

RICKS CABARET INTERNATIONAL INC

FORM 8-K

(Unscheduled Material Events)

Filed 5/11/2006 For Period Ending 5/9/2006

Address	10959 CUTTEN ROAD HOUSTON, Texas 77066
Telephone	281-397-6730
CIK	0000935419
Industry	Restaurants
Sector	Services
Fiscal Year	09/30

Powered By **EDGAR**Online

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Onlines Terms of Use.

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: May 9, 2006

RICK'S CABARET INTERNATIONAL, INC.

(Exact Name of Registrant As Specified in Its Charter)

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

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

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

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

On May 9, 2006, we entered a Stock Purchase Agreement (the "Agreement") with Joint Ventures, Inc., a Texas corporation ("JVI"), and JVI's two stockholders who are unrelated third parties (the "Sellers") to purchase all of the shares of common stock of JVI. Under the terms of the Agreement, we acquired all of the assets of JVI, including an adult entertainment cabaret known as Dreamer's Cabaret located at 802 Houston Blvd., South Houston, Texas ("Dreamers").

Pursuant to the terms of the Agreement, we paid a total sales price of \$840,000 which was paid in cash at the time of closing. Pursuant to the terms and conditions of the Agreement, the Sellers entered into a five year covenant not to compete with us in the city of South Houston.

The transaction was partially funded by our issuance of a Convertible Debenture in the principal amount of \$600,000 (the "Debenture") to Ralph McElroy, a greater than 10% shareholder (the "Holder"). The Debenture bears interest at the rate of 12% per annum with a maturity date of April 30, 2008. Under the terms of the Debenture, we are required to make monthly interest payments beginning June 1, 2006. We have the right to redeem the Debenture in whole or in part at any time during the term of the Debenture. The Holder has the option to convert all or any portion of the principal amount of the Debenture into shares of our common stock at a rate of \$6.55 per share (the "Conversion Shares"), subject to adjustment under certain conditions. The Debenture provides, absent shareholder approval, that the number of shares of our common stock that may be issued by us or acquired by the Holder upon conversion of the Debenture shall not exceed 19.99% of the total number of issued and outstanding shares of our common stock. The Conversion Shares have piggyback registration rights. The Debenture is secured by a deed of trust covering our property located at 9009 Airport Blvd., Houston, Texas

The terms and conditions of the transaction were the result of arms-length negotiation between the parties. A copy of the press release related to this transaction is attached hereto as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit Number	Description
10.1	Stock Purchase Agreement
99.1	Press release dated May 9, 2006.

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: May 9, 2006

By: /s/ Eric Langan

Eric Langan
Chief Executive Officer, Chairman and
Acting Chief Financial Officer

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (the "Agreement") is made and entered into this 9th day of May, 2006, by and among Joint Ventures, Inc., a Texas corporation (the "Company"), Cynthia D. Smith ("Smith") and Robert M. Nash ("Nash") (Smith and Nash are referred to collectively as "Sellers") and Rick's Cabaret International, Inc., a Texas corporation ("Purchaser" or "Rick's").

WHEREAS, Nash owns 1,932 shares of common stock, \$1.00 par value of the Company, which shares represents 50% of all of the shares of capital stock of the Company presently outstanding; and

WHEREAS, Smith owns 1,932 shares of common stock, \$1.00 par value of the Company, which shares represent 50% of the shares of capital stock of the Company presently outstanding; and

WHEREAS, the shares of common stock owned by Nash and by Smith are hereinafter collectively referred to as the "Shares"; and

WHEREAS, the Company owns and operates an adult entertainment cabaret known as Dreamers Cabaret ("Dreamers") located at 802 Houston Blvd., South Houston, Texas 77587; and

WHEREAS, the Sellers desire 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 Sellers 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 Sellers hereby agree 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 Sellers a total consideration of \$840,000 (the "Purchase Price") payable 50% to Smith (\$420,000) and 50% to Nash (\$420,000) by cashier's check, certified funds or wire transfer at the Closing of the transaction.

ARTICLE II CLOSING

Section 2.1 The Closing. The closing of the transactions contemplated by this Agreement shall take place on or before April 30, 2006 (the "Closing Date"), at the offices of Axelrod, Smith and Kirshbaum, 5300 Memorial Drive, Suite 700, Houston, Texas 77007, 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 Sellers 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 Sellers 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 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 Sellers will enter into a five (5) year covenant not to compete pursuant to the terms of which the Sellers will agree not to compete, either directly or indirectly, with Joint Ventures, Dreamers or Rick's by operating an establishment featuring live adult entertainment within the corporate limits of the city of South Houston, Texas; and

(ii) The Landlord for the existing lease agreement for the location where Dreamers is located shall consent to the transaction contemplated by this Agreement and shall enter into an option with Rick's to extend the lease for an additional five (5) year period from the end of the present term of the lease.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLERS AND THE COMPANY

The Sellers and the Company, 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 Sellers or the Company.

At Closing, the authorized capital stock of the Company consists of 10,000 shares of common stock, \$1.00 par value, of which 3,864 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 Sellers 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 Sellers own, beneficially and of record, all of the Shares of the Company free and clear of any liens, claims, equities, charges, options, rights of first refusal, or encumbrances. The Sellers have 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. Sellers represent that each is a person of full age of majority, with full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby by for himself/herself and his/her spouse. All action on the part of Sellers necessary for the authorization, execution, delivery and performance of this Agreement by him/her 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 Sellers enforceable against him/her 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 necessary for the authorization, execution, delivery and performance of this Agreement by the Company has been taken or will be taken prior to the Closing. The Company has 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, enforceable against the Company 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. The execution, delivery, and performance of this Agreement by the Sellers 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 the Sellers 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. 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 Sellers or the Company in connection with the execution and delivery by the Sellers 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 Sellers' 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 effect upon Sellers or the Company or the transfer by Sellers to Rick's of the Shares under this Agreement, nor is there any basis known to Sellers for any such action. No litigation is pending, or, to Sellers' or the Company's knowledge, threatened against Sellers 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 Sellers 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 or the Shares to be transferred under this Agreement.

Section 3.8 Taxes. The Company has timely and accurately filed all federal, state, foreign and local tax returns and reports required to be filed prior to such dates and have timely paid all taxes shown on such returns as owed for the periods of such returns, including all sales taxes and withholding or other payroll related taxes shown on such returns. 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. 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. Sellers and the Company have delivered to Rick's the unaudited balance sheets of the Company as of October, 2005, together with the related unaudited

statements of income, for the periods then ended (collectively referred to as the "Financial Statements"). Such Financial Statements, including the related notes, are in accordance with the books and records of the Company and fairly represent the financial position of the Company and the results of operations and changes in financial position of the Company as of the dates and for the periods indicated, in each case in conformity with generally accepted accounting principles applied on a consistent basis. Except as, and to the extent reflected or reserved against in the Financial Statements, the Company, as of the date of the Financial Statements, has no material liability or obligation of any nature, whether absolute, accrued, continued or otherwise, not fully reflected or reserved against in the Financial Statements. As of the Closing Date, Sellers and the Company represent there have been no adverse changes in the financial condition or other operations, business, properties or assets of the Company.

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. Sellers 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 their businesses, all of which are in good standing and in 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 their business.

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, two parcels of real property located at 507 Kentucky Street, South Houston, Texas, which it owns free and clear of any mortgages, liens, claims, security interests, charges, rights of first refusal or encumbrances and the assets set forth in the Company's 2004 corporate income tax return, along with all equipment and fixtures located on the premises at Dreamers as of the Closing Date.

Section 3.12 No Liabilities. As of the Closing Date the Company does not and shall not have any obligation or liability (contingent or otherwise) to any third party.

Section 3.13 Contracts and Leases. Except as disclosed in 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 Dreamers operates its adult entertainment cabaret located at 802 Houston Blvd., South Houston, Texas. 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. To Sellers' 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. Sellers and the Company have no knowledge of any default or breach under such contracts, leases or other documents or of any pending or threatened claims under any such contracts, leases or other documents. 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 for the operation of its business after the Closing.

Section 3.14 Material Agreements; Action. There are no material contracts, agreements, commitments, understandings or proposed transactions, whether written or oral, to which Sellers or the Company is a party or by which they are bound.

Section 3.15 No Default. Neither Sellers nor the Company is in default under any term or condition of any instrument evidencing, creating or securing any indebtedness of Sellers or the Company, and there has been no default in any material obligation to be performed by Sellers 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 have Sellers 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 Sellers or the Company.

Section 3.17 Disclosure. No representation or warranty of the Sellers 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 Brokerage Commission. No broker or finder has acted on behalf of Sellers 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 Sellers or the Company.

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

Rick's hereby represents and warrants to the Sellers 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 SELLER
AND THE COMPANY**

Each obligation of Sellers 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 Sellers 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 Sellers and the Company Certificates, 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 Sellers concurrently with the Closing.

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

Section 5.6 Corporate Resolutions. Rick's shall provide 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 the Sellers 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 the Sellers 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. Sellers and the Company shall provide to Rick's certificates, dated the Closing Date and signed by the Sellers 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. Sellers 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 shall provide to Rick's a corporate resolution of the Board of Directors of the Company, which approves 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 shall have been obtained. The sexually oriented business license of Dreamers shall be in full force and effect.

Section 6.7 Related Transactions. The Related Transaction set forth in Section 2.3 shall be consummated 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 INDEMNIFICATION

Section 7.1 Indemnification from Sellers and the Company. Sellers and the Company, 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, affiliates, assigns, agents 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 by, or breach of any covenant or warranty of the Sellers or the Company contained in this Agreement, or any exhibit, certificate, or other instrument furnished or to be furnished by Sellers or the Company hereunder; (b) any nonfulfillment of any agreement on the part of Sellers or the Company under this Agreement; (c) from any liability or obligation due to any third party by the Company incurred at or prior to the Closing Date; or (d) any suit, action, proceeding, claim or investigation against Rick's 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 7.2 Indemnification from Rick's. Rick's agrees to and shall indemnify, defend (with legal counsel reasonably acceptable to the Seller) and hold each Seller, the Company, its officers, directors, 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 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; or (c) any suit, action, proceeding, claim or investigation against Sellers 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 7.3 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 7.4 Default of Indemnification Obligation. If an entity or individual having an indemnification, defense and hold harmless obligation, as above provided, shall fail to assume such

obligation, then the party or entities or both, as the case may be, to whom such indemnification, defense and hold harmless obligation is due shall have the right, but not the obligation, to assume and maintain such defense (including reasonable counsel fees and costs of any suit related thereto) and to make any settlement or pay any judgment or verdict as the individual or entities deem necessary or appropriate in such 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.

ARTICLE VIII MISCELLANEOUS

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

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

(a)	if to the Sellers or the Company:	Joint Ventures, Inc. P.O. Box 903 South Houston, Texas 77587
(b)	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 8.3 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

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

Section 8.5 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 the maximum period allowed by law.

Section 8.6 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 (i) agree upon the text of a joint public announcement or statement to be made by all of such parties or (ii) obtain approval of the other parties hereto to the text of a public announcement or statement to be made solely 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 8.7 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 8.8 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. In any action between or among any of the parties, whether arising out of this Agreement or otherwise, each of the parties irrevocably consents to the exclusive jurisdiction and venue of the federal and state courts located in Harris County, Texas.

Section 8.9 Counterparts and Facsimiles. This Agreement may be executed in multiple counterparts and in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute and be deemed to be one and the same instrument and each of which shall be considered and deemed an original for all purposes. This Agreement shall be effective with the facsimile signature of any of the parties set forth below and the facsimile signature

shall be deemed as an original signature for all purposes and the Agreement shall be deemed as an original for all purposes.

Section 8.10 Costs and Expenses. Each party shall pay their own respective fees, costs and disbursements incurred in connection with this Agreement.

Section 8.11 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 8.12 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 8.13 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 8.14 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 8.15 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]]

Stock Purchase Agreement - Page 13

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: 5-9-06

JOINT VENTURES, INC.

/s/ Cynthia D. Smith

By: /s/ Cynthia D. Smith, President

Date: 5-9-06

CYNTHIA D. SMITH

/s/ Cynthia D. Smith

*Cynthia D. Smith, Individually
Shareholder of Joint Ventures, Inc.
d/b/a Dreamers Cabaret*

ROBERT M. NASH

/s/ Robert M. Nash

*Robert M. Nash, Individually
Shareholder of Joint Ventures, Inc.
d/b/a Dreamers Cabaret*

EXHIBITS

EXHIBIT 99.1

RICK'S CABARET ACQUIRES ADULT NIGHTCLUB IN SOUTH HOUSTON, TEXAS

HOUSTON - (MAY 9, 2006) -- RICK'S CABARET INTERNATIONAL, INC., (NASDAQ: RICK), operator of gentlemen's clubs nationwide, has acquired an adult nightclub in South Houston, Texas, formerly known as DREAMERS CABARET & SPORTS BAR located at (802 Houston Blvd.). The club in the Houston suburb has been converted to an XTC CABARET.

"This is a strategic acquisition for us. We secure a very solid venue in the South Houston market and will also be able to realize significant savings through economies of scale since we already operate four other clubs in the Houston area," said ERIC LANGAN, President and CEO of Rick's Cabaret. "The club requires little start-up investment to convert to our format and we expect the new location will be immediately accretive to our earnings." As an XTC Cabaret the club will feature exotic dancing and entertainment, but without the upscale atmosphere and steakhouse restaurant service that characterize the company's flagship Rick's Cabaret clubs.

The South Houston nightclub, the company's fourth to operate under the XTC Cabaret brand, is located about two miles east of WILLIAM P. HOBBY AIRPORT (HOU) and near the busy I-45 SOUTH interstate highway.

Earlier this week Rick's Cabaret announced that it had converted a nightclub complex in Houston near Hobby Airport into RICK'S SPORTS CABARET, offering upscale topless entertainment in a sports-bar setting. In March of this year Rick's had contracted to purchase the 99,085-square foot building, which formerly housed the company's XTC Cabaret and a Hummer's Sports Bar.

ABOUT RICK'S CABARET

Rick's Cabaret International, Inc. (NASDAQ: RICK, www.ricks.com) operates upscale adult nightclubs serving primarily businessmen and professionals that offer live adult entertainment, restaurant and bar operations. The company owns, operates or licenses adult nightclubs in New York City, New Orleans, Houston, Minneapolis and other cities under the names "Rick's Cabaret," "XTC Cabaret" and "Club Onyx." Sexual contact is not permitted at any of these locations. Rick's Cabaret also owns the adult Internet membership Web site, www.couplestouch.com, which serves the "swingers" market, and a network of online adult auction sites under the flagship URL www.naughtybids.com. Rick's Cabaret common stock is traded on the NASDAQ SmallCap market under the symbol RICK. For further information contact ir@ricks.com or visit www.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 about the company go to www.ricks.com.

CONTACT FOR FURTHER INFORMATION: ALLAN PRIAULX, 212-338-0050, IR@RICKS.COM