**

HOUSTON - (June 14, 2005) -- RICK'S CABARET INTERNATIONAL, INC. [RICK: NASDAQ], which operates upscale gentlemen's clubs, today completed the acquisition of a 30,000 square foot three-in-one nightclub complex in CHARLOTTE, NORTH CAROLINA.

Under terms of the purchase agreement Rick's Cabaret acquired the venue formerly known as THE MANHATTAN CLUB from TOP SHELF LLC, for \$1,000,000 through the issuance of 180,000 shares of restricted common stock and a seven-year, seven-percent promissory note for \$325,000. Rick's Cabaret has been operating the club since February 1st under a management agreement.

The new Rick's Cabaret-Charlotte offers adult entertainment for men seven days a week in an upscale gentlemen's club cabaret, presents a male review for women five nights a week in an adjoining self-contained 8,000 square foot club, and operates a traditional nightclub in the third section of the building (at 5300 Old Pineville Road).

"In just four months we have created the premier adult playground in Charlotte," said RICK'S CABARET CEO ERIC LANGAN. "We are here to stay for the long term. We think our three-in-one concept is perfect for this receptive and rapidly growing customer base, which has been very receptive to the Rick's formula of friendly customer service plus extraordinarily beautiful girls for the gentlemen and good-looking guys for the ladies."

This is the second major acquisition announced this year by Rick's Cabaret. On January 18th the company purchased the former PARADISE CLUB in midtown New York City, which will open later this summer following extensive remodeling.

**ABOUT RICK'S CABARET**

Rick's Cabaret International, Inc. ([www.ricks.com](http://www.ricks.com)) operates upscale adult nightclubs serving primarily businessmen and professionals that offer live adult entertainment and high quality restaurant and bar operations. The company owns, operates or licenses eleven adult nightclubs in New York City, New Orleans, Houston, Minneapolis, Charlotte and other cities under the names "Rick's Cabaret," "XTC," "Club Onyx" and "Hummers." No sexual contact is permitted at any of these locations. Rick's Cabaret also owns an adult Internet membership Web site, [www.couplestouch.com](http://www.couplestouch.com), and a network of nine online auction sites for adult products under the flagship URL [www.naughtybids.com](http://www.naughtybids.com). Rick's Cabaret common stock is traded on the NASDAQ SmallCap market under the symbol RICK. For further information contact [ir@ricks.com](mailto:ir@ricks.com).

**FORWARD-LOOKING STATEMENTS:**

This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934 that involves significant risks and uncertainties, and is subject to the safe harbors created by this section. Important factors that could cause actual results for Rick's Cabaret to differ materially from those indicated in this press release include the risks and uncertainties as to the future operational and financial results of our Web sites, conditions relevant to real estate transactions, the future operational performance of our partners, the laws governing the operation of adult entertainment businesses, competitive and economic factors, dependence on key personnel and the ability to manage operations. Rick's Cabaret has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances. Please refer to the documents Rick's Cabaret files from time to time with the Securities and Exchange Commission, in particular the most recent quarterly reports on Form 10-QSB and annual report on Form 10-KSB, which are available at the company's website, [www.ricks.com](http://www.ricks.com).

**CONTACT FOR FURTHER INFORMATION: ALLAN PRIAULX, 212-338-0050, [IR@RICKS.COM](mailto:IR@RICKS.COM)**