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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 Earliest Report Event: August 6, 2009

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

(Exact Name of Registrant As Specified in Its Charter)

Texas  
(State Or Other Jurisdiction of Incorporation)

001-13922  
(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 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

On August 6, 2009, Rick's Cabaret International, Inc. (the "Company") completed the sale of an aggregate of \$7.2 million in 10 % Convertible Debentures (the "Debentures") to certain accredited investors (the "Holders"). The Debentures bear interest at the rate of 10% per annum and mature on August 4, 2012. The Debentures are payable with one initial payment of interest only due February 4, 2010, and, thereafter in ten equal quarterly principal payments, plus accrued interest thereon. At the option of the Holders, the Debentures may be converted into shares of the Company's common stock at \$8.75 per share. The Debentures are redeemable by the Company at any time if the closing price of its common stock for 20 consecutive trading days is at least \$11.50 per share. The Debentures provide that an event of default occurs if: the Company should fail to pay any principal or interest when due; the Company should fail to convert any Debenture when required; the Company shall fail to observe or perform any covenant or agreement contained within the Debenture; there are cross defaults to other indebtedness in excess of \$1,000,000; there is a reorganization, liquidation, voluntary or involuntary bankruptcy or insolvency proceedings or other bankruptcy default; or a final unsatisfied judgment not covered by insurance aggregating an excess of \$1,000,000 occurs against the Company and is not stayed, bonded or discharged within seventy-five (75) days.

In connection with the sale of the Debentures, the Company also issued an aggregate of 164,569 warrants (the "Warrants") to the Holders, on a pro-rata basis. The Company issued each Holder a number of Warrants equal to 20% of the number of shares of common stock into which each Holder's Debenture is convertible. The Warrants have an exercise price of \$8.75 and expire on August 5, 2012. The Warrants provide that the Company has the right to require exercise of the Warrants if the closing price of the Company's common stock for 20 consecutive trading days is at least \$12.25.

The proceeds from the sale of the Debentures and Warrants are intended to be utilized to make future acquisitions, and may be utilized for working capital and general corporate purposes.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On August 6, 2009, the Company sold Debentures and Warrants, as described immediately above in Item 2.03. Merriman Curhan Ford ("Merriman") acted as the placement agent in the transaction, and Montgomery Street Research ("Montgomery") acted as an adviser to the company, whereby Merriman received a commission and Montgomery received compensation in connection with advising the Company. Merriman and Montgomery received an aggregate of \$355,900 in connection with the sale of the Debentures and Warrants. The Debentures and Warrants were sold under the exemption from registration provided by Section 4(2) of the Securities Act of 1933 and the rules and regulations promulgated thereunder, including Regulation D. All of the offers and sales of the Debentures and Warrants were made exclusively to "accredited investors" (as such term is defined in Rule 501(a) of Regulation D) in offers and sales not involving a public offering. The Holders purchased the securities for their own account and not with a view towards or for resale. There was no general solicitation or advertising conducted in connection with the sales of the securities.

A copy of the form of Debenture, a form of the Warrant and a form of the Subscription Agreement through which the Debentures and Warrants were sold is attached hereto as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.3, respectively.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	10% Convertible Debenture (form)
10.2	Warrant (form)
10.3	Subscription Agreement (form)
99.1	Press Release dated August 6, 2009

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.

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

Date: August 11, 2009

*[FORM OF 10% CONVERTIBLE DEBENTURE]*

THIS 10% CONVERTIBLE DEBENTURE AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THIS 10% CONVERTIBLE DEBENTURE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), OR ANY STATE SECURITIES LAWS. THIS 10% CONVERTIBLE DEBENTURE AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THIS 10% CONVERTIBLE DEBENTURE MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS 10% CONVERTIBLE DEBENTURE AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THIS 10% CONVERTIBLE DEBENTURE UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO RICKS CABARET INTERNATIONAL, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

CERTIFICATE: RCI-10% C.D. NO. \_\_\_\_\_ ORIGINAL ISSUE DATE: \_\_\_\_\_

**10% CONVERTIBLE DEBENTURE  
OF  
RICK'S CABARET INTERNATIONAL, INC.**

FOR VALUE RECEIVED, RICK'S CABARET INTERNATIONAL, INC., a Texas corporation with its principal office located at 10959 Cutten Road, Houston, Texas 77066 (the "**Company**"), unconditionally promises to pay to \_\_\_\_\_, whose address is \_\_\_\_\_, or the registered assignee, upon presentation of this 10% Convertible Debenture (the "**Debenture**") by the registered holder hereof (the "**Holder**") at the office of the Company, the principal sum of \$\_\_\_\_\_ (the "**Principal Amount**"), together with any accrued and unpaid interest thereon, subject to the terms and conditions set forth below, on August 4, 2012 (the "**Maturity Date**"), if not sooner paid. The effective date of execution and issuance of this Debenture is August 5, 2009 (" **Original Issue Date** ").

The following terms shall apply to this Debenture:

1. **Schedule for Payment of Principal and Interest .**

The Company shall pay to the Holder one (1) initial payment of interest only on the Principal Amount outstanding hereunder, in cash, in arrears, at the rate of ten percent (10%) per annum from the Original Issuance Date, which initial payment shall be due February 4, 2010. Thereafter, the Company shall pay to the Holder the Principal Amount of this Debenture in ten (10) equal quarterly principal payments of \_\_\_\_\_ (\$\_\_\_\_\_), plus all interest accrued on the Principal Amount, but not yet paid, commencing on May 4, 2010, and continuing thereafter on each successive August 4, November 4, February 4 and May 4 throughout the term of this Debenture until the outstanding Principal Amount of this Debenture has been paid in full, with the final quarterly payment of principal and interest paid on August 4, 2012.

2. **Payment.** Payment of any sums due to the Holder under the terms of this Debenture shall be made in United States Dollars by check or wire transfer at the option of the Company. Payment shall be made at the address last appearing on the records of the Company as designated in writing by the Holder hereof from time to time. If any payment hereunder would otherwise become due and payable on a day on which banks are closed or permitted to be closed in Houston, Texas, such payment shall become due and payable on the next succeeding day on which banks are open and not permitted to be closed in Houston, Texas (" **Business Day** "). The forwarding of such funds shall constitute a payment of outstanding principal and/or interest hereunder and shall satisfy and discharge the liability for principal and interest on this Debenture to the extent of the sum represented by such payment.

3. **The Company's Option to Redeem.** On or after six (6) months from the Original Issue Date, if the closing price of the Common Stock (as defined in Section 4(a) below) on the Trading Market (as hereinafter defined) is \$11.50 or more for 20 consecutive Trading Days (as hereinafter defined), then up to 100%, in whole or in part, of the outstanding Principal Amount of the Debenture, plus any accrued and unpaid interest, will be subject to redemption at the option of the Company. Any amount of the Debenture subject to redemption, as set forth herein, (the " **Redemption Amount** ") may be redeemed by the Company at any time and from time to time, upon not less than 10 nor more than 30 days notice to the Holder.

The Company shall deliver to the Holder a written Notice of Redemption (the " **Notice of Redemption** ") specifying the date for the redemption (the " **Redemption Payment Date** " ), which date shall be at least 10 but not more than 30 days after the date of the Notice of Redemption (the " **Redemption Period** "). A Notice of Redemption shall not be effective with respect to any portion of this Debenture for which the Holder has previously delivered a Notice of Conversion (as defined in Section 4(b) below) or for conversions elected to be made by the Holder pursuant to Section 4 during the Redemption Period. The Redemption Amount shall be determined as if the Holder's conversion elections had been completed immediately prior to the date of the Notice of Redemption. On the Redemption Payment Date, the Redemption Amount must be paid in good funds to the Holder. In the event the Company fails to pay the Redemption Amount on the Redemption Payment Date as set forth herein, then such Notice of Redemption shall be null and void. After the Redemption Payment Date, unless the Company shall default in the payment of the Redemption Amount, interest will cease to accrue on the Debenture or the portion thereof called for redemption.

" **Trading Day** " means a day on which the principal Trading Market is open for business. " **Trading Market** " means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the American Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board.

4. **Conversion Rights of Holder** .

(a) **Conversion** . The Holder of this Debenture will have the right, at the Holder's option, to convert all or any portion of the Principal Amount hereof and any accrued but unpaid interest thereon into shares of common stock, par value \$.01 per share of the Company ("Common Stock") in a manner and in accordance with Section 4(b) below (unless earlier paid or redeemed) at the conversion price as set forth below in Section 4(c) (subject to adjustment as described herein). The right to convert the Principal Amount or interest thereon of this Debenture called for redemption will terminate at the close of business on the business day prior to the Redemption Payment Date for such Debenture, unless the Company subsequently fails to pay the applicable Redemption Amount. The shares of Common Stock to be issued upon such conversion are hereinafter referred to as the "**Conversion Shares**" .

(b) **Mechanics of Holder's Conversion** . In the event that the Holder elects to convert any portion of this Debenture into Common Stock, the Holder shall give notice of such election by delivering an executed and completed notice of conversion ("**Notice of Conversion** ") to the Company. The Notice of Conversion shall (i) provide a breakdown in reasonable detail of the Principal Amount and/or accrued interest that is being converted, (ii) state the denominations in which such Holder wishes the certificate or certificates for the Conversion Shares to be issued and (iii) surrender this Debenture to the Company. On each Conversion Date (as hereinafter defined) and in accordance with its Notice of Conversion, the Company shall make the appropriate reduction to the Principal Amount and/or accrued interest as entered in its records and shall provide written notice thereof to the Holder within five (5) business days after the Conversion Date. Each date on which a Notice of Conversion is delivered or telecopied to the Company in accordance with the provisions hereof shall be deemed a Conversion Date (the "**Conversion Date** "). Pursuant to the terms of the Notice of Conversion, the Company will issue instructions to its transfer agent as soon as practicable thereafter, to cause to be issued and delivered to the Holder certificates for the number of full shares of Conversion Shares to which such Holder shall be entitled as aforesaid and, if necessary, the Company shall cause to be issued and delivered to the Holder a new debenture representing any unconverted portion of this Debenture. The Company shall not issue fractional Conversion Shares upon conversion, but the number of Conversion Shares to be received by any Holder upon conversion shall be rounded down to the next whole number and the Holder shall be entitled to payment of the remaining principal amount by a Company check. In the case of the exercise of the conversion rights set forth herein the conversion privilege shall be deemed to have been exercised and the Conversion Shares issuable upon such conversion shall be deemed to have been issued upon the date of receipt by the Company of the Notice of Conversion. The Holder shall be treated for all purposes as the record holder of the Conversion Shares, unless the Holder provides the Company written instructions to the contrary.

(c) The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Debenture is convertible shall be \$8.75 per share (subject to adjustment as described herein).

(d) Adjustment Provisions. The Conversion Price and number and kind of shares or other securities to be issued upon conversion pursuant to this Debenture shall be subject to adjustment from time to time upon the happening of certain events while this conversion right remains outstanding, as follows:

(i) Reclassification. In case of any reclassification, consolidation or merger of the Company with or into another entity or any merger of another entity with or into the Company, or in the case of any sale, transfer or conveyance of all or substantially all of the assets of the Company (computed on a consolidated basis), each Debenture then outstanding will, without the consent of any Holder, become convertible only into the kind and amount of securities, cash or other property receivable upon such reclassification, consolidation, merger, sale, transfer or conveyance by a Holder of the number of shares of Common Stock into which such Debenture was convertible immediately prior thereto, after giving effect to any adjustment event.

(ii) Stock Split, Dividend. If the number of shares of Common Stock outstanding at any time after the date hereof is increased by a subdivision or split of Common Stock, or by the declaration of a dividend on the Common Stock, which dividend is wholly or partially in the form of additional shares of Common Stock or any other securities of the Company, then immediately after the effective date of such subdivision or split-up, or the record date with respect to such dividend, as the case may be, the Conversion Price shall be appropriately reduced so that the holder of this Debenture thereafter exchanged shall be entitled to receive the percentage of shares of Common Stock which such holder would have owned immediately following such action had this Debenture been exchanged immediately prior thereto;

(iii) Reverse Split. If the number of Common Stock outstanding at any time after the date hereof is decreased by a combination of the outstanding Common Stock or reverse split, then, immediately after the effective date of such combination, the Conversion Price shall be appropriately increased so that the holder of this Debenture thereafter exchanged shall be entitled to receive the percentage of shares of Common Stock which such holder would have owned immediately following such action had this Debenture been exchanged immediately prior thereto.

(e) Issuance of New Debenture. Upon any partial conversion of this Debenture, a new debenture containing the same date and provisions of this Debenture shall be issued by the Company to the Holder for the principal balance of this Debenture and interest which shall not have been converted or paid. The Holder shall not pay any costs, fees or any other consideration to the Company for the production and issuance of a new debenture.

(f) Reservation of Shares. The Company shall at all times reserve for issuance and maintain available, out of its authorized but unissued Common Stock, solely for the purpose of effecting the full conversion of the Debenture, the full number of shares of Common Stock deliverable upon the conversion of the Debenture from time to time outstanding. The Company shall from time to time (subject to obtaining necessary director and stockholder action), in accordance with the laws of the State of Texas, increase the authorized number of shares of its Common Stock if at any time the authorized number of shares of its Common Stock remaining unissued shall not be sufficient to permit the conversion of the Debenture.

5. **Representations and Warranties of the Company**. The Company represents and warrants to the Holder that:

(a) Organization. The Company is validly existing and in good standing under the laws of the state of Texas and has the requisite power to own, lease and operate its properties and to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the character or location of the properties owned or leased by the Company or the nature of the business conducted by the Company makes such qualification necessary or advisable, except where the failure to do so would not have a material adverse effect on the Company.

(b) Power and Authority. The Company has the requisite power to execute, deliver and perform this Debenture, and to consummate the transactions contemplated hereby. The execution and delivery of this Debenture by the Company and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. This Debenture has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms except (i) that such enforcement may be subject to bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court before which any proceedings therefor may be brought.

6. **Events of Defaults and Remedies**. Each of the following is deemed to be an event of default (" **Event of Default** ") hereunder: (i) the failure by the Company to pay any installment of interest on the Debenture as and when due and payable and the continuance of any such failure for 30 days, (ii) the failure by the Company to pay all or any part of the principal on the Debenture when and as the same becomes due and payable, as set forth above, and the continuance of any such failure for 30 days, (iii) the failure of the Company to perform any conversion of Debenture required under the Debenture and the continuance of any such failure for 10 days, (iv) the failure by the Company to observe or perform any other covenant or agreement contained in the Debenture and the continuance of such failure for a period of 30 days after written notice is given to the Company by the Holder, (v) the assignment by the Company for the benefit of creditors, or an application by the Company to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or the commencement of any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debts, dissolution or other liquidation law of any jurisdiction; or the filing of such application, or the commencement of any such proceedings against the Company and an indication of consent by the Company to such proceedings, or the appointment of such trustee or receiver, or an adjudication of the Company bankrupt or insolvent, or approval of the petition in any such proceedings, and such order remains in effect for 60 days; or (vi) a default in the payment of principal or interest when due which extends beyond any stated period of grace applicable thereto or an acceleration for any other reason of maturity of any indebtedness for borrowed money of the Company with an aggregate principal amount in excess of \$1,000,000 and (vii) final unsatisfied judgments not covered by insurance aggregating in excess of \$1,000,000, at any one time rendered against the Company and not stayed, bonded or discharged within 75 days.

If an Event of Default occurs and is continuing (other than an Event of Default specified in clause (v) above with respect to the Company), then in every such case, unless the Principal Amount of the Debenture shall have already become due and payable, the Holder of the Debenture then outstanding, by notice in writing to the Company (an "Acceleration Notice"), may declare all principal and accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default specified in clause (v) above occurs with respect to the Company, all principal and accrued and unpaid interest thereon will be immediately due and payable on the Debenture without any declaration or other act on the part of the Holder. The Holder may rescind such acceleration if the existing Event of Default has been cured or waived.

7. **Default Interest**. The Company agrees that if the Company defaults in the payment of any payment required hereunder, whether payment of Principal Amount or interest, the Company promises to pay, on demand, interest on any such unpaid amounts, from the date the payment is due to the date of actual payment, at the rate (the "**Default Rate**") of the lesser of (i) 12% per annum; and (ii) the maximum nonusurious rate permitted by applicable law.

8. **Limitation on Merger, Sale or Consolidation**. The Company may not, directly or indirectly, consolidate with or merge into another person or sell, lease, convey or transfer all or substantially all of its assets (computed on a consolidated basis), whether in a single transaction or a series of related transactions, to another person or group of affiliated persons, unless either (a) in the case of a merger or consolidation, the Company is the surviving entity or (b) the resulting, surviving or transferee entity is a corporation or limited liability company organized under the laws of any state of the United States and expressly assumes by supplemental agreement all of the obligations of the Company in connection with the Debenture.

Upon any consolidation or merger or any transfer of all or substantially all of the assets of the Company in accordance with the foregoing, the successor corporation or limited liability company formed by such consolidation or into which the Company is merged or to which such transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of the Company under the Debenture with the same effect as if such successor corporation or limited liability company had been named therein as the Company, and the Company will be released from its obligations under the Debenture, except as to any obligations that arise from or as a result of such transaction.



9. **No Personal Liability of Shareholders, Officers, Directors** . No recourse shall be had for the payment of the Principal Amount or the interest on this Debenture, or for any claim based thereon, or otherwise in respect thereof, or based on or in respect of any Debenture supplemental thereto, against any incorporator, stockholder, officer, or director (past, present, or future) of the Company, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof, and as part of the consideration for the issue hereof, expressly waived and released.

10. **Listing of Registered Holder of Debenture** . This Debenture will be registered as to principal in the Holder's name on the books of the Company at its principal office in Houston, Texas, after which no transfer hereof shall be valid unless made on the Company's books at the office of the Company, by the Holder hereof, in person, or by attorney duly authorized in writing, and similarly noted hereon.

11. **Holder of Debenture Not Deemed a Stockholder** . No Holder, in his capacity as Holder of this Debenture shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Debenture be construed to confer upon the Holder hereof, in his capacity as Holder, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise.

12. **Waiver of Demand, Presentment, Etc** . The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereunder, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.

13. **Attorney's Fees** . The Company agrees to pay all costs and expenses, including without limitation reasonable attorney's fees, which may be incurred by the Holder in collecting any amount due under this Debenture or in enforcing any of Holder's conversion rights as described herein.

14. **Enforceability** . In case any provision of this Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Debenture will not in any way be affected or impaired thereby.

15. **Intent to Comply with Usury Laws** . In no event will the interest to be paid on this Debenture exceed the maximum rate provided by law. It is the intent of the parties to comply fully with the usury laws of the State of Texas; accordingly, it is agreed that notwithstanding any provisions to the contrary in this Debenture, in no event shall such Debenture require the payment or permit the collection of interest (which term, for purposes hereof, shall include any amount which, under Texas law, is deemed to be interest, whether or not such amount is characterized by the parties as interest) in excess of the maximum amount permitted by the laws of the State of Texas. If any excess of interest is unintentionally contracted for, charged or received under this Debenture, or in the event the maturity of the indebtedness evidenced by the Debenture is accelerated in whole or in part, or in the event that all or part of the Principal Amount or interest of this Debenture shall be prepaid, so that the amount of interest contracted for, charged or received under this Debenture, on the amount of the Principal Amount actually outstanding from time to time under this Debenture shall exceed the maximum amount of interest permitted by the applicable usury laws, then in any such event (i) the provisions of this paragraph shall govern and control, (ii) neither the Company nor any other person or entity now or hereafter liable for the payment thereof, shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by such applicable usury laws, (iii) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount thereof or refunded to the Company at the Holder's option, and (iv) the effective rate of interest shall be automatically reduced to the maximum lawful rate of interest allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under the Debenture which are made for the purpose of determining whether such rate exceeds the maximum lawful rate of interest, shall be made, to the extent permitted by applicable laws, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the Debenture evidenced thereby, all interest at any time contracted for, charged or received from the Company or otherwise by the Holders in connection with this Debenture.

16. **Governing Law; Consent to Jurisdiction** . All questions concerning the construction, validity, enforcement and interpretation of this Debenture shall be governed by and construed and enforced in accordance with the internal laws of the State of Texas, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the Debenture (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state or federal courts sitting in the City of Houston, Texas (the "Houston Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Houston Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Houston Courts, or that such Houston Courts are improper or inconvenient venue for such proceeding.

17. **Amendment and Waiver**. Any waiver or amendment hereto shall be in writing signed by the Holder. No failure on the part of the Holder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Holder of any right hereunder preclude any other or further exercise thereof or the exercise of any other rights. The remedies herein provided are cumulative and not exclusive of any other remedies provided by law.

18. **Restrictions Against Transfer or Assignment**. This Debenture may not be sold, transferred, assigned, pledged, hypothecated or otherwise disposed of by the registered Holder hereof, in whole or in part, unless and until either (i) the Debenture has been duly and effectively registered for resale under the Act and under any then applicable state securities laws; or (ii) the registered Holder delivers to the Company a written opinion acceptable to its counsel that an exemption from such registration requirements is then available with respect to any such proposed sale or disposition. The Company has the absolute right, in its sole discretion, to approve or disapprove such transfer. Any transfer otherwise permissible hereunder shall be made only at the principle office of the Company upon surrender of this Debenture for cancellation and upon the payment of any transfer tax or other government charge connected therewith, and upon any such transfer a new Debenture or Debentures will be issued to the transferee in exchange therefor. The transferee of this Debenture shall be bound by the provisions of this Debenture. The register of the transfer of this Debenture shall occur upon the delivery of this Debenture, endorsed by the registered Holder or his duly authorized attorney, signature guaranteed, to the Company or its transfer agent. Each Debenture instrument issued upon the transfer of this Debenture shall have the restrictive legend contained herein conspicuously imprinted on it.

19. **Lost or Mutilated Debenture**. If this Debenture shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Debenture, or in lieu of or in substitution for a lost, stolen or destroyed Debenture, a new Debenture for the principal amount of this Debenture so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Debenture, and of the ownership hereof, reasonably satisfactory to the Company and if requested by the Company, indemnity also reasonably satisfactory to the Company.

20. **Entire Agreement; Headings**. This Debenture constitutes the entire agreement between the Holder and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations and understandings, written or oral, of such parties. The headings are for reference purposes only and shall not be used in construing or interpreting this Debenture.

21. **Notices**. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given if delivered personally, transmitted by facsimile transmission (fax) or sent by registered or certified mail, return receipt requested, postage prepaid, or overnight air courier guaranteeing next day delivery:

(a) If to the Company, to it at the following address:

10959 Cutten Road  
Houston, Texas 77066  
Attn: Eric Langan  
(fax) 281-397-6765

(b) With a copy to:

Robert D. Axelrod  
Axelrod, Smith & Kirshbaum  
5300 Memorial Drive, Ste. 700  
Houston, Texas 77007  
(fax) 713-552-0202

(c) If to registered Holder, to it at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(fax) \_\_\_\_\_

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, the date of actual receipt by the party to whom such notice is required to be given.

**IN WITNESS WHEREOF**, Ricks Cabaret International, Inc. has caused this Debenture to be duly executed in its corporate name by the manual signature of its President, and a facsimile of its corporate seal to be impressed, imprinted or engraved hereon, attested by the manual signature of its Secretary.

Dated: August \_\_\_, 2009.

**Rick's Cabaret International, Inc.**

*Attest:*

\_\_\_\_\_  
Travis Reese,  
Secretary

\_\_\_\_\_  
Eric Langan,  
President and Chief Executive Officer

## ANNEX A

### NOTICE OF CONVERSION

The undersigned hereby elects to convert principal and/or accrued interest under the 10% Convertible Debenture due August 4, 2012 of Rick's Cabaret International, Inc., a Texas corporation (the "Company"), into shares of common stock, par value \$0.01 per share (the "Common Stock") of the Company, according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any.

Conversion Calculations:

Date to Effect Conversion: \_\_\_\_\_

Principal Amount of 10% Convertible Debenture to be  
Converted: \_\_\_\_\_

Accrued Interest Amount of 10% Convertible Debenture to be  
Converted: \_\_\_\_\_

Number of Shares of Common Stock to be Issued: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

*[FORM OF WARRANT TO PURCHASE COMMON STOCK]*

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE 1933 ACT, OR AN OPINION OF COUNSEL, SATISFACTORY TO THE ISSUER HEREOF, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT AS SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE LAWS IS AVAILABLE.

WARRANT TO PURCHASE  
COMMON STOCK OF  
RICK'S CABARET INTERNATIONAL, INC.

Date of Issuance: August 5, 2009

Warrant No. \_\_\_\_\_

This certifies that, for value received, RICK'S CABARET INTERNATIONAL, INC., a Texas corporation (the "Company"), grants \_\_\_\_\_, a \_\_\_\_\_ [corporation/limited liability company/limited partnership/individual] or its registered assigns (the "Registered Holder"), the right to subscribe for and purchase from the Company, at the Exercise Price (as defined herein), from and after 9:00 a.m. Texas time on August 5, 2009 (the "Exercise Date") and to and including 5:00 p.m., Texas time on the third anniversary of the Exercise Date, being August 5, 2012 (the "Expiration Date"), \_\_\_\_\_ (\_\_\_\_\_) shares, as such number of shares may be adjusted from time to time as described herein (the "Warrant Shares"), of the Company's common stock, par value \$.01 per share (the "Common Stock"), subject to the provisions and upon the terms and conditions herein set forth. The "Exercise Price" per share of Common Stock shall be \$8.75 per share.

This Warrant is issued in connection with the transactions described in that certain Subscription Agreement between the Company and the Registered Holder dated as of August 5, 2009 (the "Subscription Agreement"). The Registered Holder of this Warrant is subject to certain restrictions set forth in the Subscription Agreement and shall be entitled to certain rights and privileges set forth in the Subscription Agreement.

**Section 1. Registration.** The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Records"), in the name of the Registered Holder. The Company may deem and treat the Registered Holder as the absolute owner of this Warrant for the purpose of any exercise hereof or any distribution to the Registered Holder.

**Section 2. Registration of Transfers and Exchanges.**

(a) Subject to Section 9 hereof, the Company shall register the transfer of this Warrant, in whole or in part, upon records to be maintained by the Company for that purpose, upon surrender of this Warrant, with the Form of Assignment attached hereto completed and duly endorsed by the Registered Holder, to the Company at the office specified in or pursuant to Section 3(b). Upon any such registration of transfer, a new Warrant, in substantially the form of this Warrant, evidencing the Common Stock purchase rights so transferred shall be issued to the transferee and a new Warrant, in similar form, evidencing the remaining Common Stock purchase rights not so transferred, if any, shall be issued to the Registered Holder.

(b) This Warrant is exchangeable, upon the surrender hereof by the Registered Holder at the office of the Company specified in or pursuant to Section 3(b) hereof, for new Warrants, in substantially the form of this Warrant evidencing, in the aggregate, the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Registered Holder at the time of such surrender.

**Section 3. Duration and Exercise of this Warrant.**

(a) This Warrant shall be exercisable by the Registered Holder as to the Warrant Shares at any time during the period commencing on the Exercise Date and ending on the Expiration Date. At 5:00 p.m., Texas time, on the Expiration Date, this Warrant, to the extent not previously exercised, shall become void and of no further force or effect.

(b) Subject to Sections 4, and 7 hereof, upon exercise or surrender of this Warrant, with the Form of Election to Purchase attached hereto completed and duly endorsed by the Registered Holder, to the Company at 10959 Cutten Road, Houston, Texas 77066, Attention: President, or at such other address as the Company may specify in writing to the Registered Holder, and upon payment of the Exercise Price multiplied by the number of Warrant Shares then issuable upon exercise of this Warrant in lawful money of the United States of America, all as specified by the Registered Holder in the Form of Election to Purchase, the Company shall promptly issue and cause to be delivered to or upon the written order of the Registered Holder, and in such name or names as the Registered Holder may designate, a certificate for the Warrant Shares issued upon such exercise. Any person so designated in the Form of Election to Purchase, duly endorsed by the Registered Holder, as the person to be named on the certificates for the Warrant Shares, shall be deemed to have become holder of record of such Warrant Shares, evidenced by such certificates, as of the Date of Exercise (as hereinafter defined) of such Warrant.

(c) The Registered Holder may pay the applicable Exercise Price pursuant to Section 3(b), at the option of the Registered Holder, either (i) in cash or by cashier's or certified bank check payable to the Company, or (ii) by wire transfer of immediately available funds to the account which shall be indicated in writing by the Company to the Registered Holder, in either case, in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise (the "Aggregate Exercise Price").

(d) The "Date of Exercise" of any Warrant means the date on which the Company shall have received (i) this Warrant, with the Form of Election to Purchase attached hereto appropriately completed and duly endorsed, and (ii) payment of the Aggregate Exercise Price as provided herein.

(e) This Warrant shall not be exercisable until the Exercise Date (the "Exercise Restriction Period"). Subject to the Exercise Restriction Period, this Warrant shall be exercisable either in its entirety or, from time to time, for part only of the number of Warrant Shares which are issuable hereunder. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the certificates for the Warrant Shares issued pursuant to such exercise, deliver to the Registered Holder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which Warrant shall be substantially in the form of this Warrant.

#### **Section 4. Payment of Taxes and Expenses.**

(a) The Company will pay all expenses and taxes (other than any federal or state income tax or similar obligations of the Registered Holder) and other governmental charges attributable to the preparation, execution, issuance and delivery of this Warrant, any new Warrant and the Warrant Shares; *provided, however*, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant or the Warrant Shares, or the issuance or delivery of certificates for Warrant Shares upon the exercise of this Warrant, to a person or entity other than a Registered Holder or an Affiliate (as hereinafter defined) of such Registered Holder.

(b) An "Affiliate" of any person or entity means any other person or entity directly or indirectly controlling, controlled by or under direct or indirect common control with such person or entity.

**Section 5. Mutilated or Missing Warrant Certificate.** If this Warrant shall be mutilated, lost, stolen or destroyed, upon request by the Registered Holder, the Company will issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a substitute Warrant, in substantially the form of this Warrant, of like tenor, but, in the case of loss, theft or destruction, only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of this Warrant and, if requested by the Company, indemnity also reasonably satisfactory to it.

#### **Section 6. Reservation, Listing and Issuance of Warrant Shares.**

(a) The Company will at all times have authorized, and reserve and keep available, free from preemptive rights, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon the exercise of the rights represented by this Warrant, the number of Warrant Shares deliverable upon exercise of this Warrant. The Company will, at its expense, use its best efforts to cause such shares to be included in or listed on (subject to issuance or notice of issuance of Warrant Shares) all markets or stock exchanges in or on which the Common Stock is included or listed not later than the date on which the Common Stock is first included or listed on any such market or exchange and will thereafter maintain such inclusion or listing of all shares of Common Stock from time to time issuable upon exercise of this Warrant.

(b) Before taking any action which could cause an adjustment pursuant to Section 7 hereof reducing the Exercise Price below the par value of the Warrant Shares, the Company will take any corporate action which may be necessary in order that the Company may validly and legally issue at the Exercise Price, as so adjusted, Warrant Shares that are fully paid and non-assessable.

(c) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and nonassessable, and (ii) free from all taxes with respect to the issuance thereof and from all liens, charges and security interests.



## **Section 7. Adjustment of Number of Warrant Shares.**

(a) The number of Warrant Shares to be purchased upon exercise hereof is subject to change or adjustment from time to time as hereinafter provided:

(i) Stock Dividends; Stock Splits; Reverse Stock Splits; Reclassifications. In case the Company shall (a) pay a dividend with respect to its Common Stock in shares of capital stock, (b) subdivide its outstanding shares of Common Stock, (c) combine its outstanding shares of Common Stock into a smaller number of shares of any class of Common Stock or (d) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), other than elimination of par value, a change in par value, or a change from par value to no par value (any one of which actions is herein referred to as an "Adjustment Event"), the number of Warrant Shares purchasable upon exercise of the Warrant immediately prior to the record date for such Adjustment Event shall be adjusted so that the Registered Holder shall thereafter be entitled to receive the number of shares of Common Stock or other securities of the Company (such other securities thereafter enjoying the rights of shares of Common Stock under this Warrant) that such Registered Holder would have owned or have been entitled to receive after the happening of such Adjustment Event, had such Warrant been exercised immediately prior to the happening of such Adjustment Event or any record date with respect thereto. An adjustment made pursuant to this Section 7(a)(i) shall become effective immediately after the effective date of such Adjustment Event retroactive to the record date, if any, for such Adjustment Event.

(ii) Adjustment of Exercise Price. Whenever the number of Warrant Shares purchasable upon the exercise of each Warrant is adjusted pursuant to Section 7(a)(i), the Exercise Price for each Warrant Share payable upon exercise of each Warrant shall be adjusted by multiplying such Exercise Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of each Warrant immediately prior to such adjustment, and the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

(iii) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Company (a) consolidates with or merges into any other corporation and is not the continuing or surviving corporation of such consolidation or merger, or (b) permits any other corporation to consolidate with or merge into the Company and the Company is the continuing or surviving corporation but, in connection with such consolidation or merger, the Common Stock is changed into or exchanged for stock or other securities of any other corporation or cash or any other assets, or (c) transfers all or substantially all of its properties and assets to any other corporation, or (d) effects a capital reorganization or reclassification of the capital stock of the Company in such a way that holders of Common Stock shall be entitled to receive stock, securities, cash and/or assets with respect to or in exchange for Common Stock, then, and in each such case, proper provision shall be made so that, upon the basis and upon the terms and in the manner provided in this subsection 7(a)(iii), the Registered Holder, upon the exercise of this Warrant at any time after the consummation of such consolidation, merger, transfer, reorganization or reclassification, shall be entitled to receive (at the aggregate Exercise Price in effect for all shares of Common Stock issuable upon such exercise immediately prior to such consummation as adjusted to the time of such transaction), in lieu of shares of Common Stock issuable upon such exercise prior to such consummation, the stock and other securities, cash and/or assets to which such holder would have been entitled upon such consummation if the Registered Holder had so exercised this Warrant immediately prior thereto (subject to adjustments subsequent to such corporate action as nearly equivalent as possible to the adjustments provided for in this Section).

(iv) De Minimis Adjustments. No adjustment in the Exercise Price and number of Warrant Shares purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least \$0.02 in the Exercise Price; provided, however, that any adjustments which by reason of this Section 7(a)(iv) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest full share.

(b) Notice of Adjustment. Whenever the number of Warrant Shares purchasable upon the exercise of each Warrant or the Exercise Price is adjusted, as herein provided, the Company shall promptly notify the Registered Holder in writing (such writing referred to as an "Adjustment Notice") of such adjustment or adjustments and shall deliver to such Registered Holder a statement setting forth the number of shares of Common Stock purchasable upon the exercise of each Warrant and the Exercise Price after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

(c) Other Notices. In case at any time:

(i) the Company shall declare any cash dividend on its Common Stock;

(ii) the Company shall pay any dividend payable in stock upon its Common Stock or make any distribution (other than regular cash dividends) to the holders of its Common Stock;

(iii) the Company shall offer for subscription *pro rata* to all of the holders of its Common Stock any additional shares of stock of any class or other rights;

(iv) the Company shall authorize the distribution to all holders of its Common Stock of evidences of its indebtedness or assets (other than cash dividends or cash distributions payable out of earnings or earned surplus or dividends payable in Common Stock);

(v) there shall be any capital reorganization, or reclassification of the capital stock of the Company, or consolidation or merger of the Company with another corporation (other than a subsidiary of the Company in which the Company is the surviving or continuing corporation and no change occurs in the Company's Common Stock), or sale of all or substantially all of its assets to another corporation; or

(vi) there shall be a voluntary or involuntary dissolution, liquidation, bankruptcy, assignment for the benefit of creditors, or winding up of the Company;

then, in any one or more of said cases the Company shall give written notice, addressed to the Registered Holder at the address of such Registered Holder as shown on the books of the Company, of (1) the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights, or (2) the date (or, if not then known, a reasonable approximation thereof by the Company) on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, bankruptcy, assignment for the benefit of creditors, winding up or other action, as the case may be, shall take place. Such notice shall also specify (or, if not then known, reasonably approximate) the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, bankruptcy, assignment for the benefit of creditors, winding up, or other action, as the case may be. Such written notice shall be given (except as to any bankruptcy proceeding) at least five (5) days prior to the action in question and not less than five (5) days prior to the record date or the date on which the Company's transfer books are closed in respect thereto. Such notice shall also state that the action in question or the record date is subject to the effectiveness of a registration statement under the 1933 Act, or to a favorable vote of stockholders, if either is required.

(d) Statement on Warrants. The form of this Warrant need not be changed because of any change in the Exercise Price or in the number or kind of shares purchasable upon the exercise of a Warrant. However, the Company may at any time in its sole discretion make any change in the form of the Warrant that it may deem appropriate and that does not affect the substance thereof and any Warrant thereafter issued, whether in exchange or substitution for any outstanding Warrant or otherwise, may be in the form so changed.

(e) Fractional Interest. The Company will not be required to issue fractional Warrant Shares on the exercise of the Warrants. The number of full Warrant Shares which shall be issuable upon such exercise shall be computed on the basis of the aggregate number of whole shares of Common Stock purchasable on the exercise of the Warrants so presented. If any fraction of a share of Common Stock would, except for the provisions of this Section 7(e) be issuable on the exercise of the Warrants (or specified proportion thereof), the Company shall pay an amount in cash calculated by it to be equal to the then fair value of one share of Common Stock, as determined by the Board of Directors of the Company in good faith, multiplied by such fraction computed to the nearest whole cent.

**Section 8. No Rights or Liabilities as a Stockholder.** The Registered Holder shall not be entitled to vote or be deemed the holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise, until the Date of Exercise shall have occurred. No provision of this Warrant, in the absence of affirmative action by the Registered Holder hereof to purchase shares of Common Stock, and no mere enumeration herein of the rights and privileges of the Registered Holder, shall give rise to any liability of such holder for the Exercise Price or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

**Section 9. Transfer Restrictions; Registration of the Warrant and Warrant Shares.**

(a) Neither the Warrant nor the Warrant Shares have been registered under the 1933 Act. The Registered Holder, by acceptance hereof, represents that it is acquiring this Warrant to be issued to it for its own account and not with a view to the distribution thereof, and agrees not to sell, transfer, pledge or hypothecate this Warrant, any purchase rights evidenced hereby or any Warrant Shares unless a registration statement is effective for this Warrant or the Warrant Shares under the 1933 Act, or in the opinion of such Registered Holder's counsel reasonably satisfactory to the Company, a copy of which opinion shall be delivered to the Company, such registration is not required as some other exemption from the registration requirement of the 1933 Act and applicable laws is available.

(b) Subject to the provisions of the following paragraph of this Section 9, each Certificate for Warrant Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE 1933 ACT, AN OPINION OF COUNSEL, SATISFACTORY TO THE ISSUER HEREOF, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT AS SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE LAWS IS AVAILABLE.

(c) The restrictions and requirements set forth in the foregoing paragraph shall apply with respect to Warrant Shares unless and until such Warrant Shares are sold or otherwise transferred pursuant to an effective registration statement under the 1933 Act or are otherwise no longer subject to the restrictions of the 1933 Act, at which time the Company agrees to promptly cause such restrictive legends to be removed and stop transfer restrictions applicable to such Warrant Shares to be rescinded.

**Section 10. Company's Option to Require Exercise .** On or after the Exercise Date and until the Expiration Date, if (i) there is an effective Registration Statement filed with the Securities and Exchange Commission registering the Warrant Shares to be issued upon exercise of the Warrant and (ii) the closing price of the Common Stock on the Trading Market (as hereinafter defined) is \$12.25 or more for 20 consecutive Trading Days (as hereinafter defined), then the Company may require the Registered Holder to subscribe for and purchase from the Company up to 100%, in whole or in part, of the outstanding Warrant Shares, at the option of the Company. Any Warrant Shares subject to such required exercise upon notice from the Company (the "Required Exercise Shares"), must be subscribed for and purchased from the Company within 10 days from such notice to the Registered Holder.

The Company shall deliver to the Registered Holder a written Notice of Required Exercise (the "Notice of Required Exercise") specifying the date by which the Required Exercise Shares must be purchased (the "Required Exercise Payment Date"), which date shall be 10 days after the date of the Notice of Required Exercise (the "Required Exercise Period"). On or before the Required Exercise Payment Date, the Required Exercise Shares must be purchased from the Company at the Exercise Price. In the event the Registered Holder fails to purchase the Required Exercise Shares by the Required Exercise Payment Date as set forth herein, then the Registered Holder's right to purchase all such Warrant Shares specified as Required Exercise Shares in the Notice of Required Exercise shall be automatically terminated, and as such, the Registered Holders will no longer have the right to purchase any such Warrant Shares pursuant to this Warrant.

“Trading Day” means a day on which the principal Trading Market is open for business. “Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the American Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board.

**Section 11. Notices.** All notices, requests, demands and other communications relating to this Warrant shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States certified or registered first-class mail, postage prepaid, return receipt requested, to the parties hereto at the following addresses or at such other address as any party hereto shall hereafter specify by notice to the other party hereto:

(a) If to the Registered Holder of this Warrant or the holder of the Warrant Shares, addressed to the address of such Registered Holder or holder as set forth on books of the Company or otherwise furnished by the Registered Holder or holder to the Company.

(b) If to the Company, addressed to:

Rick’s Cabaret International, Inc.  
10959 Cutten Road  
Houston, Texas 77066  
Attn: President

**Section 12. Binding Effect.** This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, and the holder or holders from time to time of this Warrant and the Warrant Shares.

**Section 13. Survival of Rights and Duties.** This Warrant shall terminate and be of no further force and effect on the earlier of (i) the Company's exercise of its Option to Require Exercise pursuant to Section 10, (ii) 5:00 p.m., Texas time, on the Expiration Date and (iii) the date on which this Warrant and all purchase rights evidenced hereby have been exercised, except that the provisions of Sections 4, 6(c) and 11 hereof shall continue in full force and effect after such termination date.

**Section 14. Governing Law.** This Warrant shall be governed and controlled as to the validity, enforcement, interpretations, construction and effect and in all other aspects by the substantive laws of the State of Texas. In any action between or among any of the parties, whether arising out of this Warrant 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 15. Section Headings.** The Section headings in this Warrant are for purposes of convenience only and shall not constitute a part hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed under its corporate seal by its officers thereunto duly authorized as of the date hereof.

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

By: \_\_\_\_\_  
Eric Langan, President

Signature Page to Warrant

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## FORM OF ELECTION TO PURCHASE

(To Be Executed Upon Exercise of this Warrant)

To Rick's Cabaret International, Inc.:

The undersigned, the record holder of this Warrant (Warrant No. \_\_\_\_\_), hereby irrevocably elects to exercise the right, represented by this Warrant, to purchase \_\_\_\_\_ of the Warrant Shares and herewith and hereby tenders payment for such Warrant Shares to the order of Rick's Cabaret International, Inc. of \$\_\_\_\_\_ representing the full purchase price for such shares at the price per share provided for in such Warrant and the delivery of any applicable taxes payable by the undersigned pursuant to such Warrant.

The undersigned requests that certificates for such shares be issued in the name of:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Please print name and address)

\_\_\_\_\_  
Social Security or Tax Identification No.

In the event that not all of the purchase rights represented by the Warrant are exercised, a new Warrant, substantially identical to the attached Warrant, representing the rights formerly represented by the attached Warrant which have not been exercised, shall be issued in the name of and delivered to:

\_\_\_\_\_

\_\_\_\_\_

(Please print name and address)

\_\_\_\_\_  
Social Security or Tax Identification No.

Dated: \_\_\_\_\_

Name of Holder (Print):

By: \_\_\_\_\_

(Name): \_\_\_\_\_

(Title): \_\_\_\_\_

Form of Election to Purchase

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## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and transfers to each assignee set forth below all of the rights of the undersigned under the attached Warrant (Warrant No. \_\_\_\_ ) with respect to the number of shares of Common Stock covered thereby set forth opposite the name of such assignee unto:

Name of Assignee

Address

Number of Shares of Of Common Stock

If the total of said purchase rights represented by the Warrant shall not be assigned, the undersigned requests that a new Warrant Certificate evidencing the purchase rights not so assigned be issued in the name of and delivered to the undersigned.

Dated: \_\_\_\_\_

Name of Holder (Print): \_\_\_\_\_

\_\_\_\_\_  
(Signature of Holder)

Form of Assignment

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*[FORM OF SUBSCRIPTION AGREEMENT]*

## SUBSCRIPTION AGREEMENT

## RICK'S CABARET INTERNATIONAL, INC.

Rick's Cabaret International, Inc.  
 10959 Cutten Road  
 Houston, Texas 77066

The undersigned, \_\_\_\_\_, \_\_\_\_\_ (the "Subscriber"), understands that Rick's Cabaret International, Inc., a Texas Corporation (the "Company") is offering for sale to the undersigned its 10% Convertible Debenture in the principal amount of \$\_\_\_\_\_ (the "Debenture"), convertible into shares of common stock, par value \$0.01, of the Company (the "Common Stock") at a conversion price of \$8.75 per share, as set forth in the Debenture, and a warrant to purchase \_\_\_\_\_ shares of Common Stock of the Company at an exercise price of \$8.75 (the "Warrant"), as set forth in the Warrant. The Debenture and the Warrant are hereinafter collectively referred to as the "Unit." The Subscriber acknowledges and understands that the offering of the Unit (the "Offering") is being made without registration of the Unit, the Debenture, the Common Stock into which the Debenture is convertible, the Warrant or the Common Stock for which the Warrant is exercisable, under the Securities Act of 1933, as amended (the "Act"), or any securities "blue sky" or other similar laws of any state.

1. **Subscription.** Subject to the terms and conditions hereof, the Subscriber hereby subscribes for and agrees to purchase \$\_\_\_\_\_ principal amount of the Debenture and a Warrant to purchase \_\_\_\_\_ shares of Common Stock at an exercise price of \$8.75, for an aggregate purchase price of \$\_\_\_\_\_, upon acceptance of this Subscription Agreement.
2. **Payment for the Unit .** The undersigned encloses herewith \$\_\_\_\_\_ required to purchase the Debenture and the Warrant subscribed for hereunder. If this subscription is not accepted by the Company for any reason, all documents will be returned to the Subscriber.
3. **Representations and Warranties of the Subscriber .** The Subscriber hereby represents and warrants to and covenants with the Company, as well as each officer, director and agent of the Company as follows:
  - (a) General
    - (i) The Subscriber has all requisite authority to enter into this Subscription Agreement and to perform all the obligations required to be performed by the Subscriber hereunder.
    - (ii) The Subscriber is the sole party in interest and is not acquiring the Unit as an agent or otherwise for any other person. The Subscriber is a resident of (or domiciled in) the state set forth opposite its name on the signature page hereto and (A) if a corporation, partnership, trust or other form of business organization, it has its principal office within such state; (B) if an individual, he or she has his or her principal residence in such state; and (C) if a corporation, partnership, trust or other form of business organization which was organized for the specific purpose or acquiring the Unit, all of the beneficial owners are residents of such state.

- (iii) The Subscriber recognizes that the total amount of funds tendered to purchase the Unit is placed at the risk of the business and may be completely lost. The purchase of the Unit as an investment involves extreme risk.
  - (iv) The Subscriber realizes that the Unit and the securities of which the Unit consists cannot readily be sold as the Unit and such securities are restricted securities, that it may not be possible to sell or dispose of the Debenture or the Warrant, and therefore the Unit must not be purchased unless the Subscriber has liquid assets sufficient to assure that such purchase will cause no undue financial difficulties and the Subscriber can provide for current needs and personal contingencies.
  - (v) The Subscriber confirms and represents that it is able (A) to bear the economic risk of its investment, (B) to hold the securities for an indefinite period of time, and (C) to afford a complete loss of its investment. The Subscriber also represents that it has (x) adequate means of providing for its current needs and personal contingencies, and (y) has no need for liquidity in this particular investment.
  - (vi) The Subscriber has not become aware of the offering of the Unit by any form of general solicitation or advertising, including, but not limited to advertisements, articles, notices or other communications published in any newspaper, magazine or other similar media or broadcast over television or radio or any seminar or meeting where those individuals that have attended have been invited by any such or similar means of general solicitation or advertising.
- (b) Information Concerning the Company .
- (i) The Subscriber acknowledges that it has received all current information about the Company including (A) a copy of the Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") for the year ended September 30, 2008, and a copy of the Company's Form 10-Q for the quarter ended March 31, 2009, as filed with the SEC; (B) a copy of the Company's Schedule 14A Definitive Proxy Statement filed with the SEC on July 7, 2009; and (C) a copy of the Form 8-K's filed with the SEC on May 5, 2009, June 1, 2009 and June 9, 2009 (collectively, the "Filed Documents").
  - (ii) The Subscriber or its representative is familiar with the business and financial condition, properties, operations and prospects of the Company, and, at a reasonable time prior to the execution of this Subscription Agreement, that its representative has been afforded the opportunity to ask questions of and receive satisfactory answers from the Company's officers and directors, or other persons acting on the Company's behalf, concerning the business and financial condition, properties, operations and prospects of the Company and concerning the terms and conditions of the offering of the Unit and has asked such questions as its representative desires to ask and all such questions have been answered to the full satisfaction of the Subscriber.

- (iii) The Subscriber has been furnished, has carefully read, and has relied solely (except for information obtained pursuant to (iv) below), on the information contained in the Filed Documents, and Subscriber has not received any other offering literature or prospectus, and no verbal or written representations or warranties have been made to Subscriber by the Company, or its employees or agents, other than the representations of the Company set forth herein and in the Filed Documents.
- (iv) The Subscriber has had an unrestricted opportunity to: (A) obtain additional information concerning the offering of the Unit, the Company and any other matters relating directly or indirectly to Subscriber's purchase of the Unit; and (B) ask questions of, and receive answers from the Company concerning the terms and conditions of the Offering and to obtain such additional information as may have been necessary to verify the accuracy of the information contained in the Filed Documents.
- (v) The Subscriber understands that, unless the Subscriber notifies the Company in writing to the contrary, all the representations and warranties contained in this Subscription Agreement will be deemed to have been reaffirmed and confirmed, taking into account all information received by the Subscriber.
- (vi) The Subscriber understands that the purchase of the Unit involves various risks, including, but not limited to, those outlined in this Subscription Agreement and the Filed Documents.
- (vii) The Subscriber acknowledges that no representations or warranties have been made to the Subscriber by the Company as to the tax consequences of this investment, or as to profits, losses or cash flow which may be received or sustained as a result of this investment.
- (viii) All documents, records and books pertaining to a proposed investment in the Unit which the Subscriber or its representative has requested have been made available to the Subscriber.
- (ix) The Subscriber or its representative has been provided access to all information requested in evaluating its purchase of the Unit.

(c) Status of the Subscriber

- (i) The Subscriber represents that the Subscriber is an Accredited Investor as that term is defined pursuant to Section 501 of Regulation D under the Act.
- (ii) The Subscriber agrees to furnish any additional information requested to assure compliance with applicable Federal and state securities laws in connection with the purchase and sale of the Unit.

(d) Restrictions on Transfer or Sale of the Unit

- (i) The Subscriber is acquiring the Unit subscribed solely for the Subscriber's own beneficial account, for investment purposes, and not with view to, or for resale in connection with, any distribution of the Unit. The Subscriber understands that the offer and the sale of the Unit has not been registered under the Act or any state securities laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of the Subscriber and of the other representations made by the Subscriber in this Subscription Agreement. The Subscriber understands that the Company is relying upon the representations, covenants and agreements contained in this Subscription Agreement (and any supplemental information) for the purposes of determining whether this transaction meets the requirements for such exemptions.
- (ii) The Subscriber understands that the Unit and the securities of which the Unit consists are "restricted securities" under applicable federal securities laws and that the Act and the rules of the SEC provide in substance that the Subscriber may dispose of the such securities only pursuant to an effective registration statement under the Act or an exemption therefrom. The Subscriber further understands that the Common Stock into which the Debenture is convertible and the Common Stock for which the Warrant is exercisable will also be restricted securities, as described herein. The certificates evidencing the Debenture and the Warrant offered hereby (and the Common Stock which may be issued upon conversion of the Debenture or exercise of the Warrant) will bear a legend which clearly sets forth this restriction. The Subscriber understands that the Subscriber may not at any time demand the purchase by the Company of the Subscriber's Unit or any of the securities of which the Unit consists.
- (iii) The Subscriber agrees: (A) that the Subscriber will not sell, assign, pledge, give, transfer or otherwise dispose of the Unit or any of the securities of which the Unit consists (or any of the securities into which these securities are convertible or exercisable), or any interest therein, or make any offer or attempt to do any of the foregoing, except pursuant to a registration of such securities under the Act and all applicable state securities laws or in a transaction which is exempt from the registration provisions of the Act and all applicable state securities laws; (B) that the Company and any transfer agent for the Company shall not be required to give effect to any purported transfer of such securities except upon compliance with the foregoing restrictions; and (C) that a restrictive legend will be placed on the certificates representing the Debenture and the Warrant.
- (iv) The Subscriber has not offered or sold any portion of the subscribed for Unit and has no present intention of dividing such Unit with others or of reselling or otherwise disposing of any portion of such Unit either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance.

4. **Survival and Indemnification** . All representations, warranties and covenants contained in this Agreement and the indemnification contained in this Paragraph 4 shall survive (i) the acceptance of the Subscription Agreement by the Company and (ii) the death or disability of the Subscriber. The Subscriber acknowledges the meaning and legal consequences of the representations, warranties and covenants in Paragraph 3 hereof and that the Company has relied upon such representations, warranties and covenants in determining the Subscriber's qualification and suitability to purchase the Unit. The Subscriber hereby agrees to indemnify, defend and hold harmless the Company, and its officers, directors, employees, agents and controlling persons, from and against any and all losses, claims, damages, liabilities, expenses (including attorneys' fees and disbursements), judgment or amounts paid in settlement of actions arising out of or resulting from the untruth of any representation herein or the breach of any warranty or covenant herein. Notwithstanding the foregoing, however, no representation, warranty, covenant or acknowledgment made herein by the Subscriber shall in any manner be deemed to constitute a waiver of any rights granted to it under the federal securities or state securities laws.
5. **Notices** . All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or overnight air courier guaranteeing next day delivery:

- (a) if to the Company, to it at the following address:

RICK'S CABARET INTERNATIONAL, INC.  
10959 Cutten Road  
Houston, Texas 77066  
Attn: Eric Langan

Telephone No. (281) 397 6730  
Facsimile No: (281) 397 6765

- (b) if to the Subscriber, at the address set forth on the first page hereof or directly to the Subscriber at the address set forth on the signature page hereto, or at such other address as either party shall have specified by notice in writing to the other.

All notice and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three days after being deposited in the mail, postage prepaid, if mailed, certified mail or registered mail; and the next day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

6. **Assignability** . This Subscription Agreement is not assignable by the Subscriber, and may not be modified, waived or terminated except by an instrument in writing signed by each of the parties hereto.
7. **Binding Effect** . Except as otherwise provided herein, this Subscription Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns, and the agreements, representations, warranties and acknowledgments contained herein shall be deemed to be made by and be binding upon such heirs, executors, administrators, successors, legal representatives and assigns. If the Subscriber is more than one person, the obligation of the Subscriber shall be joint and several and the agreements, representations, warranties and acknowledgments contained herein shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators and successors.

8. **Entire Agreement** . This Subscription Agreement constitutes the entire agreement of the Subscriber and the Company relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written.
9. **Governing Law** . This Subscription Agreement shall be governed and controlled as to the validity, enforcement, interpretations, construction and effect and in all other aspects by the substantive laws of the State of Texas. 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.
10. **Severability** . If any provision of this Subscription Agreement or the application thereof to any Subscriber or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Subscription Agreement and the application of such provision to other subscriptions or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
11. **Headings** . The headings in this Subscription Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define, or limit the scope, extent or intent of this Subscription Agreement or any provision hereof.
12. **Counterparts and Facsimiles.** This Subscription 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 or “pdf” signature of any of the parties set forth below and the facsimile or “pdf” signature shall be deemed as an original signature for all purposes and the Agreement shall be deemed as an original for all purposes.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned Subscriber has executed this Subscription Agreement this \_\_\_\_ day of \_\_\_\_, 2009.

\_\_\_\_\_  
Signature of Investor

\_\_\_\_\_  
Name (Please type or print)

Signature of Spouse or Co-Owner if funds are to be invested as joint tenants by the entirety or community property.

\_\_\_\_\_  
Name (Please type or print)

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
**ACCEPTED** by the Company this the \_\_\_\_ day of \_\_\_\_\_, 2009.

**Rick's Cabaret International, Inc.**

By: \_\_\_\_\_  
Eric Langan, President



## **RICK'S CABARET INTERNATIONAL, INC. RAISES \$7.2 MILLION TO BE USED FOR FUTURE ACQUISITIONS**

**HOUSTON** – (August 6, 2009) – **Rick's Cabaret International, Inc.** (NASDAQ: RICK), the nation's leading chain of upscale gentlemen's clubs, said today it has raised \$7.2 million through convertible debentures that will be used to make future acquisitions.

"This facility demonstrates clearly that we have excellent access to capital markets and lets sellers of clubs know that we are well positioned with cash to continue our acquisitions program," said **Eric Langan**, President and CEO of the company. "We already have several targets of interest, but we want to talk with other possible acquisition candidates at the **Gentlemen's Club Owners Expo** in Las Vegas August 23-26, which is attended by most club owners." Mr. Langan continued, "This facility, along with our current cash resources, enables us to make important accretive acquisitions and we are going to shop for the best deals we can find to put our cash to work for our shareholders."

Mr. Langan noted that during fiscal 2008, the company acquired five nightclub operations and the remaining 49% of one other location. The company has spent much of fiscal 2009 integrating these acquisitions and evaluating other potential purchases as part of its industry consolidation program, while waiting for the economy to show signs of improvement. "We are starting to see improvements in several of the markets we operate in and hope to see this continue in the next few quarters," Mr. Langan said.

The new three-year debentures bear interest at 10 percent per annum and can be convertible into shares of Rick's common stock at \$8.75 per share. The debentures are redeemable by the company on or after six months from issuance if the closing price of Rick's stock is at least \$11.50 for 20 consecutive trading days. In addition, the company issued three year warrants exercisable at \$8.75 that can be called by Rick's Cabaret if the shares underlying the warrants are registered and the closing price for 20 consecutive trading days is \$12.25. Other terms of the debentures and the warrants will be available in the company's 8-K filing with the SEC.

**Merriman Curhan Ford** (NASDAQ: MERR) acted as the placement agent in the transaction. **Montgomery Street Research** acted as an adviser to the company.

**About Rick's Cabaret** : Rick's Cabaret International, Inc. (NASDAQ: RICK) is home to upscale adult nightclubs serving primarily businessmen and professionals that offer live entertainment, dining and bar operations. Nightclubs in New York City, Miami, Philadelphia, New Orleans, Charlotte, Dallas, Houston, Minneapolis and other cities operate under the names "Rick's Cabaret," "XTC," "Club Onyx" and "Tootsie's Cabaret". Sexual contact is not permitted at these locations. Rick's Cabaret also operates a media division, ED Publications, and owns the adult Internet membership Web site, couplestouch.com as well as 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 cities where it operates, the success or lack thereof in launching and building the company's businesses, 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 visit [www.ricks.com](http://www.ricks.com) < <http://www.ricks.com/> >.

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