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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: April 23, 2007

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

(Exact Name of Registrant As Specified in Its Charter)

Texas  
(State Or Other Jurisdiction of Incorporation)

0-26958  
(Commission File Number)

76-0037324  
(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)

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## **ITEM 2.01 COMPLETION OF ACQUISITION OF ASSETS.**

On April 23, 2007, we completed a transaction with BLP Holdings, LLC, a Texas limited liability company and Brian Paul for the purchase of 100% of the outstanding common stock of W.K.C., Inc., a Texas corporation (the "Business"), which owns and operate an adult entertainment cabaret known as New Orleans Nights ("New Orleans Nights") located in Fort Worth, Texas.

Pursuant to the Stock Purchase Agreement, we acquired the Business for a total cash purchase price of \$4,900,000. As part of the transaction, Brian Paul entered a five-year covenant not to compete with us or the Business.

In addition, RCI Holdings, Inc., our wholly owned subsidiary ("RCI"), entered into an Assignment of that certain Real Estate Sales Contract between Thomas Felsenthal and Conrad Schuberth (the "Sellers") and W.K.C., Inc. for the purchase of the real property located at 7101 Calmont, Fort Worth, Texas 76116 (the "Real Property") where New Orleans Nights is located for a total purchase price of \$2,500,000 which consisted of \$100,000 in cash and \$2,400,000 payable in a six year Promissory Note to the Sellers which will accrue interest at the rate of 7.25% for the first two years, 8.25% for years three and four and 9.25% thereafter (the "Promissory Note"). The Promissory Note is secured by a Deed of Trust and Security Agreement. Further, RCI entered into an Assignment and Assumption of Lease Agreement with Sellers to assume the lease agreement for the Real Property.

We intend to change the name of the Business to Rick's Cabaret. The terms and conditions of the transaction were the result of extensive arm's length negotiations between the parties. A copy of the press release related to this transaction is attached hereto as Exhibit 99.1.

## **ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION.**

RCI paid a total purchase price of \$2,500,000 for the acquisition of the Real Property, payable \$100,000 in cash at closing and \$2,400,000 payable in a six year Promissory Note to Sellers which will accrue interest at the rate of 7.25% for the first two years, 8.25% for years three and four and 9.25% thereafter. The principal payments are based upon a nine (9) year amortization schedule. The Promissory Note is secured by a Deed of Trust and Security Agreement.

The Promissory Note is payable as follows:

- (a) The principal of, and all accrued interest thereon, shall be due and payable in twenty-four (24) equal monthly installments of Thirty Thousand Three Hundred Nineteen Dollars and 86/100 cents (\$30,319.86), beginning May 23, 2007 and continuing through April 23, 2009.
  - (b) After that date the unpaid principal balance and interest are payable in twenty-four (24) equal monthly installments of Thirty One Thousand Three Hundred Eight Dollars and 01/100 Cents (\$31,308.01), beginning May 23, 2009 and continuing through April 23, 2011.
  - (c) After that date the unpaid principal balance and interest are payable in twenty-four (24) equal monthly installments of Thirty Two Thousand Fifty Dollars and 37/100 Cents (\$32,050.37), beginning May 23, 2011 and continuing through April 23, 2013, and in one final installment on May 23, 2013 in the amount of the unpaid principal and accrued, unpaid interest as of that date.
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**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

The financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) are not available. Such financial statements will be filed no later than July 9, 2007.

(c) Exhibits

<u>Exhibit</u>	<u>Description</u>
<a href="#">10.1</a>	Stock Purchase Agreement dated April 23, 2007
<a href="#">10.2</a>	Non-Compete Agreement dated April 23, 2007
<a href="#">10.3</a>	Real Estate Sales Contract dated April 4, 2007
<a href="#">10.4</a>	Promissory Note dated April 23, 2007 between RCI Holdings, Inc. and Sellers in the principal amount of \$2,400,000
<a href="#">10.5</a>	Deed of Trust and Security Agreement dated April 23, 2007
<a href="#">99.1</a>	Press release dated April 24, 2007

**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: April 25, 2007

/s/ Eric Langan  
By: Eric Langan  
Chairman, President, Chief Executive Officer  
and Chief Financial Officer

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**STOCK PURCHASE AGREEMENT**

**By and Among**

**W.K.C., Inc., a Texas corporation, BLP Holdings, LLC, a Texas limited liability company,  
Brian Paul and Rick's Cabaret International, Inc., a Texas corporation**

**Purchase and Sale of 251,000 shares  
of the Outstanding Common Stock of W.K.C., Inc., a Texas corporation**

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## LIST OF EXHIBITS AND SCHEDULES

EXHIBIT "A" – Real Estate Sales Contract

Schedule 1.2 –2007 Ad Valorem Tax Proration

Schedule 3.6 –Consents

Schedule 3.8 – Taxes

Schedule 3.9 – Financial Statements

Schedule 3.10 – List of Permits

Schedule 3.13 – Leases and Service Contracts

Schedule 3.19 –Employee Benefit Plans

Schedule 3.23 –Proceedings Related to Premises

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## **STOCK PURCHASE AGREEMENT**

This Stock Purchase Agreement (the "Agreement") is made and entered into this 23rd day of April, 2007, by and among WKC, Inc., a Texas corporation (the "Company"), BLP Holdings, LLC, a Texas limited liability company ("Seller"), Brian Paul ("Paul") and Rick's Cabaret International, Inc., a Texas corporation ("Purchaser" or "Rick's").

**WHEREAS**, Seller owns 251,000 shares of common stock, no par value, of the Company, which shares represents 100% of all of the shares of capital stock of the Company presently issued and outstanding (the "Shares"); and

**WHEREAS**, Paul is the President of the Company and is the sole manager and member of the Seller; and

**WHEREAS**, the Company owns and operates an adult entertainment cabaret known as New Orleans Nights ("New Orleans Nights") located at 7101 Calmont, Fort Worth, Texas 76116 (the "Premises"); and

**WHEREAS**, the Seller desires to sell the Shares of the Company to Rick's on the terms and conditions set forth herein; and

**WHEREAS**, Rick's desires to purchase the Shares 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 SHARES**

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

Section 1.2            Purchase Price. As consideration for the purchase of the Shares, Rick's shall pay to Seller a total consideration of \$4,900,000 (the "Purchase Price") payable by cashier's check, certified funds or wire transfer at the Closing of the transaction, of which \$\_\_\_\_\_ shall be deposited into an Escrow Account as provided for in Article VII. The Purchase Price shall be subject to adjustment for the pro rata payment of ad valorem taxes on the Premises, calculated through the date of Closing based on the 2006 assessed values as set forth on Schedule 1.2 attached hereto.

## **ARTICLE II CLOSING**

Section 2.1      The Closing. The closing of the transactions contemplated by this Agreement shall take place at the offices of Murphy Mahon Keffler & Farrier, L.L.P., 500 Main Street, Suite 1200, Fort Worth, Texas 76102, or at such other time and place as agreed upon among the parties hereto (the "Closing").

Section 2.2      Delivery and Execution. At the Closing: (a) the Seller shall deliver to Rick's certificates evidencing the Shares of the Company, free and clear of any liens, claims, equities, charges, options, rights of first refusal or encumbrances, duly endorsed to Rick's or accompanied by duly executed stock powers in form and substance satisfactory to Rick's against delivery by Rick's to the Seller of payment in an amount equal to the Purchase Price of the Shares being purchased by Rick's in the manner set forth herein; and (b) the Related Transactions (as defined below) shall be consummated prior to or concurrently with the Closing.

Section 2.3      Related Transactions. In addition to the purchase and sale of the Shares, the following actions shall take place contemporaneously at the Closing (collectively, the "Related Transactions"):

- (i)      The Seller and Paul will enter into a five (5) year covenant not to compete with Rick's pursuant to the terms of which the Seller and Paul will agree not to compete, either directly or indirectly, with the Company, New Orleans Nights or Rick's by operating an establishment featuring live female nude or semi-nude entertainment within a twenty (20) mile radius of the Premises;
- (ii)      The Company shall assign to RCI Holdings, Inc. the Company's rights under that certain Real Estate Sales Contract (herein so called) between the Company and the owners of the Premises dated April 4, 2007, attached hereto as Exhibit "A", providing for the purchase and sale of the Premises; and
- (iii)      The Seller and Rick's shall enter into an Escrow Agreement as contemplated by Article VII hereof at or prior to the Closing.

## **ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLER AND PAUL**

The Seller and Paul, jointly and severally, hereby represent and warrant to Rick's as follows:

Section 3.1      Organization, Good Standing and Qualification. The Company (i) is an entity 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 the Seller or the Company.

At Closing, the authorized capital stock of the Company consists of 321,000 shares of common stock, no par value, of which 251,000 shares are validly issued and outstanding. There are no shares of preferred stock authorized or issued and there is no other class of capital stock authorized or issued by the Company. All of the issued and outstanding shares of common stock of the Company are owned by the Seller and are fully paid and non-assessable. None of the shares issued are in violation of any preemptive rights. The Company has no obligation to repurchase, reacquire, or redeem any of its outstanding capital stock. There are no outstanding securities convertible into or evidencing the right to purchase or subscribe for any shares of capital stock 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 shares of its capital stock or any securities convertible into or evidencing the right to purchase or subscribe for any shares of such stock, and there are no agreements or understandings with respect to the voting, sale, transfer or registration of any shares of capital stock of the Company.

Section 3.2                Subsidiaries. The Company has no subsidiaries.

Section 3.3                Ownership of the Shares. The Seller owns, beneficially and of record, all of the Shares of the Company, which represents all of the issued and outstanding shares of capital stock of the Company, free and clear of any liens, claims, equities, charges, options, rights of first refusal, or encumbrances. The Seller has no obligation to sell the Shares to any third party, nor does any other party have any right of first refusal or any other right to acquire the Shares from the Seller. The Seller has the unrestricted right and power to transfer, convey and deliver full ownership of the Shares 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 Shares to Rick's as contemplated herein, Rick's 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 3.4                Authorization. Paul represents that he is a single person of full age of majority, is president of the Company and is the sole member and manager of the Seller and has full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby by for himself. All action on the part of Paul 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 Paul 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.



All corporate action on the part of the Company and the Seller necessary for the authorization, execution, delivery and performance of this Agreement by the Company and the Seller has been taken or will be taken prior to the Closing. The Company and Seller have the requisite corporate power and authority to execute, deliver and perform this Agreement. This Agreement, when duly executed and delivered in accordance with its terms, will constitute a valid and binding obligation of the Company and the Seller, enforceable against the Company and the Seller in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, and other similar laws of general application relating to or affecting creditors' rights and to general equitable principles.

**Section 3.5**      **No Breaches or Defaults.** Except as set forth on **Schedule 3.6** hereto, the execution, delivery, and performance of this Agreement by Paul, the Seller and the Company does not: (i) conflict with, violate, or constitute a breach of or a default under, (ii) result in the creation or imposition of any lien, claim, or encumbrance of any kind upon the Shares, or (iii) require any authorization, consent, approval, exemption, or other action by or filing with any third party or Governmental Authority under any provision of: (a) any applicable Legal Requirement, or (b) any credit or loan agreement, promissory note, or any other agreement or instrument to which Paul, the Seller or the Company is a party or by which the Shares may be bound or affected. For purposes of this Agreement, "Governmental Authority" means any foreign governmental authority, the United States of America, any state of the United States, and any political subdivision of any of the foregoing, and any agency, department, commission, board, bureau, court, or similar entity, having jurisdiction over the parties hereto or their respective assets or properties. For purposes of this Agreement, "Legal Requirement" means any law, statute, injunction, decree, order or judgment (or interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any Governmental Authority.

**Section 3.6**      **Consents.** Except as set forth on **Schedule 3.6** hereto, 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 the Seller or the Company in connection with the execution and delivery by the Seller or the Company of this Agreement or the consummation and performance of the transactions contemplated hereby.

**Section 3.7**      **Pending Claims.** There is no claim, suit, arbitration, investigation, action or other proceeding, whether judicial, administrative or otherwise, now pending or, to the best of the Seller's, Paul's or the Company'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 any material adverse effect upon the assets, properties, operations, business or financial condition of the Seller or the Company or the transfer by Seller to Rick's of the Shares under this Agreement, nor is there any basis, to the knowledge of Seller, Paul or the Company for any such action. No litigation is pending, or, to Seller's, Paul's or the Company's knowledge, threatened against Seller or the Company, or their assets or properties which seeks to restrain or enjoin the execution and delivery of this Agreement or any of the documents referred to herein or the consummation of any of the transactions contemplated thereby or hereby. Neither Seller nor the Company is subject to any judicial injunction or mandate or any quasi-judicial or administrative order or restriction directed to or against them or which would affect the Company, the Seller or the Shares to be transferred under this Agreement.

Section 3.8                    Taxes . Except as reflected on **Schedule 3.8** hereto, 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 has 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. Except as reflected on **Schedule 3.8** hereto, 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 is not delinquent in the payment of any tax or governmental charge of any nature. Except as reflected on **Schedule 3.8** hereto, 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. There are no agreements between the Company and any taxing authority, including, without limitation, the Internal Revenue Service, waiving or extending any statute of limitations with respect to any tax return.

Section 3.9                    Financial Statements . Attached hereto as **Schedule 3.9** are the following financial statements of the Company (collectively, the "Financial Statements"): unaudited balance sheets and statements of income as of and for (i) the fiscal years ended December 31, 2006, 2005 and 2004, and (ii) the periods ended January 31, 2007, February 28, 2007, March 31, 2007. The Financial Statements (including the notes thereto) have been prepared in accordance with accounting principles applied on a consistent basis throughout the periods covered thereby, present fairly the financial condition of the Company as of such dates and the results of operations of the Company for such periods, are correct and complete, and are consistent with the books and records of the Company. At the Closing, the Company will provide Purchaser with a closing balance sheet (the "Closing Balance Sheet") reflecting the assets, liabilities and shareholders equity as of the date immediately prior to Closing, which Closing Balance Sheet shall be correct and complete in all material respects. Except as, and to the extent reflected or reserved against in the Financial Statements and the Closing Balance Sheet, the Company, as of the date of the Financial Statements, has no material liability or obligation of any nature, whether absolute, accrued, contingent or otherwise, not fully reflected or reserved against in the Financial Statements. As of the Closing Date, Seller, Paul and the Company represent there have been no material adverse change in the financial condition or other operations, business, properties or assets of the Company since the date of the Financial Statements.

Section 3.10                    Compliance with Laws . The Company is, and at all times prior to the date hereof have 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, condition (financial or otherwise) or prospects of the Company. Seller, Paul and the Company have no basis to expect, nor have they received, any order or notice of any such violation or claim of violation of any such statute, order, rule, ordinance or regulation by the Company. **Exhibit 3.10** sets forth all licenses and permits held by the Company used in the operation of its businesses as they are now being conducted, all of which are currently in good standing and in effect, and which will be in and remain in good standing and effect as of the Closing Date. These licenses and permits represent all of the licenses and permits required by the Company for the operation of its business as it is now being conducted.

Section 3.11                    Title to Properties; Encumbrances . The Company has good and marketable title to all of its properties and assets, real and personal, tangible and intangible, 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) statutory liens not yet delinquent, and (iii) such liens consisting of zoning or planning restrictions, imperfections of title, easements 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. At the time of Closing, the assets of the Company shall include, but shall not be limited to, the assets set forth in the Company's Financial Statements along with all equipment and fixtures located on the Premises at New Orleans Nights as of the Closing Date.

Section 3.12                    Labor Matters . The Company is not a party or otherwise subject to any collective bargaining agreement with any labor union or association. There are no discussions, negotiations, demands or proposals that are pending or have been conducted or made with or by any labor union or association, and there are not pending or threatened against the Company any labor disputes, strikes or work stoppages. To the best of Seller's and Paul's knowledge, the Company is in compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and, to their knowledge, is not engaged in any unfair labor practices. 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.

Section 3.13                    Contracts and Leases . Except as disclosed on **Exhibit 3.13** , 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. The Company has an existing real estate lease agreement covering the real property where New Orleans Nights operates its adult entertainment cabaret located at 7101 Calmont, Fort Worth, Texas, 76116. The Company has furnished Purchaser a copy of 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 (collectively, the "Contracts"). To Seller's, Paul's and the Company'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. Neither the Seller, Paul nor the Company has any 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. Neither the execution of this Agreement, nor the consummation of all or any of the transactions contemplated under this Agreement, will constitute a breach or default under any such contracts, leases or other documents which would have a material adverse effect on the financial condition of the Company or the operation of its business after the Closing.

Section 3.14                    Material Agreements; Action . Except for the Contracts, there are no material contracts, agreements, commitments, understandings or proposed transactions, whether written or oral, to which the Company is a party or by which either the Company or its assets are bound.

Section 3.15            No Default . Neither Seller nor the Company is in default under any term or condition of any instrument evidencing, creating or securing any indebtedness of Seller or the Company, and there has been no default in any material obligation to be performed by Seller or 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, to the knowledge of Seller, have Seller or the Company waived any material right under any such contract, lease, agreement, commitment or undertaking.

Section 3.16            Books and Records . The books of account, minute books, stock record books and other records of the Company, all of which have been made available to Rick's, are accurate and complete and have been maintained in accordance with sound business practices. Upon Closing, all books and records will be in the possession of Seller or the Company.

Section 3.17            Disclosure . No representation or warranty of the Seller or the Company 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 3.18            No Pending Transactions . Except for the transactions contemplated by this Agreement, neither Seller nor Paul 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, or (ii) the sale of any or all or substantially all of the assets of the Company.

Section 3.19            Employee Benefit Plans . Except as set forth on Schedule 3.19 hereto, the Company is not a party to any employee-benefit plan.

Section 3.20            Brokerage Commission . No broker or finder has acted on behalf of 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            Unpaid Bills . As of the Closing, there will be no unpaid bills or claims in connection with any repair of the Premises or other work performed or materials purchased in connection with the repair of the Premises.

Section 3.22            Notices . Neither the Seller, Paul nor the Company has received any written notice (i) from any insurance companies, governmental agencies or from any other parties of any condition, defects or inadequacies with respect to the Premises which, if not corrected, would result in termination of insurance coverage or increase its cost, (ii) from any governmental agencies or any other third parties with respect to any violations of any building codes and/or zoning ordinances or any other governmental laws, regulations or orders affecting the Premises, including, without limitation, the Americans With Disabilities Act, (iii) of any pending or threatened condemnation proceedings with respect to the Premises, or (iv) of any proceedings which could or would cause the change, redefinition or other modification of the zoning classification of the Premises.

Section 3.23            Proceedings Relating to Premises. Except as set forth on Schedule 3.23 hereto, there is no pending, or, to the best of Seller's, Paul's or the Company's knowledge, threatened, judicial, municipal or administrative proceedings with respect to, or in any manner affecting the Premises or any portion thereof, including, without limitation, proceedings for or involving tenant evictions, collections, condemnations, eminent domain, alleged building code or zoning violations, personal injuries or property damage alleged to have occurred on the Premises or by reason of the use and operation of the Premises, or written notice of any attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws pending or threatened against the seller of the Premises or the Premises itself, or the taking of the Premises for public needs.

Section 3.24            Public Improvements. Neither the Seller nor Paul nor the Company has knowledge of any existing or proposed public improvements which involve or which may result in any charge being levied or assessed against the Premises or which will or could result in the creation of any lien upon the Premises or any part thereof.

Section 3.25            Certificates. To the best of Seller's, Paul's and the Company's knowledge, all certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any governmental authority having jurisdiction over the Premises have been obtained and are in full force and effect.

Section 3.26            Material Defect. Neither the Seller nor Paul nor the Company has knowledge of any material defects to the Premises which have not been disclosed in writing to the Purchaser.

Section 3.27            Flooding. Neither the Seller nor Paul nor the Company has knowledge of any flooding which has occurred on the Premises.

Section 3.28            Environmental. To the best of Seller's, Paul's and the Company's knowledge, the Premises is not in violation of any state, local or federal statutes, laws, regulations, ordinances, or rules pertaining to health or the environment requirements affecting the Premises.

For purposes of this **Article III**, references to the "knowledge" of Seller or the Company shall refer only to the actual knowledge of Brian Paul, and shall not be construed, by imputation or otherwise, to refer to the knowledge of any other officer, agent, manager, representative or employee of Seller or the Company.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES  
OF RICK'S**

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

Section 4.1            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 prior to Closing. 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 4.2            No Breaches or Defaults . The execution, delivery, and performance of this Agreement by Rick's does not: (i) conflict with, violate, or constitute a breach of or a default under or (ii) require any authorization, consent, approval, exemption, or other action by or filing with any third party or Governmental Authority under any provision of: (a) any applicable Legal Requirement, or (b) any credit or loan agreement, promissory note, or any other agreement or instrument to which Rick's is a party.

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 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 required under the federal securities laws.

Section 4.4            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 4.5            Brokerage Commission . No broker or finder has acted on behalf of 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 V**  
**CONDITIONS TO CLOSING OF PAUL, THE SELLER**  
**AND THE COMPANY**

Each obligation of Paul, the Seller and the Company to be performed on the Closing Date shall be subject to the satisfaction of each of the conditions stated in this Article V, except to the extent that such satisfaction is waived by Paul, the Seller and the Company in writing.

Section 5.1           Representations and Warranties Correct. The representations and warranties made by Rick's contained in this Agreement shall be true and correct as of the Closing Date.

Section 5.2           Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by Rick's on or prior to the Closing Date shall have been performed or complied with in all respects.

Section 5.3           Delivery of Certificate. Rick's shall provide to Paul, the Seller and the Company a certificate, dated the Closing Date and signed by the President of Rick's to the effect set forth in Section 5.1 and 5.2 for the purpose of verifying the accuracy of such representations and warranties and the performance and satisfaction of such covenants and conditions.

Section 5.4           Payment of Purchase Price. Rick's shall have tendered the Purchase Price for the Shares as referenced in Section 1.2 to the Seller concurrently with the Closing.

Section 5.5           Related Transactions. The Related Transaction set forth in Section 2.3 shall be consummated prior to or concurrently with the Closing.

Section 5.6           Corporate Resolutions. Rick's shall provide a certificate of the corporate resolutions of the Board of Directors of Rick's which approve the transactions contemplated herein and 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.

Section 5.7           Absence of Proceedings. No action, suit or proceeding by or before any court or any governmental or regulatory authority shall have been commenced and no investigation by any governmental or regulatory authority shall have been commenced seeking to restrain, prevent or challenge the transactions contemplated hereby or seeking judgments against Rick's.

**ARTICLE VI**  
**CONDITIONS TO CLOSING OF**  
**RICK'S**

Each obligation of Rick's to be performed on the Closing Date shall be subject to the satisfaction of each of the conditions stated in this Article VI, except to the extent that such satisfaction is waived by Rick's in writing.

Section 6.1           Representations and Warranties Correct. The representations and warranties made by Paul, the Seller and the Company hereof shall be true and correct as of the Closing Date.

Section 6.2            Covenants . All covenants, agreements and conditions contained in this Agreement to be performed by Paul, the Seller and the Company on or prior to the Closing Date shall have been performed or complied with in all respects.

Section 6.3            Delivery of Certificate . Paul, the Seller and the Company each shall provide to Rick's certificates, dated the Closing Date and signed by Paul, the Seller and by the President of the Company, respectively, to the effect set forth in Section 6.1 and 6.2 for the purpose of verifying the accuracy of such representations and warranties and the performance and satisfaction of such covenants and conditions.

Section 6.4            Delivery of Shares . Seller shall have delivered certificates evidencing the Shares of the Company, duly endorsed to Rick's or accompanied by duly executed stock powers in form and substance satisfactory to Rick's.

Section 6.5            Corporate Resolutions . The Company and the Seller shall provide to Rick's corporate resolutions of the Board of Directors of the Company and resolutions of the members and of the managers of the Seller which approve the transactions contemplated herein and authorizes 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.

Section 6.6            Consents; Transfer of Licenses . All necessary transfers of licenses and leases required for the continued operation of the business of the Company as presently being conducted shall have been obtained and shall be in full force and effect, including sexually oriented business license of New Orleans Nights.

Section 6.7            Related Transactions . The Related Transaction set forth in Section 2.3 shall be consummated prior to or concurrently with the Closing.

Section 6.8            Resignation . The Officers and Directors of the Company shall have provided to Rick's their written resignations.

Section 6.9            Absence of Proceedings . No action, suit or proceeding by or before any court or any governmental or regulatory authority shall have been commenced and no investigation by any governmental or regulatory authority shall have been commenced seeking to restrain, prevent or challenge the transactions contemplated hereby or seeking judgments against the Company or any of its assets.



**ARTICLE VII**  
**TAX COVENANTS; ESCROW AGREEMENT**

Section 7.1      Tax Covenants.

(a)      The Seller and Paul shall be responsible for, and shall pay or cause to be paid, and shall indemnify and hold the Company and Purchaser harmless from and against any and all federal, state and local income and property (real and personal) taxes, including penalties and interest, if any, thereon (individually, a “Tax” and collectively, “Taxes”) that may be imposed on or assessed against the Company and/or Purchaser on account of taxes imposed upon the Company or its assets prior to the Closing Date, including all taxes due on income received by the Company prior to the Closing Date. The Seller and Paul shall also pay or cause to be paid and shall indemnify and hold harmless the Company and Purchaser against all losses, damages and reasonable third party costs and expenses (including reasonable attorney, accountant and expert witness fees and disbursements) (“Related Costs”) incurred in connection with the Taxes for which the Seller and Paul indemnifies the Company and Purchaser pursuant to this Section 7.1 (a)(or any asserted deficiency, claim demand or assessment, including the defense or settlement thereof) or the enforcement of this Section 7.1(a). Any payment required to be made by the Seller and Paul pursuant to this Section 7.1(a) shall be made within 30 days of written notice from the Purchaser.

(b)      The Purchaser shall be responsible for, and shall pay or cause to be paid, and shall indemnify and hold the Seller and Paul harmless from and against, any and all Taxes that may be imposed on or assessed against the Seller and Paul on account of Taxes imposed on the Company or its assets following the Closing Date, including all taxes due on income received by the Company beginning after the Closing Date. The Purchaser shall also pay or cause to be paid and shall indemnify and hold harmless the Seller and Paul from and against all Related Costs of the Seller and Paul incurred in connection with the Taxes for which the Purchaser indemnifies the Seller and Paul pursuant to this Section 7.1(b) (or any asserted deficiency, claim, demand or assessment, including the defense or settlement thereof) or the enforcement of this Section 7.1(b). Any payment required to be made by the Purchaser pursuant to this Section 7.1(b) shall be made within 30 days of written notice from the Seller.

(c)      For purposes of this Article VII, Taxes for the period up to and including the Closing Date (“Seller's Taxes”) shall be determined on the basis of an interim closing of the books as of the end of the day prior to the Closing Date; *provided, however*, that in the case of any Tax not based on income or receipts, such Seller's Taxes shall be equal to the amount of such Tax for the taxable year multiplied by a fraction, the *numerator* of which shall be the number of days from the beginning of the taxable year through the day prior to the Closing Date, and the *denominator* of which shall be the number of days in the taxable year.

(d) Seller shall be responsible for filing or causing to be filed all tax returns (specifically including the 2006 federal income tax return and Texas franchise tax report for the 2007 privilege period) required to be filed by or on behalf of the Company on or before the Closing Date, which tax returns shall be filed within 45 days following Seller's receipt of the audited financial statements of the Company prepared by Buyer in connection with this transaction. Purchaser shall be responsible for filing or causing to be filed all tax returns required to be filed by or on behalf of the Company after the Closing Date (other than tax returns for periods ending on or before the Closing Date but not due until after the Closing Date). With respect to returns, if any, for periods that begin before but end after the Closing Date (" Straddle Returns "), the Purchaser shall pay or cause to be paid all Taxes to which such returns relate for all periods covered by such returns; *provided, however*, that the Seller shall pay to the Purchaser the amount determined pursuant to Section 7.1(a) and (b) above, but only to the extent the Seller has an obligation to indemnify the Purchaser for such amounts pursuant to Section 7.1(a) hereof, not later than fifteen days before the due date for payment of Taxes with respect to such tax returns. Such Straddle Returns shall be prepared in a manner consistent with prior practice, unless otherwise required by Applicable Law, as solely determined by the Purchaser upon notice to the Seller. The Purchaser shall provide the Seller with a statement setting forth in reasonable detail the amount, if any, payable pursuant to this Section 7.1(d).

(e) The Seller and the Purchaser shall cooperate fully with each other and make available to each other in a timely fashion such Tax data and other information and personnel as may be reasonably required for the payment of any estimated Taxes and the preparation of any tax returns required to be prepared hereunder. The Seller and the Purchaser shall make available to the other, as reasonably requested, all information, records or documents in their possession relating to Tax liabilities of the Company for all taxable periods thereof ending on, before or including the Closing Date and shall preserve all such information, records and documents until the expiration of any applicable Tax statute of limitations or extensions thereof; *provided, however*, that if a proceeding has been instituted for which the information, records or documents are required prior to the expiration of the applicable statute of limitations, then such information, records or documents shall be retained until there is a final determination with respect to such proceeding.

(f) The Purchaser and the Seller shall promptly notify each other in writing upon receipt by the Purchaser or the Seller, as the case may be, of any notice of any tax audits or assessments against the Company for taxable periods ending on or before the Closing Date. The failure of one party promptly to notify the other party of any such audit or assessment shall not forfeit the right to indemnity except to the extent that a party is materially prejudiced as a result. The Purchaser shall have the sole right to represent the Company's interests in any tax proceeding relating to such tax audits or assessments and to employ counsel of its choice at its expense. The Purchaser, on the one hand, and the Seller, on the other, each agree to cooperate fully with the other and its or their respective counsel in the defense against or compromise of any claim in any tax proceeding.

(h) Notwithstanding anything to the contrary contained elsewhere in this Agreement, all obligations under this Article VII shall survive the Closing hereunder and continue until 30 days following the expiration of the statute of limitations on assessment of the relevant Tax.

Section 7.2      Escrow Agreement. At the Closing, Seller and Purchaser shall escrow with Robert D. Axelrod, P.C., as Escrow Agent, the sum of \$\_\_\_\_\_ from the proceeds of the Purchase Price, which amount (the Escrow Cash") represents the estimated unpaid Taxes of Seller pursuant to this Article VII for all periods up to the Closing Date as further provided on Schedule 3.8 hereto. The Escrow Cash shall be held by the Escrow Agent in its IOLTA Account and shall be disposed of in accordance with the Escrow Agreement in the form attached hereto as **Exhibit "B ,"** to be executed by the parties at the Closing.

## ARTICLE VIII INDEMNIFICATION

Section 8.1           Indemnification from Paul and the Seller. Paul and the Seller, jointly and severally, hereby agree to and shall indemnify, defend (with legal counsel reasonably acceptable to Rick's), and hold Rick's, its officers, directors, employees, agents, affiliates, agents, successors, assigns, and legal counsel (collectively, the "Rick's 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) suffered or incurred by any of the Rick's Group arising from: (a) any misrepresentation or omission by, or breach of any covenant or warranty of the Seller, the Company or Paul contained in this Agreement, or any exhibit, certificate, or other instrument furnished or to be furnished by Paul, the Company or the Seller hereunder; (b) any nonfulfillment of any agreement on the part of Seller or the Company under this Agreement; (c) from any liability or obligation due to any third party by the Company incurred prior to the Closing Date, including all damages resulting to the Rick's Group from the Company's breach of any of the Contracts occurring prior to the Closing Date; or (d) any suit, action, proceeding, claim or investigation against Rick's or the Company which arises from or which is based upon or pertaining to Seller's or the Company's conduct or the operation or liabilities of the business of the Company prior to the Closing Date.

Section 8.2           Indemnification from Rick's. Rick's agrees to and shall indemnify, defend (with legal counsel reasonably acceptable to the Seller and Paul) and hold Paul and the Seller, their respective managers, officers, employees, 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 reasonably attorney's fees and costs of any suit related thereto) suffered or incurred by any of the Seller's Group, arising from (a) any misrepresentation or omission by, or breach of any covenant or warranty of Rick's contained in this Agreement or any exhibit, certificate, or other agreement or instrument furnished or to be furnished by Rick's hereunder; (b) any nonfulfillment of any agreement on the part of Rick's under this Agreement; (c) from any liability or obligation due to any third party by the Company incurred after to the Closing Date, including all damages resulting to the Seller's Group from the Company's breach of any of the Contracts occurring after the Closing Date, including the obligations of RCI Holdings, Inc. pursuant to the Real Estate Sales Contract and the promissory note and deed of trust referred to therein; or (d) any suit, action, proceeding, claim or investigation against Seller or Paul which arises from or which is based upon or pertaining to Rick's conduct or the operation of the business of the Company subsequent to the Closing Date.

Section 8.3            Defense of Claims. If any lawsuit or enforcement action is filed against any party entitled to the benefit of indemnity hereunder, written notice thereof shall be given to the indemnifying party as promptly as practicable (and in any event not less than fifteen (15) days prior to any hearing date or other date by which action must be taken); provided that the failure of any indemnified party to give timely notice shall not affect rights to indemnification hereunder except to the extent that the indemnifying party demonstrates actual damage caused by such failure. After such notice, the indemnifying party shall be entitled, if it so elects, to take control of the defense and investigation of such lawsuit or action and to employ and engage attorneys of its own choice to handle and defend the same, at the indemnifying party's cost, risk and expense; and such indemnified party shall cooperate in all reasonable respects, at its cost, risk and expense, with the indemnifying party and such attorneys in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom; provided, however, that the indemnified party may, at its own cost, participate in such investigation, trial and defense of such lawsuit or action and any appeal arising therefrom. The indemnifying party shall not, without the prior written consent of the indemnified party, effect any settlement of any proceeding in respect of which any indemnified party is a party and indemnity has been sought hereunder unless such settlement of a claim, investigation, suit, or other proceeding only involves a remedy for the payment of money by the indemnifying party and includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

Section 8.4            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 individuals 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 8.5            Survival of Representations and Warranties. The respective representations, warranties and indemnities given by the parties to each other pursuant to this Agreement shall survive the Closing for a period ending twenty-four (24) months from the date hereof ("Survival Date"). Notwithstanding anything to the contrary contained herein, no claim for indemnification may be made against the party required to indemnify (the "Indemnitor") under this Agreement unless the party entitled to indemnification (the "Indemnitee") shall have given the Indemnitor written notice of such claim as provided herein on or before the Survival Date. Any claim for which notice has been given prior to the expiration of the Survival Date shall not be barred hereunder.

Section 8.6            Limitations on Indemnification Amounts.

(a) Notwithstanding anything in this Agreement to the contrary, no indemnification payment shall be made to Rick's Group until the amounts which the Rick's Group would otherwise be entitled to receive as indemnification under this Agreement aggregate at least \$10,000.00 (the "Rick's Indemnification Threshold"), at which time the Rick's Group shall be indemnified dollar for dollar for the entire amount of indemnification to which it would be entitled. The indemnification provisions set forth in Section 8.1 shall not be subject to the limitations set forth in this Section 8.6(a) with respect to a breach of Section 3.1 (Organization, Good Standing and Qualification), Section 3.3 (Ownership of the Shares), Section 3.8 (Taxes), and Section 3.20 (Brokerage Commissions), and damages resulting from such excluded covenants, representations and warranties shall be indemnified to the Rick's Indemnified Parties dollar for dollar.

(b) Notwithstanding anything in this Agreement to the contrary, no indemnification payment shall be made to the Seller's Group until the amounts which the Seller's Group would otherwise be entitled to receive as indemnification under this Agreement aggregate at least \$10,000.00 (the " Seller's Indemnification Threshold "), at which time the Seller's Group shall be indemnified dollar for dollar for the entire amount of indemnification to which it would be entitled. The indemnification provisions set forth in Section 8.2 shall not be subject to the limitations set forth in this Section 8.6(b) with respect to a breach of the Real Estate Sales Contract by Rick's following the Closing, the obligations of Rick's for the payment of all tax liabilities of the Seller following the Closing Date, Section 4.5 (Brokerage Commissions), and damages resulting from such excluded covenants, representations and warranties shall be indemnified to the Rick's Indemnified Parties dollar for dollar.

(ii) The maximum aggregate liability of the Seller and Paul for any claim arising from or relating to this Agreement or the transactions contemplated hereby, whether asserted as breach of contract, tort, violation of statute or otherwise, irrespective of the theory or basis of such claim, shall not exceed the Purchase Price.

## **ARTICLE IX MISCELLANEOUS**

Section 9.1 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 9.2 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<br>or Paul: | BLP Holdings, LLC<br>Attn: Brian Paul<br>1020 Cannongate Drive<br>Flower Mound, Texas 75022             |
| with a copy to:                  | Robert J. Keffler<br>Murphy Mahon Keffler & Farrier, LLP.<br>500 Main Street<br>Fort Worth, Texas 76102 |

- (b) if to the Company: WKC, Inc.  
Attn: Brian L. Paul  
1020 Cannongate Drive  
Flower Mound, Texas 75022
- (c) if to Rick's: Eric Langan, President/CEO  
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 9.3 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 9.4 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 9.5 Survival of Representations, Warranties and Covenants. All representations and warranties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement for a period of two years.

Section 9.6 Public Announcements. The parties hereto agree that prior to making any public announcement or statement with respect to the transactions contemplated by this Agreement, the party desiring to make such public announcement or statement shall consult with the other parties hereto and exercise their best efforts to agree upon the text of a public announcement or statement to be made by the party desiring to make such public announcement; provided, however, that if any party hereto is required by law to make such public announcement or statement, then such announcement or statement may be made without the approval of the other parties.

Section 9.7            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 9.8            Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to principles of conflict of laws. .

Section 9.9            Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

Section 9.10           Costs and Expenses. Each party shall pay their own respective fees, costs and disbursements incurred in connection with this Agreement.

Section 9.11           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 9.12           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 9.13           Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

Section 9.14           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 9.15      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.

[[SIGNATURES ON FOLLOWING PAGE]]



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

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

/s/ Eric Langan

By: Eric Langan, President/CEO

Date: April 23, 2007

**BLP HOLDINGS, LLC**

/s/ Brian L. Paul

By: Brian L. Paul, Manager

Date: April 23, 2007

**WKC, INC.**

/s/ Brian Paul

By: Brian Paul, President

Date: April 23, 2007

**BRIAN PAUL**

/s/ Brian Paul

Brian Paul, Individually and  
Sole Member and Sole Manager of.  
BLP Holdings, LLC

**NON-COMPETITION AGREEMENT**

This Non-Competition Agreement dated April 23, 2007 (the "Non-Competition Agreement"), is by and among Rick's Cabaret International, Inc., a Texas corporation, (the "Company"), BLP Holdings, LLC., a Texas limited liability company ("Seller"), and Brian Paul, an individual residing in Flower Mound, Texas ("Paul").

**WITNESSETH:**

**WHEREAS**, simultaneously herewith, the Seller has entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with the Company to sell to the Company 251,000 shares of common stock, no par value, of WKC, Inc. ("WKC") which shares represents 100% of the issued and outstanding shares of WKC (the "Transaction"); and

**WHEREAS**, Paul is the President of WKC and is the sole manager and member of the Seller; and

**WHEREAS**, WKC owns and operates an adult entertainment cabaret known as New Orleans Nights ("New Orleans Nights" or the "Club") located at 7101 Calmont, Fort Worth, Texas 76116 (the "Premises"); and

**WHEREAS**, the Seller and Paul will each benefit from the Transaction; and

**WHEREAS**, the Company requires that the Seller and Paul enter into this Non-Competition Agreement as a condition to the Company entering into the Transaction; and

**WHEREAS**, to induce the Company to enter into the Stock Purchase Agreement and to complete the Transaction, the Seller and Paul each agree to enter into this Non-Competition Agreement; and

NOW, THEREFORE, in consideration of the premises, the closing of the Transaction and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller and the Company agree as follows:

1. **Covenants.** For a period of five (5) years following the Closing Date set forth in the Stock Purchase Agreement (such five (5) year period being referred to herein as the "Restricted Period"), neither Seller nor Paul shall, directly or indirectly, either as an employee, employer, consultant, agent, lender, principal, partner, stockholder, corporate officer, director, investor, or financier or in any other individual or representative capacity, whether for compensation or not:

- (a) Own or share in the earnings of, carry on, manage, operate, control, be engaged in, render services to, solicit customers for any business engaged in the operation of an establishment featuring live female nude or semi-nude entertainment within a twenty (20) mile radius of the Premises (the "Prohibited Area"); or

- (b) Solicit or induce, or attempt to solicit or induce, wherever located, any employee, independent contractor, or agent or consultant of WKC, the Company or any of its affiliates, or the Club to leave his or her employment or terminate his or her agreement or relationship with WKC, the Company or any of its affiliates or the Club.

2. **Seller's and Paul's Acknowledgments and Agreements**. The Seller and Paul each acknowledge and agree that:

- (a) Due to the nature of WKC's and the Company's business, the foregoing covenants place no greater restraint upon the Seller and Paul than is reasonably necessary to protect the business and goodwill of WKC and the Company;
- (b) These covenants protect a legitimate interest of WKC and the Company and do not serve solely to limit WKC's and the Company's future competition;
- (c) This Non-Competition Agreement is not an invalid or unreasonable restraint of trade;
- (d) A breach of these covenants by the Seller or Paul would cause irreparable damage to WKC and the Company;
- (e) These covenants will not preclude the Seller or Paul from obtaining reasonable business relationships or becoming gainfully employed following the closing of the Stock Purchase Agreement;
- (f) These covenants are reasonable in scope and are reasonably necessary to protect WKC's and the Company's business and goodwill and valuable and extensive trade which WKC and the Company have established through their own expense and effort;
- (g) The signing of this Non-Competition Agreement is necessary as part of the consummation of the Transaction previously discussed; and
- (h) The Seller and Paul have carefully read and considered all provisions of this Non-Competition Agreement and that all of the restrictions set forth are fair and reasonable and are reasonably required for the protection of the interests of WKC and the Company.

3. **Remedies, Injunction**. In the event of the Seller's or Paul's actual breach of any provisions of this Non-Competition Agreement, the Seller and Paul each agree that WKC and the Company shall be entitled to a temporary restraining order, preliminary injunction and/or permanent injunction restraining and enjoining the Seller and/or Paul from violating the provisions herein. Nothing in this Non-Competition Agreement shall be construed to prohibit WKC or the Company from pursuing any other available remedies for such breach or threatened breach, including the recovery of damages from the Seller and/or Paul. The Seller and Paul each further agrees that, for the purpose of any such injunction proceeding, it shall be presumed that WKC's and the Company's legal remedies would be inadequate and that WKC and the Company would suffer irreparable harm as a result of the Seller's or Paul's violation of the provisions of this Non-Competition Agreement.

4. **Severability** . In the event that any of the provisions of this Non-Competition Agreement are held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Non-Competition Agreement. In the event that any provision relating to the time period or scope of a restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or scope such court deems reasonable and enforceable, then the time period or scope of the restriction deemed reasonable and enforceable by the court shall become and shall thereafter be the maximum time period or the applicable scope of the restriction. The Seller and Paul each further agree that such covenants and/or any portion thereof are severable, separate and independent, and should any specific restriction or the application thereof, to any person, firm, corporation, or situation be held to be invalid, that holding shall not affect the remainder of such provisions or covenants.

5. **General Provisions** .

- (a) *Notices.* Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested or by a recognized overnight delivery service. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change their address by written notice in accordance with this Paragraph (a). Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three (3) days after mailing; and overnight delivery service shall be deemed delivered one (1) day after depositing with the overnight delivery service.

If to Company:                Eric Langan, President  
   10959 Cutten Road  
   Houston, Texas 77066

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

If to Seller or Paul:            BLP Holdings, LLC  
   Attn: Brian Paul  
   1020 Cannongate Drive  
   Flower Mound, Texas 75022

- (b) *Law Governing Non-Competition Agreement and Venue.* This Non-Competition Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue shall be in Tarrant County, Texas for any legal proceeding to enforce the terms, conditions or covenants contained herein.

- (c) *Contract Terms to be Exclusive.* This Non-Competition Agreement contains the sole and entire agreement between the parties and shall supersede any and all other agreements between the parties with respect to the Seller's and Paul's agreement not to compete with WKC and the Company.
- (d) *Waiver or Modification Ineffective Unless in Writing.* It is further agreed that no waiver or modification of this Non-Competition Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding or litigation between the parties hereto arising out of or affecting this Non-Competition Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.
- (e) *Assignment.* The rights and benefits of WKC and the Company under this Non-Competition Agreement shall inure to the benefit of and be binding upon the successors and assigns of WKC and the Company. The rights of the Seller and Paul hereunder are personal and nontransferable except that the rights and benefits hereof shall inure to the benefit of the heirs, executors and legal representatives of the Seller and Paul.
- (f) *Binding Effect.* Except as otherwise provided herein, this Non-Competition Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- (g) *Execution .* This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Non-Competition Agreement has been executed as of the 23rd day of April, 2007.

RICK'S CABARET INTERNATIONAL, INC.

By: /s/ Eric Langan  
Eric Langan, President

SELLER:

/s/ Brian Paul  
BLP HOLDINGS, LLC  
By: Brian Paul, Sole Member and Manager

/s/ Brian Paul  
BRIAN PAUL, INDIVIDUALLY

---

## Real Estate Sales Contract

This contract to buy and sell real property (the Contract") is between Seller and Buyer as identified below and is effective on the date ("Effective Date ") of the last of the signatures by Seller and Buyer as parties to this Contract. If the Earnest Money is paid by check and payment on presentation is refused, this Contract shall be null and void.

**Seller:** THOMAS FELSENTHAL and CONRAD SCHUBERTH/and/or their Assigns

Address: Thomas Felsenthal  
8949 Random Road  
Fort Worth, TX 76179-2741

Phone: (817)384-1687

E-Mail: Tfelsenthal@charter.net

Address: Conrad E. Schubert  
2502 N. Clark Street  
Chicago, IL 60614

Phone: 773-248-3343

E-Mail: Ceshube@comcast.net

**Buyer:** W.K.C. Inc. or its permitted assigns

Address: c/o Brian Paul, President  
2803 Alta Mere  
Fort Worth, Texas 76116

Phone: (817) 732-0000

Fax: (817) 732-2239

E-Mail: [bpfirewater@vahoo.com](mailto:bpfirewater@vahoo.com)

**Property:** Lot 6-A-R, Block 5, Alta Mere Addition, being a revision of Lot 6-A, Block 5, Alta Mere Addition to the City of Fort Worth, Tarrant County, Texas, according to the revised Plat recorded in Volume 388-117, Page 51, Plat Records, Tarrant County, Texas (excluding any and all mineral rights).

**Title Company:** Stewart Title  
C/O Gerry Orth  
2501 Parkview Ste. 123  
Fort Worth, TX 76102

## Purchase Price

Cash portion:	\$100,000.00
Seller financed portion:	\$2,400,000.00
Total purchase price:	\$2,500,000.00

At closing, Buyer will execute a Note payable to Sellers for the purchase price less cash payment set forth above. Such Note shall be secured by a Deed of Trust in favor of Sellers, as well as a security agreement from Buyer to Seller whereby Buyer shall grant to Seller a lien on the business assets of Buyer located on the Property. Such Note, Deed of Trust and Security Agreement shall be in the form attached hereto as **Appendix "A" and "B"** respectively and shall contain the following terms and conditions:

- a. Principal balance of Note: \$2,400,000.00
- b. Interest rate and payment schedule: The Note shall be amortized over nine (9) years with a balloon payment of all remaining principal and interest due six (6) years after the date the Note is executed; The Note shall accrue interest during the first two (2) years at the rate of 7.25 percent and monthly payments for the first two (2) years of the Note shall be \$30,219.86; The Note shall accrue interest during the third and fourth year at the rate of 8.25 percent and monthly payments for years three and four of the Note shall be \$31,308.01; The Note shall accrue interest during years five and six at the rate of 9.25 percent and monthly payments for years five and six of the Note shall be \$32,050.37;
- c. There will be no penalty for the pre-payment of any principal owed on the Note, however, pre-payment of principal shall only be permitted in amounts of \$50,000.00 or more;
- d. The Deed of Trust with Vendor's Lien shall include a provision requiring Buyer to maintain general liability insurance in the amount of at least \$3,000,000.00, and casualty insurance in the amount of at least \$2,000,000.00, and both policies shall name Sellers and/or their Assigns as additional insureds, and as the Loss Payee on the casualty insurance. Buyer shall not demolish or remove any improvements from the Property without Seller's prior written consent.
- e. Seller reserves from the conveyance of the Property all oil, gas, and other minerals in and under and that may be produced from the Property and presently owned by Seller. In connection with such reservation, Seller agrees to waive and relinquish any use of the surface of the Property for the exploration and/or removal of oil, gas or other minerals, and the right to place or maintain any structures, improvements, equipment or pipelines in, on, under or across the Property. Such surface waiver will be included in the General Warranty Deed to be delivered at Closing.



**Earnest Money:** \$100,000.00

**County for Performance:** Tarrant County, Texas

**A. Deadlines and Other Dates**

All deadlines in this Contract expire at 5:00 P.M. local time where the Property is located. If a deadline falls on a Saturday, Sunday, or national holiday, the deadline will be extended to the next day that is not a Saturday, Sunday, or national holiday. A national holiday is a holiday designated by the federal government. Time is of the essence.

1. **EarnestMoney Deadline:** \$100,000.00 shall be paid to the Title Company no later than 2 business days following the final execution of this Contract. All earnest money shall be held by the Title Company in an interest bearing account (with such interest being paid to the party entitled to receive the Earnest Money Deposit pursuant to this Contract), and is non-refundable if Buyer fails to close for any reason except in the event of Seller's default hereunder or the termination of this Contract by Buyer pursuant to a right to do so granted elsewhere in this Contract.

2. **Closing Date:** The Closing (herein so called) of the purchase and sale of the Property shall be held at the offices of the Title Company on or before April 23, 2007, or within 7 days after objections to title have been cured, whichever date is later (it being the intent of Buyer that it may accelerate the Closing Date upon compliance with all conditions to closing required of Buyer hereunder).

**B. Closing Documents**

1. At closing, Seller will deliver the following items:

General Warranty Deed with Vendor's Lien;

The Owner's Policy of Title Insurance; and

A written agreement terminating the existing lease agreement between the parties.

2. At closing, Buyer will deliver the following items:

Note, Deed of Trust, and Security Agreement.

**C. Purchase and Sale of Property**

Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to buy and pay Seller for the Property. The promises by Buyer and Seller stated in this Contract are the consideration for the formation of this Contract.

#### **D. Title and Survey**

1. *Review of Title.* The following statutory notice is provided to Buyer on behalf of the real estate licensees, if any, involved in this transaction: **Buyer is advised that it should either have the abstract covering the Property examined by an attorney of Buyer's own selection or be furnished with or obtain a policy of title insurance.**

2. *Title Commitment; Title Policy.* "Title Commitment" means a Commitment for Issuance of an Owner Policy of Title Insurance by Title Company, as agent for Underwriter, stating the condition of title to the Property. The "effective date" stated in the Title Commitment must be after the Effective Date of this Contract. "Title Policy" means an Owner Policy of Title Insurance issued by Title Company, as agent for Underwriter, in conformity with the last Title Commitment delivered to and approved by Buyer in the full amount of the Purchase Price. Buyer shall obtain an Owner's Title Policy and a Mortgagee's Title Policy. Buyer and Seller shall each pay one-half of the premium for the Owner's Title Policy, and Buyer shall pay 100% of the premium for the Mortgagee's Title Policy.

3. *Survey.* "Survey" means an on-the-ground, staked plat of survey and metes-and- bounds description of the Land, prepared by Surveyor or another surveyor satisfactory to Title Company, and certified to comply with the current standards and specifications as published by the Texas Society of Professional Surveyors for the Survey Category. Buyer shall pay 100% of the cost of the Survey, except in the event of Seller's Default (defined in Paragraph H 1. below).

4. *Delivery of Title Commitment, Survey, and Legible Copies.* Seller shall deliver the Survey, the Title Commitment and legible copies of the title instruments to Buyer as soon as the same are available, but not later than 20 days following the effective date of this Contract.

5. *Title Objections.* Buyer has ten (10) days after the delivery of both the Title Commitment and the Survey ("Title Objection Deadline") to review the Survey, Title Commitment, and legible copies of the title instruments referenced in them and notify Seller of Buyer's objections to any of them ("Title Objections"). Buyer will be deemed to have approved all matters reflected by the Survey and Title Commitment to which Buyer has made no Title Objection by the Title Objection Deadline. The matters that Buyer either approves or is deemed to have approved are "Permitted Exceptions." If Buyer notifies Seller of any Title Objections, Seller has 30 days from receipt of Buyer's notice to notify Buyer whether Seller agrees to cure the Title Objections before closing ("Cure Notice"). If Seller does not timely give its Cure Notice or timely gives its Cure Notice but does not agree to cure all the Title Objections before closing, Buyer may, within five days after the deadline for the giving of Seller's Cure Notice, notify Seller that either this Contract is terminated, in which case Buyer shall be entitled to the return of all Earnest Money, if any, on deposit with the Title Company. Alternatively, Buyer may elect to proceed to close, subject to Seller's obligations to resolve the items listed in Schedule C of the Title Commitment, remove the liquidated liens, remove all exceptions that arise by, through, or under Seller after the Effective Date, and cure only the Title Objections that Seller has agreed to cure in the Cure Notice. At or before closing, Seller must resolve the items that are listed on Schedule C of the Title Commitment, remove all liquidated liens, remove all exceptions that arise by, through, or under Seller after the Effective Date of this Contract, and cure the Title Objections that Seller has agreed to cure.

**E. Condition of the Property until Closing; Cooperation; No Recording of Contract**

1. *Maintenance and Operation.* Until closing, Buyer will maintain the Property as it existed on the Effective Date, except for reasonable wear and tear and casualty damage.

2. *Current Lease.* Buyer shall continue to lease the property from Seller and Seller shall continue to lease the property to Buyer, and Buyer and Seller shall fully comply with the terms of the lease agreement currently in effect between the parties.

3. *Casualty Damage.* Seller will notify Buyer promptly after discovery of any casualty damage to the Property. Seller will have no obligation to repair or replace the Property if it is damaged by casualty before closing, subject to the terms of the existing lease agreement. Buyer may terminate this Contract if the casualty damage that occurs before closing would materially affect Buyer's intended use of the Property, by giving notice to Seller within fifteen days after receipt of Seller's notice of the casualty (or before closing if Seller's notice of the casualty is received less than fifteen days before closing). The casualty damage will be deemed to materially affect Buyer's intended use if the estimated amount of the damage exceeds 30 percent or more of the Purchase Price. If Buyer does not terminate this Contract, Seller will (a) convey the Property to Buyer in its damaged condition, (b) assign to Buyer all of Seller's rights under any property insurance policies covering the Property.

4. *Condemnation.* Seller will notify Buyer promptly after Seller receives notice that any part of the Property has been or is threatened to be condemned or otherwise taken by a governmental or quasi-governmental authority. Buyer may terminate this Contract if the condemnation would materially affect Buyer's intended use of the Property by giving notice to Seller within fifteen days after receipt of Seller's notice to Buyer (or before closing if Seller's notice is received less than fifteen days before closing). If Buyer does not terminate this Contract, (a) Buyer and Seller will each have the right to appear and defend their respective interests in the Property in the condemnation proceedings, (b) any award in condemnation will be assigned to Buyer, and (c) if the taking occurs before closing, the description of the Property will be revised to delete the portion taken.

5. *Claims; Hearings.* Seller will notify Buyer promptly of any claim or administrative hearing that is threatened, filed, or initiated before closing that affects the Property.

6. *Cooperation.* Seller will cooperate with Buyer (a) before and after closing, to transfer the applications, permits, and licenses held by Seller and used in the operation of the Property and (b) before closing, with any reasonable evaluation, inspection, audit, or study of the Property prepared by, for, or at the request of Buyer.

7. *No Recording.* Buyer may not file this Contract or any memorandum or notice of this Contract in the real property records of any county. If, however, Buyer records this Contract or a memorandum or notice, Seller may terminate this Contract and record a notice of termination.

## **F. Termination**

1. *Duties after Termination.* If this Contract is terminated, Buyer will promptly return to Seller all documents relating to the Property that Seller has delivered to Buyer and all copies that Buyer has made of the documents. After return of the documents and copies, neither party will have further duties or obligations to the other under this Contract, except for those obligations that cannot be or were not performed before termination of this Contract.

## **G. Closing**

1. *Closing.* This transaction will close at Title Company's offices at the Closing Date and Closing Time. At closing, the following will occur:

- a. *Closing Documents.* The parties will execute and deliver the Closing Documents, and such other documents as are typically required by the Title Company in connection with the purchase and sale of Real Property in Tarrant County, Texas.
- b. *Payment of Purchase Price.* Buyer will deliver the Purchase Price and other amounts that Buyer is obligated to pay under this Contract to Title Company in funds acceptable to Title Company. The Earnest Money will be applied to the Purchase Price.
- c. *Disbursement of Funds; Recording; Copies.* Title Company will be instructed to disburse the Purchase Price and other funds in accordance with this Contract, record the deed and the other Closing Documents directed to be recorded, and distribute documents and copies in accordance with the parties' written instructions.
- d. *Delivery of Originals.* Seller will deliver to Buyer the originals of Seller's Records.
- e. *Possession.* Seller will deliver possession of the Property to Buyer, subject to the Permitted Exceptions existing at closing and any lien and security interest in favor of Seller, if the sale is Seller-financed.

### **2. Transaction Costs**

- a. *Seller's Costs.* Seller will pay one-half of the premium for the Owner's Title Policy, one-half of the escrow fee charged by Title Company; the costs to prepare the deed; the costs to obtain, deliver, and record releases of all liens to be released at closing; the costs to record all documents to cure Title Objections agreed to be cured by Seller; Title Company's inspection fee to delete from the Title Policy the customary exception for parties in possession; the costs to obtain the Survey and certificates or reports of ad valorem taxes; the costs to deliver copies of the instruments described in section D.4.; and Seller's expenses and attorney's fees.

- b. *Buyer's Costs.* Buyer will pay one-half of the escrow fee charged by Title Company; one-half of the premium for the Owner's Title Policy and the entire premium for the Mortgagee's Title Policy; the costs to obtain, deliver, and record all documents other than those to be recorded at Seller's expense; the additional premium for the "survey/area and boundary deletion" in the Title Policy, if the deletion is requested by Buyer; the costs of work required by Buyer to have the survey reflect matters other than those required under this Contract; the costs to obtain financing of the Purchase Price, including the incremental premium costs of mortgagee's title policies and endorsements and deletions required by Buyer's lender; and Buyer's expenses and attorney's fees.
- c. *Ad Valorem Taxes.* Ad valorem taxes for the Property for the calendar year of closing will be paid by Buyer. Seller will promptly notify Buyer of all notices of proposed or final tax valuations and assessments that Seller receives after the Effective Date and after closing. All taxes due as of closing will be paid at closing. If the Property has been the subject of special valuation and reduced tax assessments pursuant to the provisions of chapter 23, subchapter D, of the Texas Tax Code with respect to any period before the closing and additional taxes are assessed pursuant to section 23.55 thereof, the following will apply:
  - (1) If Seller changes the use of the Property before closing, resulting in the assessment of additional taxes for periods before closing, Seller will pay the additional taxes.
  - (2) If this sale or Buyer's use of the Property results in the assessment of additional taxes for periods before closing, Buyer will pay the additional taxes.
- d. *Postclosing Adjustments.* If errors in the prorations made at closing are identified within ninety days after closing, Seller and Buyer will make postclosing adjustments to correct the errors within fifteen days of receipt of notice of the errors.
- e. *Brokers' Commissions.* Buyer and Seller each indemnify and agree to defend and hold the other party harmless from any loss, attorney's fees, and court and other costs arising out of a claim by any person or entity claiming by, through, or under the indemnitor for a broker's or finder's fee or commission because of this transaction or this Contract, whether the claimant is disclosed to the indemnitee or not. At closing, each party will provide the other party with a release of broker's or appraiser's liens from all brokers or appraisers for which each party was responsible.

- f. *Lease Agreement.* Rent for the month of closing and all other charges due Seller under the existing lease agreement shall be prorated at the Closing, effective as of the Closing Date, using the best available computations of such items. At the Closing, the existing lease agreement shall be terminated and the parties shall have no further obligations to each other thereunder except those that expressly survive its termination.

3. *Issuance of Title Policy.* Buyer will cause Title Company to issue the Mortgagee Title Policy to Seller as soon as practicable after closing.

## **H. Default and Remedies**

1. *Seller's Default.* If Seller fails to perform any of its obligations under this Contract ("Seller's Default"), Buyer may elect either of the following as its sole and exclusive remedy:

- a. *Termination; Liquidated Damages.* Buyer may terminate this Contract by giving notice to Seller on or before the Closing Date, and receive a full and immediate refund of the Earnest Money.
- b. *Specific Performance.* Buyer may enforce specific performance of Seller's obligations under this Contract. If title to the Property is conveyed to Buyer as a result of Buyer's selection of this remedy, the conveyance will be subject to the matters stated in the Title Commitment.

2. *Buyer's Default.* If Buyer fails to perform any of its obligations under this Contract ("Buyer's Default"), Seller may elect either of the following as its sole and exclusive remedy:

- a. *Termination; Liquidated Damages.* Seller may terminate this Contract by giving notice to Buyer on or before the Closing Date and Closing Time and retain the Earnest Money.
- b. *Specific Performance.* Seller may enforce specific performance of Buyer's obligations under this Contract. If title to the Property is conveyed to Buyer as a result of Seller's selection of this remedy, the conveyance will be subject to the matters stated in the Title Commitment.

3. *Liquidated Damages.* Seller and Buyer agree that actual damages due to Buyer's default hereunder would be difficult and inconvenient to ascertain and that such amount is not a penalty and is fair and reasonable in light of all relevant circumstances and represents the maximum amount Seller is entitled to recover from Buyer as a result of its default under this Contract.

4. *Attorney's Fees.* If either party retains an attorney to enforce this Contract, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

## **I. Miscellaneous Provisions**

1. *Notices.* Any notice required by or permitted under this Contract must be in writing. Any notice required by this Contract will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Contract. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Copies of each notice must be given by one of these methods to the attorney of the party to whom notice is given.

2. *Entire Contract.* This Contract, together with its exhibits, and any Closing Documents delivered at closing constitute the entire agreement of the parties concerning the sale of the Property by Seller to Buyer. There are no oral representations, warranties, agreements, or promises pertaining to the sale of the Property by Seller to Buyer not incorporated in writing in this Contract.

3. *Amendment.* This Contract may be amended only by an instrument in writing signed by the parties.

4. *Assignment.* Except as otherwise provided for herein, Buyer may not assign this Contract or any of Buyer's rights under it without Seller's prior written consent, and any attempted assignment is void. This Contract binds, benefits, and may be enforced by the parties and their respective heirs, successors, and permitted assigns. Seller hereby acknowledges that Rick's Cabaret International, Inc., the prospective purchaser of 100% of the issued and outstanding common stock of Buyer and referred to in subparagraph 14 below and its wholly-owned subsidiary, RCI Holdings, Inc., are each a permitted assignee of Buyer under this Paragraph I (4).

5. *Survival.* The obligations of this Contract that cannot be performed before termination of this Contract or before closing will survive termination of this Contract or closing, and the legal doctrine of merger will not apply to these matters. If there is any conflict between the Closing Documents and this Contract, the Closing Documents will control.

6. *Choice of Law; Venue; Alternative Dispute Resolution.* This Contract will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in Tarrant County, Texas, except as otherwise provided by applicable law. Time permitting, the parties will submit in good faith to an alternative dispute resolution process before filing a suit concerning this Contract.

7. *Waiver of Default.* It is not a waiver of default if the nondefaulting party fails to declare immediately a default or delays taking any action with respect to the default.

8. *No Third-Party Beneficiaries.* There are no third-party beneficiaries of this Contract.

9. *Severability.* The provisions of this Contract are severable. If a court of competent jurisdiction finds that any provision of this Contract is unenforceable, the remaining provisions will remain in effect without the unenforceable parts.

10. *Ambiguities Not to Be Construed against Party Who Drafted Contract.* The rule of construction that ambiguities in a document will be construed against the party who drafted it will not be applied in interpreting this Contract.

11. *No Special Relationship.* The parties' relationship is an ordinary commercial relationship, and they do not intend to create the relationship of principal and agent, partnership, joint venture, or any other special relationship.

12. *Counterparts.* If this Contract is executed in multiple counterparts, all counterparts taken together will constitute this Contract.

13. *Confidentiality.* The parties will keep confidential this Contract, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is permitted under this Contract or is in furtherance of the performance of this Agreement by a party, or is required by law or court order or to enable third parties to advise or assist Buyer to investigate the Property or either party to close this transaction.

14. *Change of Control.* The parties acknowledge that BLP Holdings, LLC., a Texas limited liability company, and the owner of 100% of the outstanding common stock of Buyer ("BLP") is negotiating the sale of 100% of the outstanding common stock of Buyer (the "WKC Stock") to Rick's Cabaret International, Inc., a Texas corporation ("Rick's"). As an additional inducement for the execution of this Contract by Seller, BLP agrees to deposit the sum of \$150,000.00 in cash or certified funds (the "BLP Deposit"), with Seller on the Closing Date. Concurrently with the execution of this Contract, Seller and BLP shall execute an agreement providing for the disposition of the BLP Deposit following delivery to Seller. Such agreement shall contain the following terms and conditions:

(a) Seller agrees to release to BLP the sum of \$12,500.00 each month following the Closing, for a period of 12 months thereafter, provided that, as a condition to the delivery of each monthly payment of \$12,500.00 to BLP, Seller has received from Buyer the monthly installment of principal and interest due under the Note for such month;



(b) If Seller does not receive the monthly installment due Seller under the Note, Seller shall retain, as Liquidated damages, the sum of \$12,500.00 otherwise due BLP from the BLP Deposit.

Seller acknowledges and agrees that in the event there does not occur a Change of Control of Buyer to Rick's at or contemporaneous with the closing of the transactions contemplated hereunder, then BLP shall be relieved of any obligation to deliver the BLP Deposit to Seller.

SELLER:

<u>/s/ Thomas Felsenthal</u>	<u>4/4/07</u>
THOMAS FELSENTHAL	Date

<u>CONRAD E. SCHUBERTH</u>	<u>                    </u>
	Date

BUYER:

W.K.C. Inc.

By: <u>/s/ Brian Paul</u>	<u>4/4/07</u>
Brian Paul, President	Date

(b) If Seller does not receive the monthly installment due Seller under the Note, Seller shall retain, as liquidated damages, the sum of \$12,500.00 otherwise due BLP from the BLP Deposit

Seller acknowledges and agrees that in the event there does not occur a Change of Control of Buyer to Rick's at or contemporaneous with the closing of the transactions contemplated hereunder, then BLP shall be relieved of any obligation to deliver the BLP Deposit to Seller.

SELLER:

\_\_\_\_\_  
THOMAS FELSENTHAL

\_\_\_\_\_  
Date

\_\_\_\_\_  
/s/ Conrad E Schuberth

\_\_\_\_\_  
April 4, 2007

\_\_\_\_\_  
CONRAD E. SCHUBERTH

\_\_\_\_\_  
Date

BUYER:

W.K.C. Inc.

By:

\_\_\_\_\_  
Brian Paul, President

\_\_\_\_\_  
Date

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## PROMISSORY NOTE

\$2,400,000.00

April 23, 2007

RCI HOLDINGS, INC., a Texas Corporation (" Maker "), for value received, hereby promises to pay to the order of **THOMAS FELSENTAL and CONRAD E. SCHUBERTH**, or their successors and permitted assigns (individually and collectively, the " Holder "), the principal sum of **Two Million Four Hundred Thousand Dollars and 00/100 cents (\$2,400,00.00)** and to pay interest (computed on a "simple interest" basis and on the basis of a 365/366 day year) on the unpaid principal balance of this Promissory Note (the " Note "), from and after the date hereof until maturity, at the following rate: (a) for the first two years of this note, interest shall accrue at the rate of seven and one-half percent (7.25%) per annum; (b) during the third and fourth years of this note, interest shall accrue at the rate of eight and one-quarter percent (8.25%) per annum; and (c) during the fifth and sixth years of this note, interest shall accrue at the rate of nine and one-quarter percent (9.25%) per annum. After maturity of this Note, the interest rate on the matured and unpaid amount due hereunder shall be fifteen percent (15%) or the Maximum Rate, whichever is greater.

### 1. Terms of this Note.

**1.1 Interest and Principal.** Except as otherwise provided for herein, the principal of, and all accrued interest thereon, shall be due and payable in twenty-four (24) equal monthly installments of **Thirty Thousand Three Hundred Nineteen Dollars and 86/100 cents (\$30,319.86)**, on the 23<sup>rd</sup> day of each month, beginning May 23, 2007 and continuing through April 23, 2009. After that date the unpaid principal balance and interest are payable in twenty-four (24) equal monthly installments of **Thirty One Thousand Three Hundred Eight Dollars and 01/100 Cents (\$31,308.01)**, on the 23<sup>rd</sup> day of each month, beginning May 23, 2009 and continuing through April 23, 2011. After that date the unpaid principal balance and interest are payable in twenty-four (24) equal monthly installments of **Thirty Two Thousand Fifty Dollars and 37/100 Cents (\$32,050.37)**, on the 23<sup>rd</sup> day of each month, beginning May 23, 2011 and continuing through April 23, 2013, and in one final installment on May 23, 2013 in the amount of the unpaid principal and accrued, unpaid interest as of that date. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

**1.2 Payments.** All payments on or in respect of this Note shall be made to Holder at 8949 Random Road, Fort Worth, Texas 76179-2741, or, at such address as Holder may designate to Maker in writing pursuant to the provisions of this Note.

**1.3 Conformance with Laws.** Notwithstanding any other term of this Note to the contrary, it is the intention of the Maker and the Holder to conform strictly to any applicable usury laws. Accordingly, if the Holder contracts for, charges or receives any consideration that constitutes interest in excess of the maximum rate permitted by applicable law (the "Maximum Rate"), then such excess will be canceled automatically and if previously paid will, at the Holder's option, be applied to the outstanding principal amount under this Note or refunded to the Maker. In determining whether any interest exceeds the Maximum Rate, such interest will, to the extent permitted by applicable law, be amortized, prorated, allocated and spread in equal parts throughout the term of this Note. All agreements made in this Note are expressly limited so that in no event whatsoever, whether by reason of advancement of the proceeds of this Note, acceleration of maturity of the unpaid balance of this Note or otherwise, will the amount paid or agreed to be paid to the Holder for the use of the money advanced or to be advanced under this Note exceed an amount calculated at the Maximum Rate. If any circumstances whatsoever, including the fulfillment of any provision of this Note or any other agreement or instrument now or hereafter evidencing, securing or in any way relating to the indebtedness evidenced by this Note, will involve the payment of interest in excess of an amount calculated at the Maximum Rate, then, *ipso facto*, the obligation to pay interest under this Note will be reduced to such amount. This Section 1.3 will control every other provision in any and all other agreements and instruments existing or hereafter arising between the Maker and the Holder with respect to the indebtedness evidenced by this Note.

**1.4 Prepayment.** This Note may be prepaid in whole or in part without penalty by the Maker without the prior consent of the Holder, provided that any partial prepayment shall not be in an amount less than \$50,000.00. Any prepayment to which the Holder consents will be applied first against accrued and unpaid expenses owing under this Note (if any), then against accrued and unpaid interest then payable pursuant to the provisions of this Note, and then against unpaid principal.

**1.5 Waivers.** Except as otherwise provided in this Note, Maker waives diligence, presentment, demand, protest and notice of every kind whatsoever. The failure of the Holder to exercise any of its rights under this Note in any particular instance will not constitute a waiver of the same or of any other right in that or any subsequent instance.

**1.6 Purchase Agreement.** This Note is being given to Holder by Maker in partial payment of the purchase price set forth in that certain Real Estate Sales Contract dated April 4, 2007 by and between Holder and RCI HOLDINGS, INC., a Texas corporation (the "Purchase Agreement").

**1.7 Deed of Trust.** This Note is secured by the collateral described in that certain Deed of Trust and Security Agreement of even date herewith by and among the Maker and the Holder (the "Deed of Trust") and is subject to all of the agreements, terms and conditions contained therein, all of which are incorporated herein by this reference.

**1.8 Late Charge.** If a payment is 10 days or more late, Maker will be charged \$1,000.00 **of the unpaid portion of the regularly scheduled payment.**

## **2. Events of Default and Remedies.**

**2.1 DEFAULT.** Each of the following constitute an event of default ("Event of Default") under this Note:

(a) **Payment Default.** Maker fails to make any payment when due under this Note.

(b) **Other Defaults.** Maker fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note, the Deed of Trust, or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Holder and Maker.

(c) **False Statements.** Any warranty, representation or statement made or furnished to Holder by Maker or on Maker's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

(d) **Death or Insolvency.** The dissolution of Maker (regardless of whether election to continue is made), any member withdraws from Maker, or any other termination of Maker's existence as a going business or the death of any member, the insolvency of Maker, the appointment of a receiver for any part of Maker's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Maker.

(e) **Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Maker or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Maker's accounts, including deposit accounts, with Holder. However, this Event of Default shall not apply if there is a good faith dispute by Maker as to the validity of reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Maker gives Holder written notice of the creditor or forfeiture proceeding.

**2.2 Remedies.** In case any one or more of the Events of Default specified in Section 2.1 has occurred, Holder will have the right to accelerate payment of the entire principal of, and all interest accrued on, this Note, and, upon such acceleration, this Note will thereupon become due and payable, without any presentment, demand, protest or other notice of any kind, all of which are expressly waived, and the Maker will forthwith pay to the Holder the entire outstanding principal of, and interest accrued on, this Note. Additionally, Holder shall have all of the rights and remedies available to Holder pursuant to the Deed of Trust.

**2.3 Attorney's Fees; Expenses.** Holder may hire an attorney to help collect this Note if Maker does not pay, and Maker will pay Holder's reasonable attorneys' fees. Maker also will pay Holder all other amounts Holder actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

#### **2.4 Cure Provisions.**

(a) In the event of a default in payment, it may be cured if Maker, after receiving written notice from Holder demanding cure of such default, cures the default (including payment of the late fee) within seven (7) days; provided, however, in no event will Holder be required to provide more than two (2) notices in any calendar year.

(b) If any default, other than a default in payment is curable, it may be cured if Maker, after receiving written notice from Holder demanding cure of such default: (1) cures the default within twenty (20) days; or (2) if the cure requires more than twenty (20) days, immediately initiates steps which Holder deems in Holder's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**Miscellaneous.**

**3.1 Jurisdiction.** Any action or proceeding seeking to enforce any provision of this Note must be brought in any of the courts of the State of Texas sitting in Tarrant County, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of Texas, and each of the Maker and the Holder consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue in such courts. If the Holder commences any action or proceeding seeking to enforce any provision of this Note in any other jurisdiction, then the Maker will be entitled to have such action or proceeding transferred to one of the jurisdictions described above, or, if such transfer may not be accomplished under applicable law, then to have such action or proceeding dismissed without prejudice.

**3.2 Amendment and Waiver.** This Note may be amended, and the observance of any term of this Note may be waived or consented to, with and only with the written consent of the Maker and the Holder.

**3.3 Waiver.** Any waiver or failure to insist upon strict compliance with any obligation, covenant, agreement or condition of this Note will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Any waiver of any provision of this Note shall be made pursuant to the provisions of Section 3.2.

**3.4 Notices.** All notices and other communications under this Note must be in writing and will be deemed given (a) when received if delivered personally or by courier (with written confirmation of receipt), or (b) five (5) days after being deposited in the mail if sent by registered or certified mail (postage prepaid, return receipt requested) to the Holder or the Maker, as the case may be, at the following addresses (or at such other address as may be specified in a notice in accordance with this Section):

If to the Holder, to both:

THOMAS FELSENTHAL  
8949 Random Road  
Fort Worth, TX 76179-2741; and  
CONRAD E. SCHUBERTH  
2502 N. Clark Street  
Chicago, IL 60614

If to Maker:

RCI HOLDINGS, INC.  
c/o Eric Langan, President  
10959 Cutten Road  
Houston, Texas 77066

**3.5 Governing Law.** This Note will be governed by the laws of the State of Texas without regard to the conflicts of law principles of any jurisdiction.

**3.6 Entire Agreement.** This Note, the Purchase Agreement and the Deed of Trust constitute the entire agreement of the Maker and the Holder with respect to the subject matter contained in this Note and supersede all prior agreements and undertakings between the Maker and the Holder with respect to the transactions contemplated hereby. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly provided for in this Note.

**3.7 Severability.** If any term, provision, covenant, agreement or restriction of this Note is held by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants, agreements and restrictions of this Note will continue in full force and effect and will in no way be affected, impaired or invalidated.

**MAKER:**

RCI HOLDINGS, INC. a Texas Corporation

By: /s/ Eric Langan  
Eric Langan, President

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**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**Deed of Trust  
Security Agreement - Financing Statement**

**Terms**

**Date:** April 23, 2007

**Grantor:** RCI HOLDINGS, INC., a Texas corporation

**Grantor's Mailing Address:**

RCI HOLDINGS, INC. c/o  
Eric Langan, President  
10959 Cutten Road  
Houston, Texas 77066

**Trustee:** Carey Walker

**Trustee's Mailing Address:**

2501 Parkview Drive, Suite 123  
Fort Worth, Texas 76102  
Tarrant County

**Lenders:** THOMAS FELSENTHAL and CONRAD E. SCHUBERTH

**Lenders' Mailing Address:**

8949 Random Road  
Fort Worth, TX 76179-2741

**Obligation**

Note

**Deed of Trust  
Security Agreement - Financing Statement**



Date: April 23, 2007

Original principal amount: \$2,400,000.00

Borrower: RCI HOLDINGS, INC.

Lenders: THOMAS FELSENTAL and CONRAD E. SCHUBERTH

Maturity date: April 23, 2013

Terms of Payment: As provided in the note.

Other Debt:

None.

**Property (including any improvements):**

See Exhibit "A" attached hereto and incorporated herein for all purposes.

Personal Property: All of Grantor's property constituting personal property located in or on and used in the enjoyment of the Property.

**DESCRIPTION OF COLLATERAL COVERED BY SECURITY AGREEMENT/FINANCING STATEMENT:**

Any and all of Grantor's equipment, furniture, licenses, permits and fixtures located on the Property.

In addition to creating a deed-of-trust lien on all the real and other property described above, Grantor also grants to Lenders a security interest in all of the above-described personal property pursuant to and to the extent permitted by the Texas Uniform Commercial Code.

In the event of a foreclosure sale under this deed of trust, Grantor agrees that all the Property may be sold as a whole at Lenders' option and that the Property need not be present at the place of sale.

**Prior Lien:**

None.

**Deed of Trust**

**Security Agreement - Financing Statement**

**Other Exceptions to Conveyance and Warranty:**

Liens described as part of the Consideration and any other liens described in the deed to Grantor as being either assumed or subject to which title is taken; all presently recorded and validly existing easements, rights-of-way, and prescriptive rights; all presently recorded and validly existing instruments, other than conveyances of the surface fee estate, that affect the Property; and taxes for 2007, and subsequent assessments for that and prior years due to change in land usage, ownership, or both.

For value received and to secure payment of the Obligation, Grantor conveys the Property to Trustee in trust. Grantor warrants and agrees to defend the title to the Property, subject to the Other Exceptions to Conveyance and Warranty. On payment of the Obligation and all other amounts secured by this deed of trust, this deed of trust will have no further effect, and Lenders will release it at Grantor's expense.

**Clauses and Covenants****A. Grantor's Obligations**

Grantor agrees to-

1. keep the Property in good repair and condition;
2. pay all taxes and assessments on the Property before delinquency;
3. defend title to the Property subject to the Other Exceptions to Conveyance and Warranty and preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Lenders, an insurance policy that contains:

(i) comprehensive general liability insurance in an amount of no less than \$3,000,000 per occurrence and (ii) casualty insurance covering the Improvements in an amount of no less than \$2,000,000 ("Required Insurance Coverages"), issued by insurers reasonably acceptable to Lenders, and deliver evidence of the Required Insurance Coverages in a form reasonably acceptable to Lenders at least ten days before the expiration of the Required Insurance Coverages. Both policies shall name Lenders as an additional insured and the casualty insurance policy shall name Lenders as the loss payee thereunder; and contain such other coverage as Lenders may reasonably require; (iii) Lenders may obtain the above-described insurance coverages at Grantor's expense in the event that Grantor fails to obtain the required insurance coverages;

**Deed of Trust****Security Agreement - Financing Statement**

5. deliver the insurance policies to Lenders within ten days of the date of this deed of trust and deliver renewals to Lenders at least fifteen days before expiration;
6. obey all laws, ordinances, and restrictive covenants applicable to the Property;
7. keep any buildings occupied as required by the insurance policies;
8. if the lien of this deed of trust is not a first lien, pay or cause to be paid all prior lien notes and abide by or cause to be abided by all prior lien instruments; and
9. notify Lenders of any change of address.

**B. Lenders' Rights**

1. Lenders or Lenders' mortgage servicer may appoint in writing a substitute trustee, succeeding to all rights and responsibilities of Trustee.
2. If the proceeds of the Obligation are used to pay any debt secured by prior liens, Lenders are subrogated to all the rights and liens of the holders of any debt so paid.
3. If Lenders reasonably determine that repairs to the improvements are economically feasible, Lenders will make the insurance proceeds available to Grantor for repairs or replacement; otherwise, Lenders may apply any proceeds received under the insurance policies to reduce the Note.
4. Notwithstanding the terms of the Note to the contrary, and unless applicable law prohibits, all payments received by Lenders from Grantor with respect to the Obligation or this deed of trust may, at Lenders' discretion, be applied first to amounts payable under this deed of trust and then to amounts due and payable to Lenders with respect to the Obligation, to be applied to late charges, principal, or interest in the order Lenders in their discretion determine.
5. If Grantor fails to perform any of Grantor's obligations, Lenders may perform those obligations and be reimbursed by Grantor on demand for any amounts so paid, including attorney's fees, plus interest on those amounts from the dates of payment at the rate stated in the Note for matured, unpaid amounts. The amount to be reimbursed will be secured by this deed of trust.
6. If there is a default on the Obligation or if Grantor fails to perform any of Grantor's obligations and the default continues after any required notice of the default and the time allowed to cure, Lenders may-
  - a. declare the unpaid principal balance and earned interest on the Obligation immediately due;

**Deed of Trust  
Security Agreement - Financing Statement**

b. direct Trustee to foreclose this lien, in which case Lenders or Lenders' agent will cause notice of the foreclosure sale to be given as provided by the Texas Property Code as then in effect; and

c. purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Obligation.

7. Lenders may remedy any default without waiving it and may waive any default without waiving any prior or subsequent default.

#### **C. Trustee's Rights and Duties**

If directed by Lenders to foreclose this lien, Trustee will-

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then in effect;

2. sell and convey all or part of the Property "AS IS" to the highest bidder for cash with a general warranty binding Grantor, subject to the Prior Lien and to the Other Exceptions to Conveyance and Warranty and without representation or warranty, express or implied, by Trustee;

3. from the proceeds of the sale, pay, in this order-

a. expenses of foreclosure, including a reasonable commission to Trustee;

b. to Lenders, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;

c. any amounts required by law to be paid before payment to Grantor; and

d. to Grantor, any balance; and

4. be indemnified, held harmless, and defended by Lenders against all costs, expenses, and liabilities incurred by Trustee for acting in the execution or enforcement of the trust created by this deed of trust, which includes all court and other costs, including attorney's fees, incurred by Trustee in defense of any action or proceeding taken against Trustee in that capacity.

#### **D. General Provisions**

1. If any of the Property is sold under this deed of trust, Grantor must immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor will become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.

#### **Deed of Trust**

#### **Security Agreement - Financing Statement**

2. Recitals in any trustee's deed conveying the Property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien will remain superior to liens later created even if the time of payment of all or part of the Obligation is extended or part of the Property is released.
5. If any portion of the Obligation cannot be lawfully secured by this deed of trust, payments will be applied first to discharge that portion.
6. Grantor assigns to Lenders all amounts payable to or received by Grantor from condemnation of all or part of the Property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the Property. After deducting any expenses incurred, including attorney's fees and court and other costs, Lenders will either release any remaining amounts to Grantor or apply such amounts to reduce the Obligation. Lenders will not be liable for failure to collect or to exercise diligence in collecting any such amounts. Grantor will immediately give Lenders notice of any actual or threatened proceedings for condemnation of all or part of the Property.
7. Grantor assigns to Lenders absolutely, not only as collateral, all present and future rent and other income and receipts from the Property. Grantor warrants the validity and enforceability of the assignment. Grantor may as Lenders' licensee collect rent and other income and receipts as long as Grantor is not in default with respect to the Obligation or this deed of trust. Grantor will apply all rent and other income and receipts to payment of the Obligation and performance of this deed of trust, but if the rent and other income and receipts exceed the amount due with respect to the Obligation and deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the Obligation or performance of this deed of trust, Lenders may terminate Grantor's license to collect rent and other income and then as Grantor's agent may rent the Property and collect all rent and other income and receipts. Lenders neither have nor assume any obligations as lessor or landlord with respect to any occupant of the Property. Lenders may exercise Lenders' rights and remedies under this paragraph without taking possession of the Property. Lenders will apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Lenders' rights and remedies and then to Grantor's obligations with respect to the Obligation and this deed of trust in the order determined by Lenders. Lenders are not required to act under this paragraph, and acting under this paragraph does not waive any of Lenders' other rights or remedies. If Grantor becomes a voluntary or involuntary debtor in bankruptcy, Lenders' filing a proof of claim in bankruptcy will be deemed equivalent to the appointment of a receiver under Texas law.

**Deed of Trust**  
**Security Agreement - Financing Statement**

8. Interest on the debt secured by this deed of trust will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the debt.

9. In no event may this deed of trust secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

10. When the context requires, singular nouns and pronouns include the plural.

11. The term *Note* includes all extensions, modifications, and renewals of the Note and all amounts secured by this deed of trust.

12. Grantor represents to Lenders that no part of the Property is exempt as homestead from forced sale under the Texas Constitution or other laws.

13. Grantor agrees to furnish on Lenders' request evidence satisfactory to Lenders that all taxes and assessments on the Property have been paid prior to delinquency.

14. This deed of trust binds, benefits, and may be enforced by the successors in interest of all parties.

15. If Grantor and Borrower are not the same person, the term *Grantor* includes Borrower.

16. Grantor and each surety, endorser, and guarantor of the Obligation waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

17. Grantor agrees to pay reasonable attorney's fees, trustee's fees, and court and other costs of enforcing Lenders' rights under this deed of trust if this deed of trust is placed in the hands of an attorney for enforcement.

18. If any provision of this deed of trust is determined to be invalid or unenforceable, the validity or enforceability of any other provision will not be affected.

19. The term *Lenders* include any mortgage servicer for Lenders.

**Deed of Trust**  
**Security Agreement - Financing Statement**

20. Grantor represents that this deed of trust and the Note are given for the following purposes:

The debt evidenced by the Note is in part payment of the purchase price of the Property; the debt is secured both by this deed of trust and by a vendor's lien on the Property, which is expressly retained in a deed to Grantor of even date. This deed of trust does not waive the vendor's lien, and the two liens and the rights created by this deed of trust are cumulative. Lenders may elect to foreclose under either of the liens without waiving the other or may foreclose under both.

RCI HOLDINGS, INC., a Texas corporation,

/s/ Eric Langan

ERIC LANGAN, President

STATE OF TEXAS )

COUNTY OF TARRANT )

This instrument was acknowledged before me on April 23rd, 2007, by ERIC LANGAN, as the President of RCI HOLDINGS, INC , a Texas corporation, on behalf of said corporation.

/s/ Drex Baker

Notary Public, State of Texas

My commission expires: 10/5/2008

NOTARY SEAL

AFTER RECORDING RETURN TO:

Orth, Hrabal & Orth  
2501 Parkview Drive  
Fort Worth, TX 76102  
Tel: (817) 332-7103  
Fax: (817) 870-2997

**Deed of Trust**  
**Security Agreement - Financing Statement**

Lot 6-A-R2, in Block 5, of ALTA MERE ADDITION, an addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof recorded in Cabinet B, Slide 2751, Plat Records, Tarrant County, Texas.

**Exhibit "A"**

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**FOR IMMEDIATE RELEASE**

**RICK'S CABARET COMPLETES ACQUISITION OF AN UPSCALE GENTLEMEN'S CLUB IN FT. WORTH, TEXAS**

**HOUSTON** – (April 24, 2007) – **Rick's Cabaret International, Inc.** (NASDAQ: RICK), the publicly traded chain of gentlemen's clubs, said today it has completed the acquisition of **New Orleans Nights**, an upscale nightclub in the heart of Ft. Worth, Texas, and that its subsidiary **RCI Holdings, Inc.** has purchased the building and surrounding land (at 7101 Calmont Avenue). The club will be converted to a Rick's Cabaret.

The company paid \$4.9 million in cash for the 12,000 square foot club and \$2.5 million for the building and land, of which the seller is financing \$2.4 million. The transaction brings to 14 the number of clubs operated by the company under the brand names **Rick's Cabaret**, **Club Onyx** and **XTC Cabaret**.

**Eric Langan**, President and CEO of Rick's Cabaret, said the company believes the newest Rick's Cabaret will add in excess of \$4 million in annual revenue and more than \$1 million in EBITDA. The acquisition is part of the company's strategy to grow revenue and profit through acquisition of facilities that are already in operation and can be quickly accretive to income.

The Ft. Worth club, located on heavily traveled Calmont Avenue near the confluence of I-30 and Highway 183, has been a popular nightspot in Ft. Worth for more than 15 years. "The club has a relaxed and comfortable atmosphere that will be consistent with the Rick's Cabaret format of great entertainment, terrific food and beautiful entertainers," Mr. Langan said. "We plan to remodel the second floor of the club very soon and turn it into a VIP area that will have no equal in the area."

Mr. Langan added, "We were delighted that the opportunity arose to acquire the land and building as well as the club. This increases the overall value of the asset. We are also pleased to be in Ft. Worth, which in recent years has become a premier business and cultural center."

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

**Forward-looking Statements:** This document contains forward-looking statements that involve a number of risks and uncertainties that could cause the company's actual results to differ materially from those indicated in this document, including the risks and uncertainties associated with operating and managing an adult business, the business climates in New York City and elsewhere, the success or lack thereof in launching and building the company's businesses in New York City and elsewhere, risks and uncertainties related to the operational and financial results of our Web sites, conditions relevant to real estate transactions, and numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel. Rick's has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances. For further information go to [www.ricks.com](http://www.ricks.com).

**Contact :** Allan Priaulx, 212-338-0050 [ir@ricks.com](mailto:ir@ricks.com)

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