
Securities and Exchange Commission
Washington, D.C. 20549

FORM 8-K

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

Date of Report: June 1, 2010

RICK'S CABARET INTERNATIONAL, INC.

(Exact Name of Registrant As Specified in Its Charter)

Texas
(State Or Other Jurisdiction of Incorporation)

0-26958
(Commission File Number)

76-0037324
(IRS Employer Identification No.)

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

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

ITEM 8.01 OTHER EVENTS.

On June 1, 2010, our wholly owned subsidiary RCI Entertainment (3315 North Freeway FW), Inc. (the “Purchaser”) completed the acquisition of certain assets (the “Purchased Assets”) of Restaurant Associates, Inc., a Texas corporation (the “Seller”) pursuant to an Asset Purchase Agreement (the “Purchase Agreement”) between Purchaser, Seller, Voldar, LLC, a Texas limited liability company (“Voldar”), Sherri Mofid (“Mofid”), John Faltynski (“Faltynski”) and James Noryian (“Noryian”). The Purchase Agreement was executed and closed on June 1, 2010. Seller owned and operated an adult entertainment cabaret known as “Fort Worth Gentleman’s Club” (the “Club”), located at 3315 North Freeway, Fort Worth, Texas 76106 (the “Real Property”). A copy of the Purchase Agreement is attached hereto as Exhibit 10.1.

At closing, Purchaser paid Seller \$2,075,000 cash by wire-transfer for the Purchased Assets. Purchaser also entered into two lease agreements, a lease agreement for the Real Property with Voldar (the “Voldar Lease”) and a lease agreement for unimproved property adjacent to the Real Property (the “Adjacent Property”) with Mofid (the “Mofid Lease”). Each lease agreement has a term of five years with one five year option to extend at the discretion of Purchaser. Each lease agreement also grants Purchaser an option to purchase the respective properties from Voldar and Mofid. Purchaser may exercise the options to purchase any time after the twelfth month but before the expiration of the lease agreements (including their optional extensions). The option to purchase the Real Property and the option to purchase the Adjacent Property must be exercised contemporaneously.

The monthly rental rate under the Voldar Lease is as follows: \$19,800 during the first 60 months; and, assuming the five year option is exercised by Purchaser, the monthly rental rate will be as follows: \$23,130 during months 61 through 72; \$23,850 during months 73 through 84; \$24,525 during months 85 through 96; \$25,200 during months 97 through 108; and \$25,875 during months 109 through 120. The purchase price upon exercise of the option to purchase the Real Property will be as follows: \$4,500,000 during months 13 through 60; \$4,635,000 during months 61 through 72; \$4,770,000 during months 73 through 84; \$4,905,000 during months 85 through 96; \$5,040,000 during months 97 through 108; and \$5,175,000 during months 109 through 120. A copy of the Voldar Lease is attached hereto as Exhibit 10.2

The monthly rental rate under the Mofid Lease is as follows: \$2,200 during the first 60 months; and, assuming the five year option is exercised by Purchaser, the monthly rental rate will be as follows: \$2,570 during months 61 through 72; \$2,650 during months 73 through 84; \$2,725 during months 85 through 96; \$2,800 during months 97 through 108; and \$2,875 during months 109 through 120. The purchase price upon exercise of the option to purchase the Adjacent Property will be as follows: \$500,000 during months 13 through 60; \$515,000 during months 61 through 72; \$530,000 during months 73 through 84; \$545,000 during months 85 through 96; \$560,000 during months 97 through 108; and \$575,000 during months 109 through 120. A copy of the Mofid Lease is attached hereto as Exhibit 10.3

At closing, Purchaser also entered a five-year Non-Competition Agreement with Mofid and Noryian, each, pursuant to which each agreed (1) not to compete with the Club by operating an establishment featuring live female nude or semi-nude (topless) adult entertainment in Tarrant County, Texas within a ten (10) mile radius of the Club, save and except for two existing clubs known as "Panther City" and "Texas Cabaret," and (2) not to solicit or induce any employee, independent contractor, or agent or consultant of the Club, Purchaser, or any of their affiliates or parent to leave his or her employment or terminate his or her agreement or relationship with any such parties. A copy of the Non-Competition Agreement with Mofid is attached hereto as Exhibit 10.4, and a copy of the Non-Competition Agreement with Noryian is attached hereto as Exhibit 10.5.

The terms and conditions of the Purchase Agreement were the result of extensive arm's length negotiations between the parties. A copy of the press release related to this transaction is attached hereto as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Asset Purchase Agreement
10.2	Lease Agreement and Option to Purchase (Voldar)
10.3	Lease Agreement and Option to Purchase (Mofid)
10.4	Non-Competition Agreement (Mofid)
10.5	Non-Competition Agreement (Noryian)
99.1	Press release dated June 2, 2010

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.

By: /s/ Eric Langan

Eric Langan

President and Chief Executive Officer

Date: June 2, 2010

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into this 1st day of June, 2010, by and among **Restaurant Associates, Inc.**, a Texas Corporation (the "Company"), **Voldar, LLC**, a Texas limited liability company ("Voldar"), **Sherri Mofid** ("Mofid"), **John Faltynski** ("Faltynski"), **James Noryian** ("Noryian") and **RCI Entertainment (3315 North Freeway FW), Inc.**, a Texas corporation (the "Purchaser").

WHEREAS, the Company owns and operates an adult entertainment cabaret known as Fort Worth Gentleman's Club ("FW Gentleman's Club") located at 3315 North Freeway, Fort Worth, Texas 76106 (the "Premises"); and

WHEREAS, Mofid owns all of the shares of common stock of the Company, which represents 100% of all of the shares of capital stock of the Company presently issued and outstanding (the "Shares"); and

WHEREAS, Faltynski is the president of the Company, and as such receives a benefit from the transactions contemplated by this Agreement; and

WHEREAS, Noryian (i) is the son of Mofid, (ii) has knowledge and experience in the business and operations of the Company and FW Gentleman's Club, (iii) has actively consulted with Mofid regarding the business and operations of the Company and FW Gentleman's Club, and (iv) was instrumental in the negotiations of the transactions contemplated by this Agreement; and as such receives a benefit from the transactions contemplated by this Agreement; and

WHEREAS, Voldar owns the real property commonly known as 3315 North Freeway, Fort Worth, Texas 76106 (the "Real Property") as is more fully described on Exhibit "A" attached hereto; and

WHEREAS, Mofid owns the real property located at BLK 3, Lots 4R and 5R, Diamond Heights Industrial Addition, Fort Worth, Texas 76106 (the "Adjacent Property"), which is located adjacent to the Real Property and is more fully described on Exhibit "B" attached hereto; and

WHEREAS, the Real Property and the Adjacent Property comprise, in the aggregate, approximately 2.2 acres of land; and

WHEREAS, the Company desires to sell, transfer and convey all of the assets owned by it which are associated or used in connection with the operation of FW Gentleman's Club to the Purchaser, on the terms and conditions set forth herein; and

WHEREAS, Voldar desires to enter into a lease agreement and an option to buy with Purchaser whereby Voldar will lease the Real Property to Purchaser and grant the Purchaser or its assign an option to buy the Real Property, on the terms and conditions set forth herein; and

WHEREAS , Mofid desires to enter into a lease agreement and an option to buy with Purchaser whereby Mofid will lease the Adjacent Property to Purchaser and grant the Purchaser or its assign an option to buy the Adjacent Property, on the terms and conditions set forth herein; and

WHEREAS, the Purchaser desires to (i) purchase the assets owned by the Company, (ii) enter into a lease agreement and an option to buy with Voldar for the Real Property, and (iii) enter into a lease agreement and an option to buy with Mofid for the Adjacent Property, all on the terms and conditions set forth herein; and

WHEREAS, the (i) acquisition of all of the assets owned by the Company by the Purchaser, (ii) entry in to the lease agreement and an option to buy the Real Property and (iii) the entry into the lease agreement and an option to buy the Adjacent Property will sometimes collectively be referred to herein as the "Acquisition".

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 ASSETS

Section 1.1 Assets of the Company to be Transferred to Purchaser. On the Closing Date (as defined in Section 4.1 hereof), and subject to the terms and conditions set forth in this Agreement, the Company shall sell, convey, transfer and assign, or cause to be sold, conveyed, transferred and assigned to Purchaser free and clear of all liens and encumbrances, and Purchaser shall acquire all of the tangible and intangible assets and personal property of every kind and description and wherever situated of the business of FW Gentleman's Club from the Company, including but not limited to, the following personal property of the Company:

- (i) all of the tangible and intangible assets and personal properties of every kind and description and wherever situated of the business of FW Gentleman's Club, including, without limitation, inventories, furniture, fixtures, equipment (including office and kitchen equipment), computers and software, appliances, sign inserts, sound and lighting and telephone systems not incorporated into the building, telephone numbers, and other personal property of whatever kind and nature owned or leased by the Company, installed, located, situated or used in, on, or about, or in connection with the operation, use and enjoyment of the Premises and all other items on the subject Premises and used in connection with the operation of FW Gentleman's Club;
- (ii) all of the Company's inventory of supplies, accessories and any and all other items of personal property of whatever nature, including but not limited to all alcoholic beverages, sold by the Company in the operation of FW Gentleman's Club (the "Inventory");

- (iii) all supplies (other than Inventory) and other "consumable supplies" used in connection with the operation of FW Gentleman's Club (the "Supplies");
- (iv) all of the Company's right, title, and interest, as lessee, of any and all equipment leased by the Company and located at FW Gentleman's Club (the "Leased Equipment"); for which Purchaser agrees to assume payment if disclosed by Company. Company shall cancel and pay for any undisclosed equipment lease that Purchaser does not continue to use.
- (v) all right, title, and interest of the Company to the use of the telephone numbers presently being used by FW Gentleman's Club, including all rotary extensions thereto, and all advertisements in the "Yellow Pages", "City Directory" and other similar publications (the "Telephone Numbers") and after the Closing, Purchaser shall assume all expenses for the Telephone Numbers and advertising;
- (vi) copies of the Company's lists of suppliers, and any and all of books, records, papers, files, memoranda and other documents relating to or compiled in connection with the operation of FW Gentleman's Club which are requested by Purchaser (the "Records");
- (vii) all intellectual property of every kind of the Company, including but not limited to all trade marks, trade names, service marks, patents, copyrights, and trade secrets;
- (viii) all universal resource locators ("URL's") and internet domain names, and all goodwill associated with or used in connection with the operation or business of the URLs and internet domain names;
- (ix) to the extent transferable, any and all necessary permits and authorizations which are needed to conduct an adult entertainment business serving alcoholic beverages at FW Gentleman's Club which the Company has the right to transfer and convey, including its sexually oriented business permit and license and all other licenses, consents, authorizations, accreditations, waivers and approvals (together with all government filings pertaining thereto), however designated, established, maintained or renewed and issued evidencing or authorizing the Company, the Company's agent(s) or nominee(s) for the purpose of engaging in the business and/or operation of an adult cabaret nightclub business, gaming facility, restaurant, bar, lounge, sale of liquor or any other business currently operating or capable of being operated on the Premises however characterized.

All of the items set forth in this Section 1.1 are collectively referred to as the "Purchased Assets". Exhibit 1.1 shall be a list of all furniture, fixtures and equipment included within the Purchased Assets.

Section 1.2 Excluded Assets. Specifically excluded from the Purchased Assets are (i) the corporate seals, books, accounting records and records related to corporate governance of the Company (ii) all Company bank accounts and all Company monies (including cash) on hand as of the Closing Date and (iii) all credit card receipts and ATM purchases as of the Closing Date (hereinafter collectively referred to as the "Excluded Assets"). Further, the Company is currently a party to the pending action, styled, *Texas Entertainment Association, Inc. and Karpod, Inc. v. The State of Texas* (which is on appeal, styled, *The State of Texas, Appellants v. Texas Entertainment Association, Inc. and Karpod, Inc., Appellees*) (hereinafter referred to as the "Texas Patron Tax Litigation"). If the Company receives any award, judgment, settlement amount or other benefit arising from a final disposition of the Texas Patron Tax Litigation, such portion of any and all proceeds, payments, or settlement monies or other benefits or reimbursements, relating directly to payments for the Texas Patron Tax made by the Company prior to the Closing Date (but not thereafter), will also be deemed Excluded Assets.

Section 1.3 Intent of the Parties. Although the description of the Purchased Assets in Section 1.1 is intended to be complete, in the event Section 1.1 fails to contain the description of any assets belonging to the Company which are used for the business of FW Gentleman's Club, such assets shall nonetheless be deemed transferred to Purchaser at the Closing.

ARTICLE II

NO ASSUMPTION OF LIABILITIES

Section 2.1 Excluded Liabilities. Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall have no obligation and is not assuming, and the Company shall retain, pay, perform, defend and discharge, all of the liabilities and obligations of every kind whatsoever related or connected to the Purchased Assets or the business of FW Gentleman's Club arising or accruing prior to the Closing Date, whether disclosed or undisclosed, known or unknown on the Closing Date, direct or indirect, absolute or contingent, secured or unsecured, liquidated or unliquidated, accrued or otherwise, whether liabilities for taxes, liabilities of creditors, liabilities arising under any profit sharing, pension or other benefit under any plan of the Company, liabilities to any Governmental Agency (as hereinafter defined) or third parties, liabilities assumed or incurred by the Company by operation of law or otherwise (collectively, the "Excluded Liabilities"), including, but not limited to, (i) contractual liabilities arising from FW Gentleman's Club's business or ownership of the Purchased Assets prior to the Closing Date, and (ii) any taxes owing by the Company, including but not limited to amounts accessed under the Texas Patron Tax, occurring before Closing, or whether related to the business of FW Gentleman's Club, the Purchased Assets or otherwise and any liens on the Purchased Assets relating to any such taxes.

Section 2.2 Taxes. The Company shall pay when due any sales, transfer, excise, or other taxes which may be imposed in any jurisdiction in connection with or arising from the sale and transfer of any of the Purchased Assets to Purchaser.

Section 2.3 Bulk Sales Laws. The Company acknowledges that any applicable provisions of any tax clearance or bulk sales laws pertaining to the transactions contemplated by this Agreement are being complied with and that the Company agrees to indemnify and hold harmless Purchaser from and against any and all liabilities arising out of or relating to any such tax clearance or bulk sales law. Any such liability shall be an Excluded Liability.

**ARTICLE III
PURCHASE PRICE FOR
THE PURCHASED ASSETS**

As consideration for the purchase of the Purchased Assets, Purchaser shall pay to the Company an aggregate amount payable at Closing, of \$2,075,000 payable by cashier's check, certified funds or wire transfer, which amount is referred to hereinafter as the "Purchase Price." In addition, at closing, a payment of \$9,000.00 shall be paid to Company for billboard advertising (advance payment reimbursement).

**ARTICLE IV
CLOSING**

Section 4.1 The Closing. The closing of the transactions contemplated by this Agreement shall take place on or before June 1, 2010 (the "Closing Date"), at the Law Office of Steven Swander, 505 Main Street, Suite 250, Fort Worth, Texas 76102, or at such other time and place as agreed upon among the parties hereto (the "Closing").

Section 4.2 Delivery of Documents at Closing. At the Closing: (a) the Company shall deliver to Purchaser all instruments of assignment and bills of sale necessary to transfer to Purchaser good and marketable title to the Purchased Assets free and clear of all liens, charges or encumbrances against delivery by Purchaser to the Company of payment in an amount equal to the Purchase Price of the Purchased Assets being purchased by Purchaser in the manner set forth herein; (b) the Company and Purchaser shall deliver the various certificates, instruments and documents (and shall take the required actions) referred to in Articles VIII and IX below; and (c) the Related Transactions (as defined below) shall be consummated concurrently with the Closing.

Section 4.3 Related Transactions. In addition to the purchase and sale of the Purchased Assets, the following actions shall take place contemporaneously at the Closing (collectively, the "Related Transactions"):

(i) Lease Agreement for Real Property with Option to Purchase. The Purchaser and Voldar will enter into a lease agreement for the Real Property (the "RP Lease Agreement"). The RP Lease Agreement will have a term of five (5) years with one five (5) year option to extend at the discretion of the Purchaser. The monthly rental rate during its term is as follows: \$19,800 during the first 60 months; and, assuming the five (5) year option is exercised by the Purchaser, the monthly rental rate will be as follows: \$23,130 during months 61 through 72; \$23,850 during months 73 through 84; \$24,525 during months 85 through 96; \$25,200 during months 97 through 108; and \$25,875 during months 109 through 120. The RP Lease Agreement will also grant the Purchaser an option to purchase the Real Property from Voldar (the "RP Option"). The Purchaser may exercise the RP Option any time after the twelfth (12th) month of the RP Lease Agreement and before the expiration of the RP Lease Agreement (including its option term). To exercise the RP Option, the Purchaser must provide Voldar thirty (30) days prior written notice and must contemporaneously exercise the AP Option (defined below). The purchase price at which the Purchaser may purchase the Real Property from Voldar, upon the Purchaser's exercise of the RP Option, will be as follows: \$4,500,000 during months 13 through 60; \$4,635,000 during months 61 through 72; \$4,770,000 during months 73 through 84; \$4,905,000 during months 85 through 96; \$5,040,000 during months 97 through 108; and \$5,175,000 during months 109 through 120. The form of RP Lease Agreement is attached hereto as Exhibit 4.3(i).

(ii) *Lease Agreement for Adjacent Property with Option to Purchase.* The Purchaser and Mofid will enter into a lease agreement for the Adjacent Property (the "AP Lease Agreement"). The AP Lease Agreement will have a term of five (5) years with one five (5) year option to extend at the discretion of the Purchaser. The monthly rental rate during its term as follows: \$2,200 during the first 60 months; and, assuming the five (5) year option is exercised by the Purchaser, the monthly rental rate will be as follows: \$2,570 during months 61 through 72; \$2,650 during months 73 through 84; \$2,725 during months 85 through 96; \$2,800 during months 97 through 108; and \$2,875 during months 109 through 120. The AP Lease Agreement will also grant the Purchaser an option to purchase the Adjacent Property from Mofid (the "AP Option"). The Purchaser may exercise the AP Option any time after the twelfth (12th) month of the AP Lease Agreement and before the expiration of the AP Lease Agreement (including its option term). To exercise the AP Option, the Purchaser must provide Mofid thirty (30) days prior written notice and must contemporaneously exercise the RP Option. The purchase price at which the Purchaser may purchase the Adjacent Property from Mofid, upon the Purchaser's exercise of the AP Option, will be as follows: \$500,000 during months 13 through 60; \$515,000 during months 61 through 72; \$530,000 during months 73 through 84; \$545,000 during months 85 through 96; \$560,000 during months 97 through 108; and \$575,000 during months 109 through 120. The form of AP Lease Agreement is attached hereto as Exhibit 4.3(ii).

(iii) *Covenant Not to Compete for Mofid.* Mofid will enter into a five (5) year Non-Competition Agreement pursuant to the terms of which Mofid will agree not to compete, either directly or indirectly, with the Purchaser, FW Gentleman's Club or any of their affiliates, by owning, participating or operating an establishment featuring live female nude or semi-nude (topless) adult entertainment in Tarrant County within a ten (10) mile radius of the FW Gentleman's Club, save and except only for the following two (2) adult entertainment clubs: (A) Panther City, located at 719 North Main Street, Fort Worth, Texas 76164 and (B) Texas Cabaret, located at 1300 NE Loop 820, Fort Worth, Texas 76106.

The form of Non-Competition Agreement is attached hereto as Exhibit 4.3(iii).

(iv) *Covenant Not to Compete for Noryian.* Noryian will enter into a five (5) year Non-Competition Agreement pursuant to the terms of which Noryian will agree not to compete, either directly or indirectly, with the Purchaser, FW Gentleman's Club or any of their affiliates, by owning, participating or operating an establishment featuring live female nude or semi-nude (topless) adult entertainment in Tarrant County within a ten (10) mile radius of the FW Gentleman's Club, , save and except only for the following two (2) adult entertainment clubs: (A) Panther City, located at 719 North Main Street, Fort Worth, Texas 76164 and (B) Texas Cabaret, located at 1300 NE Loop 820, Fort Worth, Texas 76106.

The form of Non-Competition Agreement is attached hereto as Exhibit 4.3(iv).

ARTICLE V
REPRESENTATIONS AND WARRANTIES
OF MOFID, FALTYSKI, VOLDAR AND THE COMPANY

Mofid, Faltynski, individually and in his capacity as President of the Company, Voldar and the Company, jointly and severally, hereby represent and warrant to Purchaser as follows:

Section 5.1. Organization, Good Standing and Qualification of the Company and Voldar.

(i) The Company and Voldar (i) are entities duly organized, validly existing and in good standing under the laws of the state of Texas, (ii) have all requisite power and authority to carry on their business, and (iii) are duly qualified to transact business and are in good standing in all jurisdictions where their ownership, lease or operation of property or the conduct of their business requires such qualification, except where the failure to do so would not have a material adverse effect to the Company or Voldar, respectively.

(ii) The authorized capital stock of the Company consists of 10,000 shares of common stock, \$1.00 par value, of which 1,500 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 Mofid 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 5.2 Subsidiaries. Neither the Company nor Voldar have any subsidiaries.

Section 5.3 Ownership of the Purchased Assets. The Company owns all of the Purchased Assets free and clear of any liens, claims, equities, charges, options, rights of first refusal, or encumbrances. The Company has the unrestricted right and power to transfer, convey and deliver full ownership of the Purchased Assets 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 Purchased Assets to Purchaser as contemplated herein, Purchaser 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.

Section 5.4 Ownership of the Real Property. Except as to two (2) mechanics liens disclosed on the title commitment previously provided to Purchaser, Voldar owns good and marketable title to the Real Property, and all improvements thereon, free and clear of all liens, claims or encumbrances. Voldar has the unrestricted right and power to transfer, convey and deliver full ownership of the Real Property without the consent or agreement of any other person and without any designation, declaration or filing with any governmental authority. In the event the Purchaser exercises the RP Option, upon the transfer of the Real Property to the Purchaser, as contemplated herein and by the RP Lease Agreement, the Purchaser 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.

Section 5.5 Authorization. All action on the part of the Company and Voldar necessary for the authorization, execution, delivery and performance of this Agreement and all documents related to consummate the transactions contemplated herein have been taken by the Company and Voldar. The Company and Voldar have the requisite power and authority to execute and deliver this Agreement and to perform their obligations hereunder and to consummate the transactions contemplated hereby. This Agreement, when duly executed and delivered in accordance with its terms, will constitute a valid and binding obligation of the Company and Voldar, enforceable against the Company and Voldar 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 5.6 No Breaches or Defaults. The execution, delivery, and performance of this Agreement by Mofid, Faltynski, the Company and Voldar does not: (i) conflict with, violate, or constitute a breach of or a default under any other outstanding agreements or the charter or bylaws of the Company or Voldar, (ii) result in the creation or imposition of any lien, claim, or encumbrance of any kind upon the Purchased Assets, the Real Property or the Adjacent Property or (iii) require any authorization, consent, approval, exemption, or other action by or filing with any third party or Governmental Authority (as defined below) under any provision of: (a) any applicable Legal Requirement (as defined below), or (b) any credit or loan agreement, promissory note, or any other agreement or instrument to which Mofid or the Company is a party or by which the Purchased Assets, the Real Property or the Adjacent Property 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 5.7 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 Mofid or the Company or Voldar in connection with the execution and delivery by Mofid or the Company or Voldar of this Agreement or the consummation and performance of the transactions contemplated hereby.

Section 5.8 Pending Claims. Except as to two (2) mechanics liens disclosed on the title commitment previously provided to Purchaser, There is no claim, suit, arbitration, investigation, action, litigation or other proceeding, whether judicial, administrative or otherwise, now pending or, to Mofid's, Faltynski's, Voldar's or the Company's knowledge, contemplated or threatened against Mofid or the Company or Voldar before any court, arbitration, administrative or regulatory body or any governmental agency which may result in any judgment, order, award, decree, liability or other determination which will or could reasonably be expected to have any material effect upon Mofid, the Company or the business of FW Gentleman's Club or the transfer by the Company to Purchaser of the Purchased Assets, the entry into the RP Lease Agreement by Mofid or the entry into the AP Lease Agreement by Voldar under this Agreement, and there is no basis known to Mofid, Faltynski, the Company or Voldar for any such action. No litigation is pending, or, to Mofid's, Faltynski's, the Company's or Voldar's knowledge, threatened against Mofid, Faltynski, the Company or Voldar, 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 Mofid, the Company nor Voldar is subject to any judicial injunction or mandate or any quasi-judicial or administrative order or restriction directed to or against them or which would affect the Company, the Purchased Assets, the Real Property, the Adjacent Property or the business of the FW Gentleman's Club. Notwithstanding anything to the contrary set forth herein, Purchaser acknowledges the pending Texas Patron Tax Litigation, which may have an affect on the operations and revenues of the Company.

Section 5.9 Taxes. The Company has timely and accurately prepared and filed all federal, state, foreign and local tax returns and reports required to be filed prior to such dates and has timely paid all taxes shown on such returns as owed for the periods of such returns, including all sales taxes and withholding or other payroll related taxes shown on such returns. The Company is not delinquent in the payment of any tax or governmental charge of any nature. Neither the Company, Mofid nor Faltynski have any knowledge of any liability for any tax to be imposed by any taxing authorities upon the Company as of the date of this Agreement and as of the Closing that is not adequately provided for. No assessments or notices of deficiency or other communications have been received by Mofid, Faltynski or 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. None of the federal, state, foreign and local tax returns of the Company have been audited by any taxing authority. Neither Mofid nor Faltynski have any knowledge of any additional assessments, adjustments or contingent tax liability (whether federal or state) of any nature whatsoever, whether pending or threatened against the Company for any period, nor of any basis for any such assessment, adjustment or contingency. There are no agreements between the Company or Mofid 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 5.10 Financial Statements. Mofid and the Company have delivered to Purchaser financial information which it requested (hereinafter referred to as the "Financial Statements"). Such Financial Statements 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.

Section 5.11 No Material Adverse Change. Since the date of the Financial Statements, the Company has conducted its business in the ordinary course, consistent with past practice, and there has been no (i) change that has had or would reasonably be expected to have a material adverse effect upon the assets or business or the financial condition or other operations of the Company; (ii) acquisition or disposition of any material asset by the Company or any contract or arrangement therefore, otherwise than for fair value in the ordinary course of business; (iii) material change in the Company's accounting principles, practices or methods; (iv) incurrence of any material indebtedness or lending of money to any person or entity; (v) acceleration, termination, modification or cancellation of any agreement, contract, lease or license (or series of related agreements, contracts, leases or licenses) involving more than \$1,000 to which the Company is a party; or (vi) delay or postponement in the payment of any accounts payable or other liabilities.

Section 5.12 Labor Matters . The Company is not a party or otherwise subject to any collective bargaining agreement with any labor union or association. There are no discussions, negotiations, demands or proposals that are pending or have been conducted or made with or by any labor union or association, and there are not pending or threatened against the Company any labor disputes, strikes or work stoppages. To the best of the Company's, Mofid's and Faltynski's knowledge, the Company is in compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and, to their knowledge, is not engaged in any unfair labor practices. Neither the Company nor FW Gentleman's Club is a party to any written or oral contract, agreement or understanding for the employment of any officer, director or employee of the Company.

Section 5.13 Compliance with Laws . The Company is, and at all times prior to the date hereof has been in compliance with all statutes, orders, rules, ordinances and regulations applicable to it or to the ownership of its assets or the operation of its businesses. Neither Mofid, Faltynski nor the Company have any 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. The Company owns, holds, possesses or lawfully uses in the operation of its business all permits and licenses which are in any manner necessary or required for it to conduct its operation and business as now being conducted. Exhibit 5.13 sets forth all licenses and permits held by the Company used in the operation of the business of FW Gentleman's Club, all of which are in good standing and in effect as of the Closing Date.

Section 5.14 No Conflicts . The execution and delivery of this Agreement by the Company and Voldar does not, and the performance and consummation of the transactions contemplated hereby by the Company and Voldar, will not (i) conflict with the articles of organization or regulations of the Company or Voldar, as appropriate; (ii) conflict with or result in a breach or violation of, or default under, or give rise to any right of acceleration or termination of, any of the terms, conditions or provisions of any note, bond, lease, license, agreement or other instrument or obligation to which the Company or Voldar is a party or by which the Company's or Voldar's assets or properties are bound; or (iii) result in the creation of any encumbrance on any of the assets or properties of the Company or Voldar, including the business of FW Gentleman's Club.

Section 5.15 Title to Properties; Encumbrances . The Company has good and marketable title to all of the Purchased Assets, which represent all of the assets, personal, tangible, and intangible, that are material to the conditions (financial or otherwise), business, operations or prospects of the Company and FW Gentleman's Club, 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, including the business of FW Gentleman's Club. As of the Closing Date, the assets of the Company shall include, but shall not be limited to, the non cash assets set forth in the Company's 2009 corporate income tax return, along with all equipment and fixtures located on the premises at FW Gentleman's Club as of the Closing Date.

Section 5.16 No Liabilities . Except as to bills not yet received, (which Company shall pay as to the amounts incurred prior to closing) as of the Closing Date, the Company does not and shall not have any obligation or liability (contingent or otherwise) or unpaid bill to any third party.

Section 5.17 Contracts and Leases . Except as shown on Exhibit 5.17, the Company does not (i) have any leases of personal property relating to the Purchased Assets, whether as lessor or lessee; (ii) have any contractual or other obligations relating to the Purchased Assets, whether written or oral; and (iii) have given any power of attorney to any person or organization for any purpose relating to the Purchased Assets or business of the Company or FW Gentleman's Club. The Company has an existing real estate lease agreement covering the Premises where FW Gentleman's Club operates its adult entertainment cabaret located at 3315 North Freeway, Fort Worth, Texas (the "Old Lease Agreement"), which Old Lease Agreement will be terminated as of the Closing Date. The Company shall provide to Purchaser prior to the Closing Date each and every contract, lease or other document relating to the assets of the Company to which it is subject or is a party or a beneficiary. To the Company's, Mofid's and Faltynski's knowledge, such contracts, leases or other documents are valid and in full force and effect according to their terms and constitute legal, valid and binding obligations of the Company and the other respective parties thereto and are enforceable in accordance with their terms. Mofid, Faltynski 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 or the operation of FW Gentleman's Club after the Closing.

Section 5.18 No Pending Transactions . Except for the transactions contemplated by this Agreement and the Related Transaction contemplated in Section 4.3 herein, the Company is not a party to or bound by or the subject of any agreement, undertaking, commitment or discussions or negotiations with any person that could result in: (i) the sale, merger, consolidation or recapitalization of the Company; (ii) the sale of any of the Purchased Assets of the Company; (iii) the sale of any outstanding capital stock of the Company; (iv) the acquisition by the Company of any operating business or the capital stock of any other person or entity; (v) the borrowing of money; (vi) any agreement with any of the respective officers, managers or affiliates of the Company; or (vii) the expenditure of more than \$1,000 or the performance by the Company extending for a period more than one year from the date hereof.

Section 5.19 Material Agreements; Action. Except for the transactions contemplated by this Agreement and the Related Transaction contemplated in Section 4.3 herein, there are no contracts, agreements, commitments, understandings or proposed transactions, whether written or oral, to which Mofid or the Company are a party or by which they are bound that involve or relate to (i) any of the respective officers, directors, stockholder or partners of the Company or (ii) covenants of Mofid or the Company not to compete in any line of business or with any person in any geographical area or covenants of any other person not to compete with the Company in any line of business or in any geographical area.

Section 5.20 Insurance Policies. Copies of all insurance policies maintained by the Company relating to the operation of FW Gentleman's Club have been or will be delivered or made available to Purchaser. The policies of insurance held by the Company are in such amounts, and insure against such losses and risks, as the Company reasonably deems appropriate for their property and business operations. All such insurance policies are in full force and effect through May 31, 2010, and all premiums due thereon have been paid.

Section 5.21 No Default. Neither Mofid nor the Company is in default under any term or condition of any instrument evidencing, creating or securing any indebtedness of the Company, and there has been no default in any material obligation to be performed by Mofid or the Company under any other contract, lease, agreement, commitment or undertaking to which the Company is a party or by which it or its assets or properties are bound, nor have Mofid, Faltynski or the Company waived any material right under any such contract, lease, agreement, commitment or undertaking.

Section 5.22 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 Purchaser, are accurate and complete and have been maintained in accordance with sound business practices.

Section 5.23 Unpaid Bills. As of the Closing, there will be no unpaid bills or claims in connection with any repair of the Premises or other work performed or materials purchased in connection with the repair of the Premises.

Section 5.24 Notices. Neither the Company, Mofid nor Voldar or any representative of the Company or Voldar have received any written notice (i) from any insurance companies, governmental agencies or from any other parties of any condition, defects or inadequacies with respect to the Premises which, if not corrected, would result in termination of insurance coverage or increase its cost, (ii) from any governmental agencies or any other third parties with respect to any violations of any building codes and/or zoning ordinances or any other governmental laws, regulations or orders affecting the Premises, including, without limitation, the Americans With Disabilities Act, (iii) of any pending or threatened condemnation proceedings with respect to the Premises, or (iv) of any proceedings which could or would cause the change, redefinition or other modification of the zoning classification of the Premises.

Section 5.25 Proceedings Relating to Premises. There is no pending, or, to the best knowledge of the Company, Mofid, Voldar or any representative of the Company or Voldar, threatened, judicial, municipal or administrative proceedings with respect to, or in any manner affecting the Premises or any portion thereof, including, without limitation, proceedings for or involving tenant evictions, collections, condemnations, eminent domain, alleged building code or zoning violations, personal injuries or property damage alleged to have occurred on the Premises or by reason of the use and operation of the Premises, or written notice of any attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws pending or threatened against Mofid, Voldar or the Company or the Premises itself, or the taking of the Premises for public needs.

Section 5.26 Public Improvements . None of the Company, Mofid, Voldar or any representative of the Company or Voldar has knowledge of any existing or proposed public improvements which involve or which may result in any charge being levied or assessed against the Premises or which will or could result in the creation of any lien upon the Premises or any part thereof.

Section 5.27 Certificates . To the best knowledge of the Company, Mofid, Voldar or any representative of the Company or Voldar, all certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any governmental authority having jurisdiction over the Premises have been obtained and are in full force and effect.

Section 5.28 Material Defect . None of the Company, Mofid, Voldar or any representative of the Company or Voldar has knowledge of any material defects to the Premises which have not been disclosed in writing to the Purchaser.

Section 5.29 Flooding . None of the Company, Mofid, Voldar or any representative of the Company or Voldar has knowledge of any flooding which has occurred on the Premises.

Section 5.30 Environmental . The Real Property and the Adjacent Property are not in violation of any state, local or federal statutes, laws, regulations, ordinances, or rules pertaining to health or the environment requirements affecting the Real Property and the Adjacent Property. The Company, Mofid, Faltynski or Voldar has not received any citation, directive, letter or other communication, written or oral, or any notice of any proceeding, claim or lawsuit relating to any environmental issue arising out of the ownership or occupation of the Premises, and there is no basis known to the Company, Mofid, Faltynski or Voldar for any such action.

Section 5.31 Disclosure . No representation or warranty of Mofid, Faltynski, Voldar 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 5.32 Employee Benefit Plans . The Company is not a party to any employee-benefit plan.

Section 5.33 Brokerage Commission . Except for any payments made to Spencam, Inc., for which the Company shall be responsible for payment, no broker or finder has acted on behalf of Mofid or the Company or Voldar 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 thereto based in any way on agreements, arrangements or understandings made by or on behalf of Mofid or the Company or Voldar.

**ARTICLE VI
REPRESENTATIONS AND WARRANTIES
OF MOFID AND FALTYSKI**

Mofid and Faltynski, severally and not jointly, hereby make the following representations and warranties to the Purchaser which representations and warranties shall be true and correct on the date hereof and on and as of the Closing Date:

Section 6.1 Ownership of the Shares, Membership Interests and Adjacent Property. Mofid owns, beneficially and of record, all of the Shares of the Company, all of the membership interests of Voldar (the "Membership Interests") and the Adjacent Property free and clear of any liens, claims, equities, charges, options, rights of first refusal, or encumbrances. Mofid has the unrestricted right and power to transfer, convey and deliver full ownership of the Adjacent Property without the consent or agreement of any other person and without any designation, declaration or filing with any governmental authority. There is not now, nor has there been, any lease existing on the Adjacent Property. In the event the Purchaser exercises the AP Option, upon the transfer of the Adjacent Property to the Purchaser, as contemplated herein and by the AP Lease Agreement, the Purchaser 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.

Section 6.2 Authorization of Mofid. Mofid represents that she is a person of full age of majority, with full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby by and for herself and her spouse. All action on the part of Mofid necessary for the authorization, execution, delivery and performance of this Agreement and the related documents contemplated hereby has been taken by her. This Agreement, and the related documents contemplated hereby, when duly executed and delivered in accordance with their terms, will constitute legal, valid and binding obligations of Mofid enforceable against her in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws of general application affecting creditors' rights generally or by general equitable principles.

Section 6.3 Authorization of Faltynski. Faltynski represents that he is a person of full age of majority, with full power, capacity, and authority to enter into this Agreement and perform the obligations contemplated hereby by and for himself. All action on the part of Faltynski necessary for the authorization, execution, delivery and performance of this Agreement, and the related documents contemplated hereby has been taken by him. This Agreement, and the related documents contemplated hereby, when duly executed and delivered in accordance with its terms, will constitute legal, valid and binding obligations of Faltynski enforceable against him in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws of general application affecting creditors' rights generally or by general equitable principles.

Section 6.4 Consents. No consent, approval or authorization of, or designation, declaration or filing with, any other person or entity (other than governmental entities) is required on the part of Mofid or Faltynski in connection with the execution and delivery by Mofid and Faltynski of this Agreement or the consummation and performance of the transactions contemplated hereby.

Section 6.5 Disclosure. No representation or warranty of Mofid or Faltynski contained in this Article VI contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein in light of the circumstances under which they were made, not misleading.

ARTICLE VII REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser hereby represents and warrants to the Company, Mofid and Voldar as follows:

Section 7.1 Organization, Good Standing and Qualification of the Purchaser. The Purchaser (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 Purchaser.

Section 7.2 Authorization. All action on the part of the Purchaser necessary for the authorization, execution, delivery and performance of this Agreement and all documents related to consummate the transactions contemplated herein has been taken by the Purchaser. The Purchaser has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement, when duly executed and delivered in accordance with its terms, will constitute a valid and binding obligation of the Purchaser, enforceable against the Purchaser 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 7.3 No Breaches or Defaults. The execution, delivery, and performance of this Agreement by Purchaser 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 Purchaser is a party.

Section 7.4 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 Purchaser in connection with the execution and delivery by Purchaser of this Agreement or the consummation and performance of the transactions contemplated hereby.

Section 7.5 Disclosure. No representation or warranty of Purchaser 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 7.6 Brokerage Commission . Except for any payments made to Spencam, Inc., for which the Purchaser shall be responsible for payment, no broker or finder has acted on behalf of the Purchaser 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 thereto based in any way on agreements, arrangements or understandings made by or on behalf of the Purchaser.

Section 7.7 Acknowledgement of Receipt of Documents . Purchaser acknowledges receipt of all documents listed on Exhibit 7.7.

ARTICLE VIII CONDITIONS TO CLOSING OF MOFID, VOLDAR, FALTYSKI AND THE COMPANY

Each obligation of Mofid, Voldar, Faltynski 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 VIII, except to the extent that such satisfaction is waived by Mofid, Voldar, Faltynski and the Company in writing.

Section 8.1 Payment of Purchase Price . Purchaser shall have tendered the Purchase Price for the Purchased Assets to the Company concurrently with the Closing.

Section 8.2 Related Transactions . The Related Transaction set forth in Section 4.3 shall be consummated concurrently with the Closing.

Section 8.3 Corporate Resolutions . Purchaser shall provide a corporate resolution of its Board of Directors which approves the transactions contemplated herein and authorizes the execution, delivery and performance of this Agreement and the documents referred to herein to which they are or will be a party dated as of the Closing Date.

Section 8.4 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 Purchaser.

ARTICLE IX CONDITIONS TO CLOSING OF PURCHASER

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

Section 9.1 Ownership of Purchased Assets . The Company shall own not less than 100% of the Purchased Assets, which represent all of the assets, personal, tangible and intangible that are required and material to the condition (financial or otherwise), business, operations or prospects of FW Gentleman's Club.

Section 9.2 Delivery of Purchased Assets. The Company shall have delivered all instruments of assignment and bills of sale necessary to transfer to Purchaser good and marketable title to the Purchased Assets in form and substance satisfactory to the Purchaser.

Section 9.3 Corporate Resolutions. The Company shall provide a corporate resolution of its sole shareholder and of its Board of Directors and Voldar shall provide a resolution of its member(s) and manager(s) to Purchaser which approves all of 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 9.4 Consents; Status of Permits and Licenses. Purchaser shall possess all necessary permits, zoning classifications and other authorizations, whether city, county, state or federal, which may be needed to conduct adult topless entertainment with the sale of alcoholic beverages on the Premises, without any interruption, and all such permits, zoning classifications and authorizations shall be in good order, without any administrative actions pending or concluded that may challenge or present an obstacle to the continued performance of adult topless entertainment or sale of alcoholic beverages at FW Gentleman's Club. All necessary transfers of licenses and leases required for the continued operation of the business of the Company shall have been obtained. The Specialized Certificate of Occupancy of FW Gentleman's Club and the Company shall be in full force and effect.

Section 9.5 Related Transactions. The Related Transaction set forth in Section 4.3 shall be consummated concurrently with the Closing.

Section 9.6 No Assumption of Liabilities. The Purchaser shall not assume any liabilities of the Company or the business of FW Gentleman's Club as of the date of Closing.

Section 9.7 Termination of Existing Lease. Any and all existing leases for the Real Property, including but not limited to the Old Lease Agreement, and any and all existing leases for the Adjacent Property, if any, shall have been terminated.

Section 9.8 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 X CLOSING ADJUSTMENTS

Mofid, the Company and the Purchaser agree that there shall be an adjustment made within sixty (60) days of the Closing Date to adjust for any liabilities that are found to exist of the Company as of the Closing Date, as such liabilities may relate to the Purchased Assets or the business of FW Gentleman's Club, so that the Company and Mofid shall be responsible and liable to the Purchaser for the liabilities of the Company that exist as of the Closing Date, less any credit which the Company or Mofid would be entitled to for cash on hand, credit card receivables or pro rata portion of prepaid items.

ARTICLE XI INDEMNIFICATION

Section 11.1 Indemnification from Mofid and Voldar. The Company, Mofid and Voldar, jointly and severally, hereby agree to and shall indemnify, defend (with legal counsel reasonably acceptable to Purchaser), and hold Purchaser, its officers, directors, shareholders, employees, affiliates, parent, agents, legal counsel, successors and assigns (collectively, the "Purchaser 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 Purchaser Group arising from: (a) any misrepresentation by, or breach of any covenant or warranty of Mofid, Faltynski, Voldar or the Company contained in this Agreement, or any exhibit, certificate, or other instrument furnished or to be furnished by Mofid, Voldar, Faltynski or the Company hereunder; (b) any nonfulfillment of any agreement on the part of Mofid, Voldar, Faltynski or the Company under this Agreement; (c) any liability or obligation due to any third party by the Company incurred at or prior to the Closing Date, including but not limited to any liability pursuant to the Texas Patron Tax; (d) any suit, action, proceeding, claim or investigation against Purchaser Group which arises from or which is based upon or pertaining to Mofid's, Voldar's, Faltynski's or the Company's conduct or the operation or liabilities of the business of the Company prior to the Closing Date or (e) any suit, action, proceeding, claim or investigation against any of the Purchaser Group arising out of or resulting in any claims by the former landlord that the Company failed to fulfill any of its obligations under its Lease Agreement at any time prior to the Closing Date.

Section 11.2 Indemnification from Purchaser. Purchaser agrees to and shall indemnify, defend (with legal counsel reasonably acceptable to the Company and Mofid) and hold the Company and Mofid, and their respective officers, directors, affiliates, agents, legal counsel, successors and assigns (collectively, the "Mofids Group") harmless at all times after the date of the Agreement from and against any and all actions, suits, claims, demands, debts, liabilities, obligations, losses, damages, costs, expenses, penalties or injury (including reasonable attorney's fees and costs of any suit related thereto) suffered or incurred by any of Mofids Group, arising from (a) any misrepresentation by, or breach of any covenant or warranty of Purchaser contained in this Agreement or any exhibit, certificate, or other agreement or instrument furnished or to be furnished by Purchaser hereunder; (b) any nonfulfillment of any agreement on the part of Purchaser under this Agreement; or (c) any suit, action, proceeding, claim or investigation against Mofids Group which arises from or which is based upon or pertaining to Purchaser's conduct or the operation of the business of the Company subsequent to the Closing Date.

Section 11.3 Defense of Claims. If any lawsuit enforcement action or any attempt to collect on an alleged liability is filed against any party entitled to the benefit of indemnity hereunder, written notice thereof shall be given to the indemnifying party within ten (10) business days after receipt of notice 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 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 11.4 Default of Indemnification Obligation . If an entity or individual having an indemnification, defense and hold harmless obligation, as above provided, shall fail to assume such obligation, then the party or entities or both, as the case may be, to whom such indemnification, defense and hold harmless obligation is due shall have the right, but not the obligation, to assume and maintain such defense (including reasonable counsel fees and costs of any suit related thereto) and to make any settlement or pay any judgment or verdict as the individual or entities deem necessary or appropriate in such individuals or entities absolute sole discretion and to charge the cost of any such settlement, payment, expense and costs, including reasonable attorneys' fees, to the entity or individual that had the obligation to provide such indemnification, defense and hold harmless obligation and same shall constitute an additional obligation of the entity or of the individual or both, as the case may be.

Section 11.5 Survival of Representations and Warranties . The respective representations, warranties and indemnities given by the parties to each other pursuant to this Agreement shall survive the Closing for a period ending forty-eight (48) months from the Closing Date ("Survival Date"). Notwithstanding anything to the contrary contained herein, no claim for indemnification may be made against the party required to indemnify (the "Indemnitor") under this Agreement unless the party entitled to indemnification (the "Indemnatee") shall have given the Indemnitor written notice of such claim as provided herein on or before the Survival Date. Any claim for which notice has been given prior to the expiration of the Survival Date shall not be barred hereunder.

Section 11.6 Right to Offset . In the event that the Purchaser is entitled to indemnification in accordance with Section 11.1 and 11.3 hereof, including the payment by the Purchaser of any debts or liabilities resulting from the purchase of the Purchased Assets which were incurred prior to the Closing Date, then Purchaser will have the right to offset any such amount from any obligations that are then due and payable to the Voldar pursuant to the RP Lease Agreement.

**ARTICLE XII
MISCELLANEOUS**

Section 12.1 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 12.2 Notices . Any notices or other communications required or permitted hereunder shall be sufficiently given if in writing and delivered in Person or sent by registered or certified mail (return receipt requested) or nationally 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 Voldar: | Voldar, LLC
Attn: David G. Slater
Slater Kennon & Jameson, LLP
4807 Spicewood Springs Road
Building 2, Suite 240
Austin, Texas 78759 |
| (b) If to Mofid: | Sherri Mofid
1050 G. South Lamar
Austin, Texas 78745 |
| with a copy to: | David G. Slater
Slater Kennon & Jameson, LLP
4807 Spicewood Springs Road
Building 2, Suite 240
Austin, Texas 78759 |
| (c) If to Faltynski: | John Faltynski
1803 W. Harris Road
Arlington, Texas 76001 |
| (d) If to the Company: | Restaurant Associates, Inc.
558 Hemphill Avenue
Fort Worth, Texas 76106 |

(e) If to the Purchaser: RCI Entertainment (3315 North Freeway FW), Inc.
Attn: Eric Langan, President
10959 Cutten Road
Houston, Texas 77066

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

A notice or communication will be effective (i) if delivered in Person or by overnight courier, on the business day it is delivered and (ii) if sent by registered or certified mail, three (3) business days after dispatch.

Section 12.3 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 12.4 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 12.5 Public Announcements. The parties hereto agree that prior to making any public announcement or statement with respect to the transactions contemplated by this Agreement, the party desiring to make such public announcement or statement shall consult with the other parties hereto and exercise their best efforts to agree upon the text of a public announcement or statement to be made by the party desiring to make such public announcement; provided, however, that if any party hereto is required by law to make such public announcement or statement, then such announcement or statement may be made without the approval of the other parties.

Section 12.6 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 12.7 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 12.8 Execution . This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

Section 12.9 Costs and Expenses . Each party shall pay their own respective fees, costs and disbursements incurred in connection with this Agreement.

Section 12.10 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 12.11 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 12.12 Further Assurances . Each party covenants that at any time, and from time to time, after the Closing Date, it will execute such additional instruments and take such actions as may be reasonably be requested by the other parties to confirm or perfect or otherwise to carry out the intent and purposes of this Agreement.

Section 12.13 Exhibits Not Attached . Any exhibits not attached hereto on the date of execution of this Agreement shall be deemed to be and shall become a part of this Agreement as if executed on the date hereof upon each of the parties initialing and dating each such exhibit, upon their respective acceptance of its terms, conditions and/or form.

Section 12.14 Attorney Review - Construction . In connection with the negotiation and drafting of this Agreement, the parties represent and warrant to each other that they have had the opportunity to be advised by attorneys of their own choice and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments hereto.

Section 12.15 Gender . All personal pronouns used in this Agreement shall include the other genders, whether used in the masculine, feminine or neuter gender and the singular shall include the plural and vice versa, wherever appropriate.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

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

RCI ENTERTAINMENT (3315 NORTH FREEWAY FW), INC.

/s/ Eric Langan

By: Eric Langan, President

RESTAURANT ASSOCIATES, INC.

/s/ John Faltynski

By: John Faltynski, President

VOLDAR, LLC

/s/ Sherri Mofid

By: Sherri Mofid, Sole Member

/s/ Sherri Mofid

Sherri Mofid, Individually

/s/ John Faltynski

John Faltynski, Individually

/s/ James Noryian

James Noryian, Individually

EXHIBIT "A"

Lots 1-R, 2-R and 3-R, Block 3 of Diamond Heights Industrial Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in Volume 388-42, Page 59-A of the Plat Records of Tarrant County, Texas

EXHIBIT “B”

Lots 4-R and 5-R, Block 3 of Diamond Heights Industrial Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in Volume 388-42, Page 59-A of the Plat Records of Tarrant County, Texas.

LEASE AGREEMENT AND OPTION TO PURCHASE

THIS LEASE AGREEMENT AND OPTION TO PURCHASE (the "Lease") is made and entered into effective as of the 1st day of June, 2010, by and between **Voldar, LLC**, a Texas limited liability company ("Landlord"), and **RCI Entertainment (3315 North Freeway FW), Inc.**, a Texas corporation ("Tenant").

Subject to all of the terms and conditions of this Lease, and in consideration of the mutual covenants, obligations and agreements contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE I
LEASED PREMISES

Landlord does hereby lease, demise and let to Tenant and Tenant does hereby lease and take from Landlord those certain premises situated within the County of Harris, State of Texas, and being more particularly described as **3315 North Freeway, Fort Worth, Texas 76106**, together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way pertaining to said premises and together with the improvements (the "Building") erected upon said premises (collectively, the "Leased Premises"). Tenant accepts the Leased Premises in their "AS IS" "WHERE IS" condition, WITH ALL FAULTS and Landlord shall have no obligation to furnish, equip or improve the Leased Premises except as expressly set forth in this Lease. By occupying the Leased Premises, Tenant shall be deemed to have accepted the Leased Premises and to have acknowledged that the Leased Premises comply fully with Landlord's covenants and obligations under this Lease.

ARTICLE II
TERM

The initial term of this Lease shall be for a period of five (5) years, commencing on June 1, 2010, (the "Commencement Date") and continuing in full force and effect until May 31, 2015, provided that the Tenant shall have the right, in its sole discretion, to exercise its Option to extend the Lease (the "Option to extend Lease") for another period of five (5) years, commencing from June 1, 2015 until May 31, 2020 (the initial term along with the Option to extend Lease shall hereinafter be collectively referred to as the "Term"), unless extended or sooner terminated as provided for in this Lease.

The Tenant may exercise the Option to extend Lease by giving Landlord written notice of its intent to do so on or prior to ninety (90) days prior to the expiration of the Lease.

THIS LEASE IS A NET-NET-NET LEASE AS SUCH TERM IS COMMONLY USED AND TENANT IS RESPONSIBLE FOR ANY AND ALL EXPENSES CONCERNING THE LEASED PREMISES, EXCEPT FOR THE LIMITED OBLIGATIONS OF THE LANDLORD SET FORTH IN SECTION 8.1.

ARTICLE III

RENT

Section 3.1 **Rental**. Tenant shall pay to Landlord as rental ("Rental") for each month during the Term as follows: \$19,800 during the first 60 months; and if the Option is exercised, \$23,130 during months 61 through 72; \$23,850 during months 73 through 84; \$24,525 during months 85 through 96; \$25,200 during months 97 through 108; and \$25,875 during months 109 through 120. The initial Rental payment during the Term shall be due and payable on June 1, 2010, and Rental for each and every month thereafter during the Term shall be due and payable in advance on the first (1st) day of each month. If this lease commences on a date other than the 1st day of the month, the Rental shall be pro rated for the balance of the month and paid in advance.

Section 3.2 **Definition of Lease Year**. The first lease year ("Lease Year") shall be considered to begin on the Commencement Date, and each subsequent Lease Year if any shall be considered to begin on the applicable anniversary date of the Commencement Date.

Section 3.3 **Tenant's Payment of Taxes and Insurance**. In addition to the payment of Rental, Tenant shall pay all Property Taxes (hereinafter defined) as and when required under Article V of this Lease and all of the insurance as set forth under Section 9.3 of this Lease.

Section 3.4 **Additional Rental; Payments**. All sums of money becoming due and payable by Tenant to Landlord under the terms of this Lease in addition to the Rental, including without limitation Property Taxes and insurance as provided in Section 3.3 of this Lease, shall constitute additional rental ("Additional Rental") hereunder (the Rental and the Additional Rental are hereinafter sometimes collectively referred to as the "Rent"). Landlord shall have the same remedies for default in the payment of Additional Rental as are available to Landlord in the case of a default in the payment of Rental. All Rent shall be payable at Landlord's address as provided herein (or at such other address as may be designated by Landlord from time to time) and shall be payable in lawful money of the United States of America. Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner herein provided, without deduction, offset, counterclaim, abatement, prior notice or demand.

Section 3.5 **Interest on Late Payments**. In the event that Tenant fails to pay any installment of Rent or any other sums due under this Lease within ten (10) days after the due date thereof or billing therefor, the total amount then due shall bear interest at the rate of eighteen percent (18%) per annum, until paid, such interest being in addition to and cumulative of any other rights and remedies which Landlord may have with regard to the failure of Tenant to make any such payments under this Lease.

ARTICLE IV

TERMINATION

This Lease may be terminated at any time by written agreement of all of the parties.

Lease Agreement

ARTICLE V
TAXES

Section 5.1 **Property Taxes**. The term "Property Taxes" for the purposes of this Lease shall mean all general and special taxes, and all other general and special, ordinary and extraordinary, governmental charges assessed, levied, charged, or imposed upon or attributable to the Leased Premises during the Term of this Lease, or any holdover or renewal period, by any political or governmental body or other authority, or subdivision thereof, having jurisdiction over the Leased Premises; excluding, however, franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes imposed upon Landlord, and excluding the taxes on Tenant's Property described in Section 5.2 of this Lease. In the event that any political or governmental body or other authority, or subdivision thereof, having jurisdiction over the Leased Premises imposes a tax, assessment, imposition, or charge either upon or against or measured by the rentals payable by Tenant to Landlord or upon or against the occupation of renting land and/or buildings, either by way of substitution for the taxes and assessments levied against the Leased Premises or in addition thereto, such tax, assessment, or charge shall be deemed to constitute a Property Tax for purposes of this Lease.

Section 5.2 **Tenant's Taxes**.

(a) Tenant shall pay before the Property Taxes become delinquent, all Property Taxes levied or assessed against the Leased Premises during each calendar year of the Term and the Renewal Term (hereinafter defined), if any, of this Lease.

(b) Tenant shall pay all ad valorem and other taxes, assessments, impositions or charges levied upon or applicable to any of Tenant's goods, equipment, wares, fixtures, Trade Fixtures (hereinafter defined), furniture, furnishings, machinery and other property (personal or otherwise) now or hereafter placed in, upon or about the Leased Premises (collectively "Tenant's Property") and all license and other fees or charges imposed on the business conducted by Tenant on the Leased Premises before such taxes, assessments, charges, licenses or fees become delinquent.

(c) Upon request by Landlord, Tenant will furnish Landlord annually official tax receipts and other official receipts showing payment of all such taxes, assessments, fees and charges. If Landlord shall be required to pay a higher tax with respect to the Leased Premises as a result of Tenant's leasehold improvements, then Tenant shall pay to the taxing authorities before delinquency, the amount of the increase in such tax. The payment to be made by Tenant for the year in which this Lease commences and terminates shall bear the same ratio to the payment which would be required to be made for the full tax year as the number of months of such tax year which elapsed after commencement or prior to termination of this Lease, whichever is applicable, bears to a full tax year. Upon request by Tenant, Landlord shall furnish to Tenant all tax statements from all taxing authorities within ten (10) days of Landlord receiving such tax statements.

ARTICLE VI
USE; PEACEFUL ENJOYMENT; LIGHT, AIR AND VIEW

Section 6.1 **Use**. Tenant shall use and be permitted to use the Leased Premises for any lawful purpose, including: the operation of a nude or semi-nude adult entertainment business. Tenant shall keep the Leased Premises open for business for such permitted use during normal business hours (for such permitted use) with adequate staff and inventories. In connection with its use of and activities in, upon or about the Leased Premises, Tenant, at its sole expense, will comply, and will cause Tenant's Agents (hereinafter defined) to comply, with any and all applicable laws, statutes, ordinances, permits, orders, decrees, guidelines, rules and regulations in any way applicable to Tenant, Tenant's Property or the Leased Premises (collectively, "Legal Requirements" and individually, "Legal Requirement"). Tenant will not (a) use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner which is not permitted hereunder or which is nor may be, directly or indirectly, violative of any Legal Requirement, (b) install or permit to remain any improvements to the Leased Premises (other than improvements which have first been approved by Landlord) which are visible from the outside of the Leased Premises, or exceed the structural loads of floors or walls of the Building, or adversely affect the mechanical, plumbing or electrical systems of the Building or affect the structural integrity thereof in any way, (c) commit, or permit to be committed, any action or circumstance in, upon or about the Leased Premises which, directly or indirectly, would justify any insurance carrier in cancelling or increasing the premium on any insurance policy covering the Leased Premises or its contents, and if any increase so results, Tenant shall pay such increase upon the Landlord's demand, or (d) store, land, replace, or permit to be stored, landed or placed upon the Leased Premises, any helicopter, airplane or other type of aircraft.

Section 6.2 **Peaceful Enjoyment**. Landlord covenants that Tenant shall and may peacefully have, hold and enjoy the Leased Premises for the Term of the Lease and any and all renewals thereof, subject to the other terms, provisions, agreements, covenants and conditions of this Lease, provided that Tenant pays the Rent to be paid by Tenant under this Lease and fully and faithfully performs all of Tenant's covenants, obligations and agreements contained in this Lease.

ARTICLE VII
UTILITIES

Tenant shall pay all charges incurred for all utility and other services used in, upon or about the Leased Premises, including, but not limited to, water, gas, heat, light, power, telephone, sewer and sprinkler, all such charges to be paid by Tenant to the utility company, municipality or other entity furnishing such services before such charge shall become delinquent, together with any required deposits. Tenant shall also provide all replacement light bulbs and tubes after the Commencement Date of this Lease. In no event shall Landlord be liable for any interruption or failure of utility services to, on or within the Leased Premises, unless such interruption or failure is the result of Landlord's gross negligence or Landlord's willful misconduct. No interruption or malfunction of any utility services (including, without limitation, interruption of such utilities as a result of the enactment or promulgation (regardless of the ultimate validity or enforceability thereof) of any applicable law, statute, ordinance, permit, rule, decree, order, guideline or regulation now or hereafter enacted or promulgated by any governmental, quasi-governmental, regulatory or executive authority) shall constitute an eviction or disturbance of Tenant's use and possession of the Leased Premises or a breach by Landlord of any of its obligations under this Lease or render Landlord liable for any damages (including, without limitation, consequential or special damages) or entitle Tenant to be relieved from any of its obligations under this Lease (including the obligation to pay Rent) or grant Tenant any right of set-off, abatement or recoupment, unless such interruption or malfunction is the result of Landlord's gross negligence or Landlord's willful misconduct.

ARTICLE VIII
MAINTENANCE AND SURRENDER

Section 8.1

(a) **Landlord's Obligations .** Landlord shall, but only to the extent hereinafter set forth in Section 8.1, maintain the roof, and the structural soundness of the exterior walls and the foundation of the Building, with reasonable wear and tear and damage by any casualty pursuant to Article XX of this Lease being excepted from Landlord's Obligations; provided that Tenant's occupying the Leased Premises shall constitute Tenant's conclusive acceptance thereof. The phrase "reasonable wear and tear", as used in this Section 8.1 only, shall include, but not be limited to, minor cracking in the walls or foundation caused by the elements, or otherwise, which affects neither the structural integrity nor safety of the Building. Tenant shall immediately give Landlord written notice of defect or repairs of items of property required to be repaired by Landlord under this Article VIII, after which Landlord shall repair same or cure such defect as promptly as possible. Landlord's obligation to maintain the aforementioned items shall be limited solely to the cost of repairs of maintenance or the curing of any defect in the same but as limited by Section 8.1. Unless otherwise expressly provided in this Lease, Landlord shall not be required to maintain or make any repairs to the interior of the Leased Premises.

(b) **Landlord's Default in Repair Obligations .** In the event that Landlord shall fail or refuse to maintain the portions of the Leased Premises for which it is responsible as provided herein, Tenant on thirty (30) days written notice (or shorter time period in the event of an emergency or business interruption), and without being obligated to do so, may make such repairs or replacement as may be necessary to comply with the terms hereof and Landlord agrees to reimburse Tenant, on demand, for the expense of any such repairs or replacements. In the event that Landlord shall fail to pay any such reimbursements upon demand, all such amounts shall bear interest at the same rate as provided for delinquent amounts due to Landlord hereunder from the date of such demand until paid in full. At Tenant's option, Tenant may offset such amounts owed by Landlord to Tenant against rent or other amounts owed by Tenant to Landlord. Notwithstanding any other provision of this Lease, if the repairs are not made for any reason, other than the intentional acts or omission of Tenant or Tenant's employees, agent, or invitees:

(1) Then Tenant's obligation to pay rent shall abate unless Landlord shall cause such repairs to be fully made within a reasonable period of time, not to exceed thirty (30) days after receipt of written notice, unless Landlord is diligently attempting to complete such repairs which could reasonably be expected to exceed thirty (30) days to complete or unless such failure to complete repairs was caused by events beyond the reasonable control of Landlord.

(2) If the failure to repair continues for a period in excess of such 30-day period after receipt of written notice, except as above provided, Tenant, at its sole option shall have the right to terminate this Lease on written notice to Landlord. Thereafter, Tenant shall have a reasonable period of time (not to exceed thirty (30) days) to remove its property from the Leased Premises. Following any such termination, Landlord shall refund all prepaid rent for the period of time from and including the date of such failure to repair.

Section 8.2 **Tenant's Obligations** . Tenant shall, at its sole expense, maintain the drives and grounds surrounding the Leased Premises, the Leased Premises' concrete and paving (including sidewalks, parking areas and alleys), the exterior lighting, the landscaping, the entry monuments, the railroad spur (if any), and pedestrian walks, the fences and other open areas, all which occupy or comprise part of the Leased Premises, reasonable wear and tear excepted. In addition, Tenant shall, at its sole expense, maintain and repair all parts of the Leased Premises (except only those parts for which Landlord is expressly responsible under this Lease) in good condition and promptly make all necessary repairs and replacements, including, but not limited to, the following items: all glass, including windows, glass or plate glass, window mullions and gaskets; doors and attached hardware; office entries; special store fronts; interior walls, interior ceilings, cabinets, millwork, paneling and other finish work; termite and pest extermination; floors and floor coverings; electrical systems; dock boards, dock levelers and bumpers; down spouts of roof gutters attached to the exterior of the Building for damage caused by Tenant's operation; plumbing fixtures, sanitary sewers, electrical facilities and electrical fixtures; and all other fixtures and Trade Fixtures. Tenant shall also be solely responsible for trash and other waste disposal from the Leased Premises and will maintain adequate receptacles for such disposal. In no event shall Tenant be entitled to use or dispose of any toxic, dangerous or hazardous substances or pollutants without prior written approval of Landlord and in all events such use and disposal must comply with all applicable Legal Requirements. If Tenant fails to make such repairs or replacements, Landlord may, but shall not be obligated to, make such repairs or replacements at Tenant's expense. Such cost shall be payable to Landlord by Tenant on demand as Additional Rent. Replacement and repair parts, materials and equipment shall be of quality equivalent to those initially installed within the Leased Premises; repair and maintenance work shall be done in accordance with the then existing laws, statutes, permits, orders, decrees, guidelines, rules, regulations and ordinances pertaining thereto. Except insofar as Landlord is expressly obligated under this Lease to maintain and repair the Leased Premises, in addition to the maintenance and repair obligations of Tenant otherwise expressly set forth in this Lease, Tenant is also obligated to perform, at Tenant's own cost and expense and risk, all other maintenance and repairs necessary or appropriate to cause the Leased Premises to be suitable for Tenant's intended commercial purpose. Tenant shall repair and replace at its sole cost any damage to the Leased Premises caused by Tenant or any of Tenant's Agents or invitees. Landlord shall repair and replace at its sole cost, subject to Landlord's direction and supervision, any damage to the Leased Premises caused by Landlord or any of Landlord's Agents or invitees. Notwithstanding any other language herein contained, the Tenant will be obligated to maintain or repair the air conditioning and heating system in the Leased Premises.

Section 8.3 **Surrender of Possession** .

(a) Tenant shall throughout the Term and Renewal Term, if any, of this Lease, at its own expense, maintain the Leased Premises and all improvements thereon and keep them free from waste or nuisance. At the expiration or termination of this Lease or the surrender of possession of the Leased Premises, the Tenant shall deliver the leased premises in good repair and condition, reasonable wear and tear and damage by fire, tornado, or other casualty excepted. In the event Tenant should neglect to maintain the Leased Premises, Landlord shall have the right, but not the obligation, to cause repairs or corrections to be made, and any reasonable costs therefor shall be payable by Tenant to Landlord upon demand. Upon the expiration or termination of this Lease or the surrender of possession of the Leased Premises, Tenant shall surrender all keys for the Leased Premises to Landlord at the place then fixed for the payment of Rent.

(b) No act or thing done by Landlord or its agents or employees during the Term or Renewal Term, if any, of the Lease shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept a surrender of the Leased Premises shall be valid unless the same be made in writing and executed by Landlord.

ARTICLE IX

INDEMNITY AND INSURANCE

Section 9.1 **Indemnification**. Tenant hereby unconditionally and irrevocably agrees to indemnify Landlord and Landlord's agents, employees, officers, directors, shareholders, partners, venturers and representatives (collectively, "Landlord's Related Parties") and hold Landlord and Landlord's Related Parties harmless from and defend them against any and all claims, actions, damages, liability, costs, and expenses (including, without limitation, interest, court costs and penalties, attorneys' fees and disbursements and amounts paid in settlement, or liability resulting from any change in federal, state or local law or regulation or interpretation thereof), in connection with any loss of life, any injury or damage to person or property or any other type of injury or damage caused by, arising from or arising out of (i) any breach of any of the agreements or covenants of Tenant under this Lease, (ii) any occurrence in, upon or about the Leased Premises including, but not limited to, occurrences caused by the sole, contributory, partial, joint, comparative or concurrent negligence of Tenant or Tenant's respective employees, agents, officers, directors, shareholders, partners, representatives, customers, invitees, licensees, subtenants, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person entering the Leased Premises under express or implied invitation of Tenant (collectively, "Tenant's Agents"), whether or not caused by the sole, contributory, partial, joint, comparative or concurrent negligence of Landlord or Landlord's respective employees, agents, officers, directors, shareholders, partners, representatives, customers, invitees, licensees, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person entering the Leased Premises under express or implied invitation of Landlord (collectively, "Landlord's Agents"), but not including occurrences caused solely by reason of the gross negligence or willful misconduct of Landlord or of Landlord's employee or agents acting with the scope of their employment or authority, (iii) the conduct of management of any work done by Tenant or any of Tenant's Agents in, upon or about the Leased Premises, (iv) any occurrence in, upon or about the Leased Premises occasioned wholly or in part by any act, omission or neglect claimed to have been caused by Tenant or any of Tenant's Agents, or (v) any occurrence occasioned by the violation of any law, statute, permit, order, decree, guideline, rule, regulation or ordinance by Tenant or any of Tenant's Agents, and Landlord and Landlord's Related Parties shall not be liable to Tenant or any of Tenant's Agents or to any other person whomsoever for any of the foregoing enumerated in (i) through (v) above. In any case in which Tenant has agreed to indemnify Landlord, Landlord's Related Parties or any other person, such indemnity shall be deemed to include an obligation on the part of Tenant to appear on behalf of the indemnified party in any and all proceedings involving a claim or cause of action covered by such indemnity and to defend the indemnified party against such claim or cause of action, all at Tenant's cost; provided, however, at the option of any party indemnified hereunder, such party shall have the right to appear on its own behalf, employ its own legal counsel and defend any claim or cause of action indemnified in this Section 9.1. This indemnity provision is intended to indemnify Landlord and Landlord's Related Parties against the consequences of their own negligence or fault as provided above when Landlord or Landlord's Related Parties are solely negligent or contributorily, partially, jointly, comparatively, or concurrently negligent with Tenant or with any other party. The provisions of this Section 9.1 shall survive the termination or expiration of this Lease.

Section 9.2 **Waiver of Subrogation Rights**. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claims, actions or causes of action, against the other, its agents, servants, representatives, directors, officers, partners, shareholders, or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or any personal property of such party therein, which is insured against under the terms of any insurance policies required to be maintained pursuant to this Lease, regardless of cause or origin, including the sole, contributory, partial, joint, comparative or concurrent negligence of the other party hereto, its agents, servants, representatives, directors, partners, shareholders, officers or employees, and covenants that no insurer shall hold any right of subrogation against such other party or its respective agents, servants, representatives, directors, partners, shareholders, officers or employees. If the respective insurer of Landlord and Tenant does not permit such a waiver without an appropriate endorsement to such party's insurance policy, then Landlord or Tenant each covenant and agree to notify its insurer of the waiver set forth herein and to secure from such insurer an appropriate endorsement to its respective insurance policy with respect to such waiver. The waiver set forth in this Section 9.2 shall be in addition to, and not in substitution for, any other waivers, indemnities or exclusions of liability set forth in this Lease, including without limitation Section 9.1 and Section 9.3 of this Lease.

Section 9.3 **Insurance**.

(a) Tenant shall maintain at its sole cost a policy or policies of insurance insuring the Building and other improvements on the Leased Premises (excluding improvements by Tenant) against fire, explosion and the risks known as standard fire and extended coverage, in amounts representing at least eighty percent (80%) of the replacement value of the Building and improvements and payments for losses thereunder shall be made solely to Landlord.

(b) Tenant shall not be obligated to insure any of Tenant's Property.

(c) Tenant shall, at its sole cost and expense, procure and maintain during the Term and Renewal Term, if any, of the Lease comprehensive general liability insurance (including personal injury liability, premises/operation, property damage, independent contractors and broad form contractual in support of Section 9.1 of this Lease (the indemnification of Landlord)) in amounts of not less than a combined single limit of \$5,000,000, comprehensive automobile liability insurance, business interruption insurance, contractual liability insurance, property insurance with respect to Tenant's Property, leasehold improvements, alterations and additions written on an "all risk" basis for full replacement cost, worker's compensation and employer's liability insurance and comprehensive catastrophe liability insurance, all maintained with companies, on forms and in such amounts (or increased amounts) as Landlord may, from time to time, reasonably require and endorsed to include Landlord as an additional insured, with the premiums fully paid on or before the due dates. The insurer must be licensed to do business in the state in which the Leased Premises are located and Landlord may require that Tenant obtain from the insurer a statement as to good standing with the state board of insurance and with the secretary of state where the insurer is incorporated.

(d) In the event that Tenant fails to take out or maintain any policy required by this Section 9.3 to be maintained by Tenant, such failure shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant that would have been covered by such policy, notwithstanding that such loss may have been proximately caused solely by the negligence or gross negligence or willful misconduct of Landlord or Landlord's Related Parties. If Tenant does not procure insurance as required, Landlord may, upon advance written notice to Tenant, cause such insurance to be issued and Tenant shall pay to Landlord the premium for such insurance within ten (10) days of Landlord's demand, plus interest at the past due rate provided for in Section 3.5 of this Lease until repaid by Tenant.

(e) All policies of insurance required to be maintained by Tenant shall provide that Landlord shall be given at least thirty (30) days prior written notice of any cancellation or non-renewal of any such policy. A duplicate original of each such policy or a duly executed certificate of insurance with respect to each such policy will be deposited with Landlord by Tenant on or before the Commencement Date, and a duplicate original of each subsequent policy or a duly executed certificate of insurance with respect to each subsequent policy shall be deposited with Landlord at least thirty (30) days prior to the expiration of the preceding such policy. All certificates of insurance should specify the additional insured status, the waivers of subrogation and that Landlord shall be given at least thirty (30) days prior written notice of any cancellation or non-renewal of any such policy.

(f) Tenant shall not do or permit anything to be done in, upon or about the Leased Premises nor bring nor keep nor permit anything to be brought to or kept therein, which will in any way increase the existing rate of or affect any fire or other insurance which Landlord carries upon any part of the Building or other improvements or any of its contents, or cause a cancellation or invalidation of any such insurance. If the annual premiums to be paid by Landlord with respect to any insurance obtained by Landlord covering any part of the Building or other improvements or any of its contents shall exceed the standard rates because Tenant's operations, contents of the Leased Premises or improvements with respect to the Leased Premises result in extra-hazardous exposure (which shall constitute a default by Tenant under this Lease) Tenant shall pay the excess amount of the premium upon demand by Landlord.

(g) All insurance carried by either Landlord or Tenant shall provide for a waiver of rights of subrogation against Landlord and Tenant on the part of the insurance carrier, to the extent that the same is permitted under the laws and regulations governing the writing of insurance within the State of Texas. All insurance policies obtained by Tenant shall be written as primary policies (primary over any insurance carried by Landlord), not contributing with and not in excess of coverage which Landlord may carry, if any, and shall name Landlord as its interest may appear.

ARTICLE X

WASTE AND ENVIRONMENTAL COMPLIANCE

Section 10.1 **Tenant's Environmental Covenants.** Tenant covenants and agrees to comply strictly and in all respects with the requirements of any applicable law, statute, ordinance, permit, decree, guideline, rule, regulation or order pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Texas Water Code and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended from time to time. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be generated, treated, stored, used, installed or disposed in, on, under or about the Leased Premises. Tenant represents, warrants, covenants and agrees that Tenant is not and will not become involved in operations at the Leased Premises or at other locations which could lead to the imposition on Landlord or any of Landlord's Related Parties of liability under any of the Applicable Environmental Laws. Tenant does hereby, for itself and its heirs, legal representatives, successors, assigns and grantees, agree to and hereby does indemnify, defend and hold harmless Landlord, Landlord's Related Parties and each of their respective heirs, legal representatives, assigns, successors and grantees, of and from any and all liabilities, assessments, suits, damages, costs and expenses, attorneys' fees and judgments related to or arising out of (i) the breach of any of the agreements of Tenant under this Article X, (ii) the handling, installation, storage, use, generation, treatment or disposal of Hazardous Materials, including any cleanup, remedial, removal, or restoration work required by the Applicable Environmental Laws, or (iii) the assertion of any lien or claim imposed against the Leased Premises or any portion thereof or Landlord or any of Landlord's Related Parties pursuant to the Applicable Environmental Laws for any event that occurs subsequent to the Commencement Date. The covenants and agreements of Tenant under this Article X shall survive the expiration or termination of this Lease.

Section 10.2 **Definition of Hazardous Materials** . As used in this Lease, the term "Hazardous Materials" means any flammables, explosives, radioactive materials, asbestos-containing materials, the group of organic compounds known as polychlorinated byphenyls and other hazardous waste, toxic substances or related materials, including without limitation substances defined as "hazardous substances", "hazardous materials," "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended from time to time.

Section 10.3 **Landlord's Representations and Warranties** . Landlord represents and warrants to Tenant that it has no knowledge of any spillage, leakage, dumping, discharge or disposal of any Hazardous Materials upon the Leased Premises.

ARTICLE XI **ALTERATIONS AND FIXTURES**

Section 11.1 **Prior Landlord Consent** . Tenant shall not create any openings in the roof or exterior walls of the Leased Premises, nor make any alterations, improvements, modifications or additions to the Leased Premises without prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord shall have the sole and exclusive right to approve or disapprove the proposed plans and specifications for such alterations, improvements, modifications or additions and the contractor which Tenant proposes to employ. Approval by Landlord of any of Tenant's drawings, plans and specifications prepared in connection with any alterations, improvements, modifications or additions to the Leased Premises shall not constitute a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or alterations, improvements, modifications or additions to which they relate, for any use, purpose, or condition, but such approval shall merely be the consent of Landlord as required hereunder. Tenant shall notify Landlord upon completion of such alterations, improvements, modifications or additions and Landlord shall have the right to inspect same for workmanship and compliance with the approved drawings, plans and specifications. Tenant shall reimburse Landlord for reasonable architectural and engineering costs incurred by Landlord in approving and inspecting alterations, improvements, modifications and additions proposed by Tenant and/or made by Tenant to the Leased Premises.

Section 11.2 **Trade Fixtures** . "Trade Fixtures" shall mean any and all Signs (hereinafter defined) placed by Tenant in, upon or about the Leased Premises pursuant to provisions hereof and any and all items of property used by Tenant in, upon or about the Leased Premises for the carrying on of its business and which may or may not be annexed to the Site by the Tenant but in any event can be removed without material injury to the Leased Premises, including but not limited to furniture, equipment, shelves, bins and machinery; provided, however, that the term Trade Fixtures shall not include any permanent leasehold improvements, including but not limited to any floor, wall or ceiling coverings, any interior walls or partitions, any lighting fixtures, track lights or any property a part of or associated with any electrical, plumbing or mechanical system, notwithstanding that the same may have been installed in, upon or about the Leased Premises. Notwithstanding anything in this Article XI to the contrary, Tenant, at its own cost and expense, may erect such Trade Fixtures as it desires provided that (a) such Trade Fixtures do not alter the basic character of the Leased Premises, (b) such Trade Fixtures do not overload or damage the Leased Premises, (c) such items may be removed without injury to the Leased Premises, and (d) the construction, erection or installation thereof complies with all Legal Requirements and with Landlord's specifications and requirements. Tenant shall have the right to remove at the termination or expiration of this Lease such Trade Fixtures owned by Tenant and so installed (other than replacements for any such items originally installed by Landlord), provided Tenant is not in default under this Lease and such removal is made within five (5) days after the termination or expiration of the Lease; provided, however, Tenant shall promptly repair any damage caused by such removal and restore the Leased Premises to its original condition, reasonable wear and tear excepted. Any Trade Fixtures which are not removed from the Leased Premises and those which are removed by Landlord pursuant to Landlord's right to do so shall, at Landlord's option, become Landlord's property.

Section 11.3 **Removal** . Any alterations, improvements, modifications, additions or fixtures made, installed or attached by either Landlord or Tenant to, in or on the Leased Premises (other than Trade Fixtures) shall become the property of Landlord and shall, at Landlord's election, be (a) surrendered with the Leased Premises as part thereof at the termination or expiration of this Lease without any payment, reimbursement or compensation therefor, or (b) promptly removed by Tenant at Tenant's expense, and Tenant shall promptly repair any damage caused by such removal and restore the Leased Premises to its original condition, reasonable wear and tear excepted, and pay for the cost of removal and restoration.

ARTICLE XII **MECHANIC'S LIENS**

Tenant shall not permit any mechanic's lien or any other liens, encumbrances, claims or charges to be placed on the Leased Premises, on the improvements thereon, on Landlord's interest therein, or upon Tenant's leasehold interest therein, during the Term and Renewal Term, if any, of this Lease, and in the event of the filing of any such lien, encumbrance, claim or charge, Tenant shall promptly have same removed or Tenant may contest the filing of any such lien if Tenant, at its expense, provides a bond acceptable to Landlord which protects the Leased Premises against such lien or provides other assurances or protections acceptable to Landlord that the lien will not attach to or otherwise adversely affect the Leased Premises. Tenant has no authority, express or implied, to create any lien, encumbrance, claim or charge of any kind or nature whatsoever upon, or in any manner to bind the interest of Landlord or of Tenant, including those who may furnish material or perform labor for any construction or repairs. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of labor performed or materials furnished in connection with any work performed on the Leased Premises and that it will save and hold Landlord harmless from and defend Landlord against any and all loss, cost or expense based on or arising out of asserted claims, liens, encumbrances or charges against the leasehold estate or against the interest of Landlord in the Leased Premises or under the terms hereof, but only to the extent that said liens are not created as a result of Landlord's acts or omissions. Tenant agrees to give Landlord immediate written notice of the placing of any lien, charge, claim or encumbrance against the Leased Premises. Tenant shall not be required to discharge any such lien, encumbrance, claim or charge as may be placed upon the Leased Premises by the act of Landlord.

ARTICLE XIII

SIGNS

Tenant shall have the right to erect signs, graphics, window advertisings or window coverings (collectively, "Signs"). Except as set forth in Section 11.2, Tenant shall not install any signs on the exterior of the Building or any other improvements without the prior written consent of Landlord. Tenant shall, at its expense, repair, paint and/or replace the surface to which its Signs are attached upon vacation of the Leased Premises by Tenant or removal or alteration of its Signs. All Signs must comply with all Legal Requirements and all criteria established by Landlord.

ARTICLE XIV

TRANSFERS BY TENANT

Section 14.1 **Transfers**. Tenant shall not, by operation of law or otherwise, except with respect to any affiliate of Tenant (a) assign, transfer, mortgage, pledge, hypothecate or otherwise encumber this Lease, the Leased Premises or any interest therein, (b) grant any concession or license within the Leased Premises, (c) grant or transfer any management privileges or rights with respect to the Leased Premises, or (d) advertise for any of the foregoing, without the prior written consent of Landlord. If Tenant requests Landlord's consent to any transfer, assignment or other transaction prohibited by this Section 14.1 (collectively, a "Transfer"), then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Leased Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Tenant shall reimburse Landlord for its reasonable attorneys' fees and other expenses incurred in connection with considering any request for its consent to a Transfer. Landlord's consent to a Transfer shall not release Tenant from performing its obligations under this Lease but rather Tenant's transferee shall assume all of Tenant's obligations under this Lease in a writing satisfactory to Landlord, and Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfer. While the Leased Premises or any part thereof are subject to a Transfer, Landlord may collect directly from such transferee all rents or other sums relating to the Leased Premises becoming due to Tenant or Landlord and apply such rents or other sums against the Rent and any other sums payable hereunder. Tenant authorizes its transferees to make payments of rent and any other sums due and payable, directly to Landlord upon receipt of notice from Landlord to do so.

Section 14.2 **Additional Terms** . Subject to the terms and provisions of Section 14.1 of this Lease, the rights and obligations of the parties to this Lease shall inure to the benefit of and be binding upon their respective successors, assigns, heirs and legal representatives. No Transfer by Tenant shall be effective until an original of same executed by Tenant and the transferee is delivered to Landlord and consented to by Landlord in writing. Any attempted Transfer by Tenant in violation of the terms and covenants of this Article XIV shall be void and shall constitute a default by Tenant under this Lease.

ARTICLE XV
RIGHT OF ACCESS AND INSPECTION BY LANDLORD

Section 15.1 **Right of Access** . Upon the giving of twenty-four (24) hours prior written notice, unless an emergency exists which requires immediate inspection, Tenant shall permit Landlord and Landlord's Agents to enter into and upon the Leased Premises at all reasonable times for the purpose of inspecting the same, provided that the Landlord shall not make such inspection more often than semi-annually, or for the purpose of maintaining or making repairs as may be required or permitted pursuant to this Lease and Landlord shall be allowed to take all materials into and upon the Leased Premises that may be required therefor without the same constituting an eviction of Tenant, actual or constructive, a breach by Landlord of any of its obligations under this Lease, relief of any of Tenant's obligations under this Lease or an entitlement to any other right or remedy of Tenant, and the Rent shall in no way abate while such repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant, except as may otherwise be provided for herein; provided, however, that Landlord shall make reasonable efforts not to interfere with the normal business operations of Tenant.

Section 15.2 **Inspection** . Tenant shall notify Landlord at least fifteen (15) days prior to vacating the Leased Premises and shall arrange to meet with Landlord for a joint inspection of the Leased Premises. If Tenant fails to give such notice or to arrange for such inspection, then Landlord's inspection of the Leased Premises shall be deemed correct for the purpose of determining Tenant's responsibility for repair and restoration of the Leased Premises.

ARTICLE XVI
FORCE MAJEURE

Notwithstanding anything in the Lease to the contrary, neither Landlord nor Tenant shall be required to perform any term, provision, agreement, condition or covenant in this Lease so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, and any other cause not reasonably within the control of Landlord or Tenant and which by the exercise of due diligence Landlord or Tenant is unable, wholly or in part, to prevent or overcome.

ARTICLE XVII
HOLDING OVER

In the event Tenant remains in possession of the Leased Premises after the expiration or termination of this Lease without the execution of a new lease, then Tenant, at Landlord's option, shall be deemed to be occupying the Leased Premises as a tenant at will at a rental equal to the greater of (a) the prevailing market rental rate of the Leased Premises or (b) the Rental in effect during the last month prior to the expiration or termination of this Lease, and shall otherwise remain subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a tenancy at will, including without limitation, the payment of Additional Rental. No holding over by Tenant after the expiration or termination of this Lease shall be construed to extend the Term or in any other manner be construed as permission by Landlord to hold over.

ARTICLE XVIII
DEFAULT BY TENANT AND LANDLORD'S REMEDIES

Section 18.1 **Default by Tenant**. The occurrence of any one or more of the following events shall constitute a default by Tenant under this Lease:

- (a) Tenant shall fail to perform, observe or comply with any of the terms, provisions, agreements, covenants or conditions of this Lease (other than the failure specified in Section 18.1 hereof), such failure continuing for ten (10) days after written notice from Landlord of such failure;
- (b) Tenant shall fail to pay to Landlord any Rent or any other monetary charge due from Tenant hereunder as and when due and payable and such failure continuing for ten (10) days from the date it is due;
- (c) Tenant shall Transfer this Lease or all of a part of the Leased Premises without the prior written approval of Landlord, except as provided for herein;
- (d) The interest of Tenant under this Lease shall be levied on under execution or other legal process;
- (e) Any petition in bankruptcy or other insolvency proceedings shall be filed by or against Tenant, or any petition shall be filed or other action taken to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations or to reorganize or modify Tenant's capital structure or indebtedness or to appoint a trustee, receiver or liquidator of Tenant or of any property of Tenant, or any proceeding or other action shall be commenced or taken by any governmental authority for the dissolution or liquidation of Tenant;
- (f) Tenant shall make an assignment for the benefit of creditors, or Tenant shall make a transfer in fraud of creditors, or a receiver or trustee shall be appointed for Tenant or any of its properties;
- (g) The termination, dissolution or liquidation of Tenant if Tenant is a corporation, partnership or other entity; or

(h) Notwithstanding anything to the contrary set forth in this Lease, a default on the part of Tenant under that certain Adjacent Property Lease (as defined in Article XXII) shall constitute a default on the part of Tenant of this Lease.

Section 18.2 **Landlord's Remedies**. Upon the occurrence of any default by Tenant under this Lease, Landlord may, at its sole option, do any one or more of the following:

(a) Terminate this Lease, whereupon Landlord shall have the remedies set forth in Section 18.3 below.

(b) Without having terminated this Lease, enter upon and take possession of the Leased Premises, whereupon Landlord shall have the remedies set forth in Section 18.4 below.

Section 18.3 **Termination of the Lease**. Upon termination of this Lease by Landlord pursuant to Section 18.2(a) of this Lease, Landlord may forthwith repossess the Leased Premises and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises, (ii) the cost of removing and storing Tenant's or any other occupant's property, (iii) the unpaid Rent and any other sums accrued hereunder at the date of termination (plus interest at the past due rate provided in Section 3.5 of this Lease if in arrears), (iv) a sum equal to the amount, if any, by which the present value (discounted at the rate of eight percent (8%) per annum) of the balance of the Rental for the remainder of the Term exceeds the present value (discounted at the same rate) of the fair market rental value of the Leased Premises for the same period (it being the intention of Landlord and Tenant that Landlord shall receive the benefit of its bargain), (v) the cost of restoring the Leased Premises to good condition, reasonable wear and tear excepted, and (vi) any other sum of money or damages owed by Tenant to Landlord. In the event Landlord shall elect to terminate this Lease, Landlord shall at once have all the rights of re-entry upon the Leased Premises, without becoming liable for damages, or guilty of trespass.

Section 18.4 **Termination of Possession**. Upon termination of Tenant's right of possession of the Leased Premises pursuant to Section 18.1 of this Lease, Landlord may repossess the Leased Premises by forcible entry or detainer suit or otherwise, without demand or notice of any kind to Tenant and without terminating this Lease and without becoming liable for damages or guilty of trespass, in which event Landlord may, but shall be under no obligation to, relet the same for the account of Tenant (nor shall Landlord be under any obligation to relet the Leased Premises before Landlord relets or leases any other property under the ownership or control of Landlord) for such rent and upon such terms as shall be satisfactory to Landlord. In such event, Tenant shall be liable for and shall pay to Landlord all Rent payable by Tenant under this Lease (plus interest at the past due rate provided in Section 3.5 of this Lease if in arrears) plus an amount equal to (i) the cost of recovering possession, (ii) the cost of decorations, repairs, changes, alterations and additions to the Leased Premises, (iii) the cost of collection of the rent accruing from such reletting and (iv) any other costs incurred by Landlord in connection with such reletting, reduced by any sums received by Landlord through reletting the Leased Premises; provided, however, that in no event shall Tenant be entitled to any excess of any sums obtained by reletting over and above Rent provided in this Lease to be paid by Tenant to Landlord. For the purpose of such reletting Landlord is authorized to decorate or to make any repairs, changes, alterations or additions in or to the Leased Premises that may be necessary. Landlord may file suit to recover any sums falling due under the terms of this Section 18.4 from time to time, and no delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord. No reletting shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention is given to Tenant by Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous default.

Section 18.5 **Landlord's right to Perform Tenant's Obligations** . Should Tenant fail to perform any of its obligations under this Lease, Landlord may (but shall not be obligated to), without notice in an emergency or after twenty (20) days written notice where there is no threat to life or property, enter upon the Leased Premises and perform all or any part of such obligations. Upon demand, Tenant shall reimburse Landlord for the cost to Landlord of performing such obligations plus ten percent (10%) of such cost to cover overhead, plus interest at the past due rate provided in Section 3.5 of this Lease. No action taken by Landlord under this Section 18.5 shall relieve Tenant from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform such obligations.

Section 18.6 **Cumulative Remedies** . The rights and remedies of Landlord under this Article XVIII shall be non-exclusive and shall be in addition to and cumulative of all other remedies available to Landlord under this Lease or at law or in equity, including but not limited the measure of damages available to Landlord in the event of default by Tenant.

Section 18.7 **Landlord's Lien** . In consideration of the mutual benefits arising under this Lease and in order to receive mutual benefits arising under this Lease and in order to receive payment of all Rent payable by Tenant to Landlord under this Lease and the faithful performance and observance of all covenants and agreements of Tenant under this Lease, Tenant hereby grants to Landlord a lien and security interest on and in all property of Tenant now or hereafter placed in or upon the Leased Premises, including without limitation all goods, wares, fixtures, Trade Fixtures, machinery, inventory, equipment, furniture, furnishings and other personal property now or hereafter placed in or upon the Leased Premises (collectively, the "Personal Property"), and such Personal Property shall be and remain subject to such lien and security interest of Landlord for payment of all Rent and other sums agreed to be paid by Tenant under this Lease. Said lien and security interest shall be in addition to and cumulative of the Landlord's liens provided by law. This Lease shall constitute a security agreement under the Uniform Commercial Code as enacted and enforced in the State of Texas (the "UCC") so that Landlord shall have and may enforce a security interest on all such Personal Property. Such Personal Property shall not be removed from the Leased Premises unless such removal is in the ordinary course of Tenant's business and Tenant is not at the time of such removal in default under this Lease. Tenant agrees to execute as debtor such financing statement or statements as Landlord may now or hereafter reasonably request in order that such security interest or interests may be protected pursuant to said UCC. Landlord may at its election at any time file a copy of this Lease as a financing statement. Landlord, as secured party, shall be entitled to all of the rights and remedies afforded a secured party under said UCC, which rights and remedies shall be in addition to and cumulative of Landlord's liens and rights provided by law or by the other terms and provisions of this Lease. Notwithstanding anything contained herein to the contrary, Landlord shall subordinate all of its liens (contractual and statutory) to Tenant's financing or all or any portion of its inventory, fixtures, furniture, and equipment. Such subordination shall be evidenced by a subordination agreement to be reasonably satisfactory to Landlord and such subordination shall be in an amount not greater than the actual amount financed by Tenant.

ARTICLE XIX
SALE BY LANDLORD

The Landlord shall have the right at any time to sell, transfer, hypothecate, mortgage or assign, in whole or in part, by operation of law or otherwise, its rights, benefits, privileges, duties, obligations or interests hereunder or in the Leased Premises, provided (i) such sale, transfer, hypothecation, mortgage or assignment is subject to this Lease Agreement and Tenant's Option to Purchase granted hereby and (ii) that Tenant shall have a 60 day right of first refusal on the same terms and conditions as the proposed sale, transfer, hypothecation, mortgage or assignment in the event that Landlord elects to sell the Leased Premises.

ARTICLE XX
CASUALTY DAMAGE

If the Leased Premises shall be destroyed or damaged by fire or any other casualty, Tenant shall immediately give notice thereof to Landlord. If the Leased Premises or any portion thereof shall be destroyed or damaged by fire or any other casualty then if the Leased Premises are rendered untenable in whole or in part by reason of such casualty as determined by Landlord, Tenant shall be entitled to abate all payments of Rent hereunder until such time as the Leased Premises (exclusive of any of Tenant's Property placed in or incorporated in the Leased Premises which is destroyed or damaged by fire or any other casualty) are made tenantable by repair or restoration which will be made within a reasonable time thereafter (not to exceed six (6) months) subject to delays arising from conditions or events beyond Landlord's reasonable control and also subject to the provisions of Article XXI of this Lease. In no event shall Landlord be required to expend any amount in excess of the proceeds actually received from the insurance carried on the Leased Premises.

ARTICLE XXI
EMINENT DOMAIN

Section 21.1 **Total Taking**. In the event of a taking of the Leased Premises or damage related to the exercise of the power of eminent domain by any agency, authority, public utility, person, or corporation or entity empowered to condemn property (including without limitation a voluntary conveyance by Landlord in lieu of such taking or condemnation) (collectively, a "Taking") of the entire Leased Premises or so much thereof as to prevent or substantially impair its use by Tenant during the Term or renewal Term, if any, of this Lease (a "Total Taking"), the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Leased Premises shall cease and terminate as of the date upon which title to the Leased Premises, or the portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking"), Landlord shall refund to Tenant any prepaid Rent and any other sums due and owing to Tenant by Landlord (less any sums then due and owing Landlord by Tenant), and Tenant shall pay to Landlord any remaining sums due and owing Landlord under the Lease, each prorated as of the Date of Taking where applicable. All proceeds payable as a lump sum from any Total Taking shall be payable as follows: first to Landlord until it receives the fair market value of the portion of the Leased Premises so taken; then to Tenant until it receives the fair market value of its unamortized non-building standard improvements and personal property taken, if any; and the remainder of the award shall then be paid to Landlord.

Lease Agreement

Section 21.2 **Partial Taking** . In the event of a Taking of only a part of the Leased Premises which does not constitute a Total Taking during the Term or Renewal Term, if any, of the Lease (a "Partial Taking"), the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Leased Premises taken shall cease and terminate as of the Date of Taking, and an adjustment to the Rental in effect as of the Date of Taking shall be made based upon the reduced value of the Leased Premises. All proceeds payable as a lump sum from any Partial Taking shall be payable as follows: first to Landlord until it receives the fair market value of the portion of the Leased Premises so taken; then to Tenant until it receives the fair market value of its unamortized non-building standard improvements and personal property taken, if any; and the remainder of the award shall then be paid to Landlord. Should the Partial Taking affect the Building, Landlord, from its portion of the award, shall restore the remainder of the Building, as nearly as possible, to one architectural unit provided that Landlord determines that such restoration can be fully paid by Landlord's portion of the award.

ARTICLE XXII

OPTION TO PURCHASE LEASED PREMISES

Landlord hereby grants to Tenant, or its assigns, an option to purchase the Leased Premises, free and clear of any and all liens, claims, mortgages or other encumbrances of any kind or character (the "Purchase Option"). Tenant, or its assigns, may exercise the Purchase Option, at its sole discretion, any time after the twelfth (12th) month of the Lease and before the expiration of the Term. Landlord will have no right to require or compel Tenant, or its assigns, to exercise the Purchase Option, at any time, under any circumstances. To exercise the Purchase Option, Tenant, or its assigns, must provide Landlord thirty (30) days prior written notice and must contemporaneously exercise its option to purchase the property located at BLK 3, Lots 4R and 5R, Diamond Heights Industrial Addition, Fort Worth, Texas 76106 (the "Adjacent Property") which property is also currently leased to Tenant pursuant to the Lease Agreement between Tenant and Sherri Mofid, entered into on June 1, 2010 (the "Adjacent Property Lease"). Tenant, or its assigns, must exercise such option to purchase the Adjacent Property in accordance with Article XXII of the Adjacent Property Lease. The purchase price at which Tenant, or its assigns, may purchase the Leased Premises from Landlord, upon exercise of the Purchase Option, will be as follows: \$4,500,000 during months 13 through 60 of the Term; and if the Option to extend Lease is exercised, \$4,635,000 during months 61 through 72 of the Term; \$4,770,000 during months 73 through 84 of the Term; \$4,905,000 during months 85 through 96 of the Term; \$5,040,000 during months 97 through 108 of the Term; and \$5,175,000 during months 109 through 120 of the Term. Tenant shall fund and close the purchase of the Leased Premises after exercise of the Purchase Option within sixty (60) days of notice of its exercise of said Purchase Option, unless such failure to close is a result of the Landlord's failure or inability to close within the sixty (60) day period or unless otherwise agreed to in writing. This Lease and any all provisions thereof shall terminate upon the closing of the purchase of the Leased Premises by the Tenant or its assigns. Notwithstanding anything to the contrary set forth herein, the Purchase Option may not be exercised by Tenant, or its assigns, in the event any monetary default exists on the part of Tenant under this Lease or under the Adjacent Property Lease.

ARTICLE XXIII
MISCELLANEOUS

Section 23.1 **Attorneys' Fees and Other Expenses** . In the event either party hereto defaults in the faithful performance or observance of any of the terms, covenants, provisions, agreements or conditions contained in this Lease, the party in default shall be liable for and shall pay to the non-defaulting party all expenses incurred by such party in enforcing any of its remedies for any such default, and if the non-defaulting party places the enforcement of all or any part of this Lease in the hands of an attorney, the party in default agrees to pay the non-defaulting party's reasonable attorneys' fees in such connection.

Section 23.2 **Waiver** . Failure on the part of Landlord to complain of any action or nonaction on the part of Tenant, no matter how long the same may continue, shall not be deemed to be a waiver by Landlord of any of its rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions of this Lease by Landlord shall be construed as a waiver of any of the other provisions of this Lease and that a waiver at any time of any of the provisions of this Lease shall not be construed a waiver at any subsequent time of the same provisions. The consent or approval by Landlord to or of any action by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant.

Section 23.3 **Notice** . Any notice, request, approval, consent or other communication required or contemplated by this Lease must be in writing, and may, unless otherwise in this Lease expressly provided, be given or be served by depositing the same in the United States Postal Service, post-paid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in case of a corporate party, to an officer of such party), or by prepaid telegram or express overnight mail service, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective from and after three (3) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified or at such party's address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as follows:

For Landlord: Voldar, LLC
 Attn: Sherri Mofid, Owner
 1050 G. South Lamar
 Austin, Texas 78745

For Tenant: RCI Entertainment (3315 North Freeway FW), Inc.
 Attn: Eric Langan, President
 10959 Cutten Road
 Houston, Texas 77066

However, the parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice to the other party in the manner set forth in this Section 23.3.

Section 23.4 **Prior Agreements Superseded; Entire Contract; Amendment** . Tenant agrees that this Lease supersedes and cancels any and all previous statements, negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant with respect to the subject matter of this Lease or the Leased Premises and that this Lease, including written extrinsic documents referred to herein, is the entire agreement of the parties, and that there are no representations, understandings, stipulations, agreements, warranties or promises (express or implied, oral or written) between Landlord and Tenant with respect to the subject matter of the Lease or the Leased Premises. It is likewise agreed that this Lease may not be altered, amended, changed or extended except by an instrument in writing signed by both Landlord and Tenant.

Section 23.5 **Authority**. Both Tenant and Landlord warrant and represent unto each other that (a) each is a duly organized and legal entity, in good standing and qualified to do business in the State of Texas, (b) each has full right, power and authority to execute, deliver and perform this Lease, (c) the person executing this Lease on behalf of Tenant or Landlord is authorized to do so, and (e) upon execution of this Lease by Tenant and Landlord, this Lease shall constitute a valid and legally binding obligation of Tenant and Landlord, respectively.

Section 23.6 **Independent Covenants**. The obligations of Tenant to pay Rent and other monetary obligations provided to be paid by Tenant under this Lease and the obligation of Tenant to perform Tenant's other covenants and duties under this Lease constitute independent, unconditional obligations of Tenant to be performed at all times provided for under this Lease, save and except only when an abatement thereof or reduction therein is expressly provided for in this Lease and not otherwise. Notwithstanding any of the other terms or provisions of this Lease and notwithstanding any of the other circumstances whatsoever, it is the intent and agreement of Landlord and Tenant that so long as Tenant has not been wrongfully evicted from the Leased Premises, the doctrine of independent covenants shall apply in all matters relating to this Lease including, without limitation, the obligation of Landlord to perform Landlord's covenants under this Lease, as well as the obligation of Tenant to pay Rent and all other monetary obligations of Tenant and perform Tenant's other covenants, duties and obligations under this Lease.

Section 23.7 **Time of the Essence**. Time is of the essence with respect to this Lease.

Section 23.8 **Counterparts**. This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 23.9 **Gender**. The pronouns of any gender shall include the other genders and either the singular or the plural shall include the other.

Section 23.10 **Brokerage**. Landlord and Tenant each warrant to the other that, in connection with the negotiation or execution of this Lease, they have not dealt with any broker. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent, other than Broker, claiming the same by, through or under the indemnifying party.

Section 23.11 **Successors and Assigns**. Subject to the provisions of this Lease, all covenants and obligations as contained within this Lease shall bind and extend and inure to the benefit of each respective party, their heirs, legal representatives, successors and assigns, and shall be binding upon the other party and their heirs, legal representatives, successors and assigns.

Section 23.12 **Legal Interpretation**. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of Texas and the United States. All obligations of the parties hereto shall be performable in, and all legal actions to enforce or construe this Lease shall be instituted in the courts of the county in which the Leased Premises are located. The determination that one or more provisions of this Lease is invalid, void, illegal or unenforceable shall not affect or invalidate any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained in this Lease. All obligations of either party hereunder not fully performed after the expiration or termination of the Term of this Lease shall survive the expiration or termination of the Term of this Lease and shall be fully enforceable in accordance with those provisions pertaining thereto. Article and section titles and captions appearing in this Lease are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Lease. No custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. This Lease is for the sole benefit of Landlord and Tenant, and, without the express written consent thereto, no third party shall be deemed a third party beneficiary hereof.

Section 23.13 **Rights and Remedies Cumulative**. The rights and remedies of this Lease are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other rights or remedies. Said rights and remedies are given in addition to any other rights and remedies the parties may have at law or in equity.

Section 23.14 **Exhibits and Riders**. The Exhibits and Riders (if any) attached to this Lease are hereby incorporated herein and hereby made a part of this Lease.

IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD :

VOLDAR, LLC

/s/ Sherri Mofid

By: Sherri Mofid, Sole Member

TENANT :

RCI ENTERTAINMENT (3315 NORTH FREEWAY FW), INC.

By: /s/ Eric Langan

Name: Eric Langan

Title: President

Lease Agreement

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LEASE AGREEMENT AND OPTION TO PURCHASE

THIS LEASE AGREEMENT AND OPTION TO PURCHASE (the "Lease") is made and entered into effective as of the 1st day of June, 2010, by and between **Sherri Mofid**, an individual ("Landlord"), and **RCI Entertainment (3315 North Freeway FW), Inc.**, a Texas corporation ("Tenant").

Subject to all of the terms and conditions of this Lease, and in consideration of the mutual covenants, obligations and agreements contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE I
LEASED PREMISES

Landlord does hereby lease, demise and let to Tenant and Tenant does hereby lease and take from Landlord those certain premises situated within the County of Harris, State of Texas, and being more particularly described as BLK 3 Lot 4R & 5R Diamond Heights Industrial ADN., which property is located adjacent to the property known as 3315 North Freeway, Fort Worth, Texas 76106, together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way pertaining to said premises and together with the improvements (the "Building") erected upon said premises (collectively, the "Leased Premises"). Tenant accepts the Leased Premises in their "AS IS" "WHERE IS" condition, WITH ALL FAULTS and Landlord shall have no obligation to furnish, equip or improve the Leased Premises except as expressly set forth in this Lease. By occupying the Leased Premises, Tenant shall be deemed to have accepted the Leased Premises and to have acknowledged that the Leased Premises comply fully with Landlord's covenants and obligations under this Lease.

ARTICLE II
TERM

The initial term of this Lease shall be for a period of five (5) years, commencing on June 1, 2010, (the "Commencement Date") and continuing in full force and effect until May 31, 2015, provided that the Tenant shall have the right, in its sole discretion, to exercise its Option to extend the Lease (the "Option to extend Lease") for another period of five (5) years, commencing from June 1, 2015 until May 31, 2020 (the initial term along with the Option to extend Lease shall hereinafter be collectively referred to as the "Term"), unless extended or sooner terminated as provided for in this Lease.

The Tenant may exercise the Option to extend Lease by giving Landlord written notice of its intent to do so on or prior to ninety (90) days prior to the expiration of the Lease.

THIS LEASE IS A NET-NET-NET LEASE AS SUCH TERM IS COMMONLY USED AND TENANT IS RESPONSIBLE FOR ANY AND ALL EXPENSES CONCERNING THE LEASED PREMISES, EXCEPT FOR THE LIMITED OBLIGATIONS OF THE LANDLORD SET FORTH IN SECTION 8.1.

ARTICLE III

RENT

Section 3.1 **Rental**. Tenant shall pay to Landlord as rental ("Rental") for each month during the Term as follows: \$2,200 during the first 60 months; \$2,570 during months 61 through 72; \$2,650 during months 73 through 84; \$2,725 during months 85 through 96; \$2,800 during months 97 through 108; and \$2,875 during months 109 through 120. The initial Rental payment during the Term shall be due and payable on June 1, 2010, and Rental for each and every month thereafter during the Term shall be due and payable in advance on the first (1st) day of each month. If this lease commences on a date other than the 1st day of the month, the Rental shall be pro rated for the balance of the month and paid in advance.

Section 3.2 **Definition of Lease Year**. The first lease year ("Lease Year") shall be considered to begin on the Commencement Date, and each subsequent Lease Year if any shall be considered to begin on the applicable anniversary date of the Commencement Date.

Section 3.3 **Tenant's Payment of Taxes and Insurance**. In addition to the payment of Rental, Tenant shall pay all Property Taxes (hereinafter defined) as and when required under Article V of this Lease and all of the insurance as set forth under Section 9.3 of this Lease.

Section 3.4 **Additional Rental; Payments**. All sums of money becoming due and payable by Tenant to Landlord under the terms of this Lease in addition to the Rental, including without limitation Property Taxes and insurance as provided in Section 3.3 of this Lease, shall constitute additional rental ("Additional Rental") hereunder (the Rental and the Additional Rental are hereinafter sometimes collectively referred to as the "Rent"). Landlord shall have the same remedies for default in the payment of Additional Rental as are available to Landlord in the case of a default in the payment of Rental. All Rent shall be payable at Landlord's address as provided herein (or at such other address as may be designated by Landlord from time to time) and shall be payable in lawful money of the United States of America. Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner herein provided, without deduction, offset, counterclaim, abatement, prior notice or demand.

Section 3.5 **Interest on Late Payments**. In the event that Tenant fails to pay any installment of Rent or any other sums due under this Lease within ten (10) days after the due date thereof or billing therefor, the total amount then due shall bear interest at the greater of eighteen percent (18%) per annum until paid, such interest being in addition to and cumulative of any other rights and remedies which Landlord may have with regard to the failure of Tenant to make any such payments under this Lease.

ARTICLE IV

TERMINATION

This Lease may be terminated at any time by written agreement of all of the parties.

Lease Agreement

ARTICLE V
TAXES

Section 5.1 **Property Taxes**. The term "Property Taxes" for the purposes of this Lease shall mean all general and special taxes, and all other general and special, ordinary and extraordinary, governmental charges assessed, levied, charged, or imposed upon or attributable to the Leased Premises during the Term of this Lease, or any holdover or renewal period, by any political or governmental body or other authority, or subdivision thereof, having jurisdiction over the Leased Premises; excluding, however, franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes imposed upon Landlord, and excluding the taxes on Tenant's Property described in Section 5.2 of this Lease. In the event that any political or governmental body or other authority, or subdivision thereof, having jurisdiction over the Leased Premises imposes a tax, assessment, imposition, or charge either upon or against or measured by the rentals payable by Tenant to Landlord or upon or against the occupation of renting land and/or buildings, either by way of substitution for the taxes and assessments levied against the Leased Premises or in addition thereto, such tax, assessment, or charge shall be deemed to constitute a Property Tax for purposes of this Lease.

Section 5.2 **Tenant's Taxes**.

(a) Tenant shall pay before the Property Taxes become delinquent, all Property Taxes levied or assessed against the Leased Premises during each calendar year of the Term and the Renewal Term (hereinafter defined), if any, of this Lease.

(b) Tenant shall pay all ad valorem and other taxes, assessments, impositions or charges levied upon or applicable to any of Tenant's goods, equipment, wares, fixtures, Trade Fixtures (hereinafter defined), furniture, furnishings, machinery and other property (personal or otherwise) now or hereafter placed in, upon or about the Leased Premises (collectively "Tenant's Property") and all license and other fees or charges imposed on the business conducted by Tenant on the Leased Premises before such taxes, assessments, charges, licenses or fees become delinquent.

(c) Upon request by Landlord, Tenant will furnish Landlord annually official tax receipts and other official receipts showing payment of all such taxes, assessments, fees and charges. If Landlord shall be required to pay a higher tax with respect to the Leased Premises as a result of Tenant's leasehold improvements, then Tenant shall pay to the taxing authorities before delinquency, the amount of the increase in such tax. The payment to be made by Tenant for the year in which this Lease commences and terminates shall bear the same ratio to the payment which would be required to be made for the full tax year as the number of months of such tax year which elapsed after commencement or prior to termination of this Lease, whichever is applicable, bears to a full tax year. Upon request by Tenant, Landlord shall furnish to Tenant all tax statements from all taxing authorities within ten (10) days of Landlord receiving such tax statements.

ARTICLE VI
USE; PEACEFUL ENJOYMENT; LIGHT, AIR AND VIEW

Section 6.1 **Use**. The lease permit consists of raw land. Tenant shall reimburse Landlord for engineering costs, deposits advanced to the City of Fort Worth not to exceed \$25,000.00, if Tenant makes improvements (constructs a building) on the Leased Premises. The reimbursement to Landlord is for sums advanced that would otherwise need to be paid by Tenant to improve the Lease Premises. Tenant shall use and be permitted to use the Leased Premises for any lawful purpose. In connection with its use of and activities in, upon or about the Leased Premises, Tenant, at its sole expense, will comply, and will cause Tenant's Agents (hereinafter defined) to comply, with any and all applicable laws, statutes, ordinances, permits, orders, decrees, guidelines, rules and regulations in any way applicable to Tenant, Tenant's Property or the Leased Premises (collectively, "Legal Requirements" and individually, "Legal Requirement"). Tenant will not (a) use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner which is not permitted hereunder or which is nor may be, directly or indirectly, violative of any Legal Requirement, (b) install or permit to remain any improvements to the Leased Premises (other than improvements which have first been approved by Landlord) which are visible from the outside of the Leased Premises, or exceed the structural loads of floors or walls of the Building, or adversely affect the mechanical, plumbing or electrical systems of the Building or affect the structural integrity thereof in any way, (c) commit, or permit to be committed, any action or circumstance in, upon or about the Leased Premises which, directly or indirectly, would justify any insurance carrier in cancelling or increasing the premium on any insurance policy covering the Leased Premises or its contents, and if any increase so results, Tenant shall pay such increase upon the Landlord's demand, or (d) store, land, replace, or permit to be stored, landed or placed upon the Leased Premises, any helicopter, airplane or other type of aircraft.

Section 6.2 **Peaceful Enjoyment**. Landlord covenants that Tenant shall and may peacefully have, hold and enjoy the Leased Premises for the Term of the Lease and any and all renewals thereof, subject to the other terms, provisions, agreements, covenants and conditions of this Lease, provided that Tenant pays the Rent to be paid by Tenant under this Lease and fully and faithfully performs all of Tenant's covenants, obligations and agreements contained in this Lease.

ARTICLE VII
UTILITIES

Tenant shall pay all charges incurred for all utility and other services used in, upon or about the Leased Premises, including, but not limited to, water, gas, heat, light, power, telephone, sewer and sprinkler, all such charges to be paid by Tenant to the utility company, municipality or other entity furnishing such services before such charge shall become delinquent, together with any required deposits. Tenant shall also provide all replacement light bulbs and tubes after the Commencement Date of this Lease. In no event shall Landlord be liable for any interruption or failure of utility services to, on or within the Leased Premises, unless such interruption or failure is the result of Landlord's gross negligence or Landlord's willful misconduct. No interruption or malfunction of any utility services (including, without limitation, interruption of such utilities as a result of the enactment or promulgation (regardless of the ultimate validity or enforceability thereof) of any applicable law, statute, ordinance, permit, rule, decree, order, guideline or regulation now or hereafter enacted or promulgated by any governmental, quasi-governmental, regulatory or executive authority) shall constitute an eviction or disturbance of Tenant's use and possession of the Leased Premises or a breach by Landlord of any of its obligations under this Lease or render Landlord liable for any damages (including, without limitation, consequential or special damages) or entitle Tenant to be relieved from any of its obligations under this Lease (including the obligation to pay Rent) or grant Tenant any right of set-off, abatement or recoupment, unless such interruption or malfunction is the result of Landlord's gross negligence or Landlord's willful misconduct.

ARTICLE VIII
MAINTENANCE AND SURRENDER

Section 8.1

(a) **Landlord's Obligations** . Landlord shall, but only to the extent hereinafter set forth in Section 8.1, maintain the roof, and the structural soundness of the exterior walls and the foundation of the Building, with reasonable wear and tear and damage by any casualty pursuant to Article XX of this Lease being excepted from Landlord's Obligations; provided that Tenant's occupying the Leased Premises shall constitute Tenant's conclusive acceptance thereof. The phrase "reasonable wear and tear", as used in this Section 8.1 only, shall include, but not be limited to, minor cracking in the walls or foundation caused by the elements, or otherwise, which affects neither the structural integrity nor safety of the Building. Tenant shall immediately give Landlord written notice of defect or repairs of items of property required to be repaired by Landlord under this Article VIII, after which Landlord shall repair same or cure such defect as promptly as possible. Landlord's obligation to maintain the aforementioned items shall be limited solely to the cost of repairs of maintenance or the curing of any defect in the same but as limited by Section 8.1. Unless otherwise expressly provided in this Lease, Landlord shall not be required to maintain or make any repairs to the interior of the Leased Premises.

(b) **Landlord's Default in Repair Obligations** . In the event that Landlord shall fail or refuse to maintain the portions of the Leased Premises for which it is responsible as provided herein, Tenant on thirty (30) days written notice (or shorter time period in the event of an emergency or business interruption), and without being obligated to do so, may make such repairs or replacement as may be necessary to comply with the terms hereof and Landlord agrees to reimburse Tenant, on demand, for the expense of any such repairs or replacements. In the event that Landlord shall fail to pay any such reimbursements upon demand, all such amounts shall bear interest at the same rate as provided for delinquent amounts due to Landlord hereunder from the date of such demand until paid in full. At Tenant's option, Tenant may offset such amounts owed by Landlord to Tenant against rent or other amounts owed by Tenant to Landlord. Notwithstanding any other provision of this Lease, if the repairs are not made for any reason, other than the intentional acts or omission of Tenant or Tenant's employees, agent, or invitees:

(1) Then Tenant's obligation to pay rent shall abate unless Landlord shall cause such repairs to be fully made within a reasonable period of time, not to exceed thirty (30) days after receipt of written notice, unless Landlord is diligently attempting to complete such repairs which could reasonably be expected to exceed thirty (30) days to complete or unless such failure to complete repairs was caused by events beyond the reasonable control of Landlord.

(2) If the failure to repair continues for a period in excess of such 30-day period after receipt of written notice, except as above provided, Tenant, at its sole option shall have the right to terminate this Lease on written notice to Landlord. Thereafter, Tenant shall have a reasonable period of time (not to exceed thirty (30) days) to remove its property from the Leased Premises. Following any such termination, Landlord shall refund all prepaid rent for the period of time from and including the date of such failure to repair.

Section 8.2 **Tenant's Obligations** . Tenant shall, at its sole expense, maintain the drives and grounds surrounding the Leased Premises, the Leased Premises' concrete and paving (including sidewalks, parking areas and alleys), the exterior lighting, the landscaping, the entry monuments, the railroad spur (if any), and pedestrian walks, the fences and other open areas, all which occupy or comprise part of the Leased Premises, reasonable wear and tear excepted. In addition, Tenant shall, at its sole expense, maintain and repair all parts of the Leased Premises (except only those parts for which Landlord is expressly responsible under this Lease) in good condition and promptly make all necessary repairs and replacements, including, but not limited to, the following items: all glass, including windows, glass or plate glass, window mullions and gaskets; doors and attached hardware; office entries; special store fronts; interior walls, interior ceilings, cabinets, millwork, paneling and other finish work; termite and pest extermination; floors and floor coverings; electrical systems; dock boards, dock levelers and bumpers; down spouts of roof gutters attached to the exterior of the Building for damage caused by Tenant's operation; plumbing fixtures, sanitary sewers, electrical facilities and electrical fixtures; and all other fixtures and Trade Fixtures. Tenant shall also be solely responsible for trash and other waste disposal from the Leased Premises and will maintain adequate receptacles for such disposal. In no event shall Tenant be entitled to use or dispose of any toxic, dangerous or hazardous substances or pollutants without prior written approval of Landlord and in all events such use and disposal must comply with all applicable Legal Requirements. If Tenant fails to make such repairs or replacements, Landlord may, but shall not be obligated to, make such repairs or replacements at Tenant's expense. Such cost shall be payable to Landlord by Tenant on demand as Additional Rent. Replacement and repair parts, materials and equipment shall be of quality equivalent to those initially installed within the Leased Premises; repair and maintenance work shall be done in accordance with the then existing laws, statutes, permits, orders, decrees, guidelines, rules, regulations and ordinances pertaining thereto. Except insofar as Landlord is expressly obligated under this Lease to maintain and repair the Leased Premises, in addition to the maintenance and repair obligations of Tenant otherwise expressly set forth in this Lease, Tenant is also obligated to perform, at Tenant's own cost and expense and risk, all other maintenance and repairs necessary or appropriate to cause the Leased Premises to be suitable for Tenant's intended commercial purpose. Tenant shall repair and replace at its sole cost any damage to the Leased Premises caused by Tenant or any of Tenant's Agents or invitees. Landlord shall repair and replace at its sole cost, subject to Landlord's direction and supervision, any damage to the Leased Premises caused by Landlord or any of Landlord's Agents or invitees. Notwithstanding any other language herein contained, the Tenant will be obligated to maintain or repair the air conditioning and heating system in the Leased Premises.

Section 8.3 **Surrender of Possession** .

(a) Tenant shall throughout the Term and Renewal Term, if any, of this Lease, at its own expense, maintain the Leased Premises and all improvements thereon and keep them free from waste or nuisance. At the expiration or termination of this Lease or the surrender of possession of the Leased Premises, the Tenant shall deliver the leased premises in good repair and condition, reasonable wear and tear and damage by fire, tornado, or other casualty excepted. In the event Tenant should neglect to maintain the Leased Premises, Landlord shall have the right, but not the obligation, to cause repairs or corrections to be made, and any reasonable costs therefor shall be payable by Tenant to Landlord upon demand. Upon the expiration or termination of this Lease or the surrender of possession of the Leased Premises, Tenant shall surrender all keys for the Leased Premises to Landlord at the place then fixed for the payment of Rent.

(b) No act or thing done by Landlord or its agents or employees during the Term or Renewal Term, if any, of the Lease shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept a surrender of the Leased Premises shall be valid unless the same be made in writing and executed by Landlord.

ARTICLE IX

INDEMNITY AND INSURANCE

Section 9.1 **Indemnification**. Tenant hereby unconditionally and irrevocably agrees to indemnify Landlord and Landlord's agents, employees, officers, directors, shareholders, partners, venturers and representatives (collectively, "Landlord's Related Parties") and hold Landlord and Landlord's Related Parties harmless from and defend them against any and all claims, actions, damages, liability, costs, and expenses (including, without limitation, interest, court costs and penalties, attorneys' fees and disbursements and amounts paid in settlement, or liability resulting from any change in federal, state or local law or regulation or interpretation thereof), in connection with any loss of life, any injury or damage to person or property or any other type of injury or damage caused by, arising from or arising out of (i) any breach of any of the agreements or covenants of Tenant under this Lease, (ii) any occurrence in, upon or about the Leased Premises including, but not limited to, occurrences caused by the sole, contributory, partial, joint, comparative or concurrent negligence of Tenant or Tenant's respective employees, agents, officers, directors, shareholders, partners, representatives, customers, invitees, licensees, subtenants, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person entering the Leased Premises under express or implied invitation of Tenant (collectively, "Tenant's Agents"), whether or not caused by the sole, contributory, partial, joint, comparative or concurrent negligence of Landlord or Landlord's respective employees, agents, officers, directors, shareholders, partners, representatives, customers, invitees, licensees, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person entering the Leased Premises under express or implied invitation of Landlord (collectively, "Landlord's Agents"), but not including occurrences caused solely by reason of the gross negligence or willful misconduct of Landlord or of Landlord's employee or agents acting with the scope of their employment or authority, (iii) the conduct of management of any work done by Tenant or any of Tenant's Agents in, upon or about the Leased Premises, (iv) any occurrence in, upon or about the Leased Premises occasioned wholly or in part by any act, omission or neglect claimed to have been caused by Tenant or any of Tenant's Agents, or (v) any occurrence occasioned by the violation of any law, statute, permit, order, decree, guideline, rule, regulation or ordinance by Tenant or any of Tenant's Agents, and Landlord and Landlord's Related Parties shall not be liable to Tenant or any of Tenant's Agents or to any other person whomsoever for any of the foregoing enumerated in (i) through (v) above. In any case in which Tenant has agreed to indemnify Landlord, Landlord's Related Parties or any other person, such indemnity shall be deemed to include an obligation on the part of Tenant to appear on behalf of the indemnified party in any and all proceedings involving a claim or cause of action covered by such indemnity and to defend the indemnified party against such claim or cause of action, all at Tenant's cost; provided, however, at the option of any party indemnified hereunder, such party shall have the right to appear on its own behalf, employ its own legal counsel and defend any claim or cause of action indemnified in this Section 9.1. This indemnity provision is intended to indemnify Landlord and Landlord's Related Parties against the consequences of their own negligence or fault as provided above when Landlord or Landlord's Related Parties are solely negligent or contributorily, partially, jointly, comparatively, or concurrently negligent with Tenant or with any other party. The provisions of this Section 9.1 shall survive the termination or expiration of this Lease.

Section 9.2 **Waiver of Subrogation Rights** . Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claims, actions or causes of action, against the other, its agents, servants, representatives, directors, officers, partners, shareholders, or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or any personal property of such party therein, which is insured against under the terms of any insurance policies required to be maintained pursuant to this Lease, regardless of cause or origin, including the sole, contributory, partial, joint, comparative or concurrent negligence of the other party hereto, its agents, servants, representatives, directors, partners, shareholders, officers or employees, and covenants that no insurer shall hold any right of subrogation against such other party or its respective agents, servants, representatives, directors, partners, shareholders, officers or employees. If the respective insurer of Landlord and Tenant does not permit such a waiver without an appropriate endorsement to such party's insurance policy, then Landlord or Tenant each covenant and agree to notify its insurer of the waiver set forth herein and to secure from such insurer an appropriate endorsement to its respective insurance policy with respect to such waiver. The waiver set forth in this Section 9.2 shall be in addition to, and not in substitution for, any other waivers, indemnities or exclusions of liability set forth in this Lease, including without limitation Section 9.1 and Section 9.3 of this Lease.

Section 9.3 **Insurance** .

(a) Tenant shall maintain at its sole cost a policy or policies of insurance insuring the Building and other improvements on the Leased Premises (excluding improvements by Tenant) against fire, explosion and the risks known as standard fire and extended coverage, in amounts representing at least eighty percent (80%) of the replacement value of the Building and improvements and payments for losses thereunder shall be made solely to Landlord.

(b) Tenant shall not be obligated to insure any of Tenant's Property.

(c) Tenant shall, at its sole cost and expense, procure and maintain during the Term and Renewal Term, if any, of the Lease comprehensive general liability insurance (including personal injury liability, premises/operation, property damage, independent contractors and broad form contractual in support of Section 9.1 of this Lease (the indemnification of Landlord)) in amounts of not less than a combined single limit of \$5,000,000, comprehensive automobile liability insurance, business interruption insurance, contractual liability insurance, property insurance with respect to Tenant's Property, leasehold improvements, alterations and additions written on an "all risk" basis for full replacement cost, worker's compensation and employer's liability insurance and comprehensive catastrophe liability insurance, all maintained with companies, on forms and in such amounts (or increased amounts) as Landlord may, from time to time, reasonably require and endorsed to include Landlord as an additional insured, with the premiums fully paid on or before the due dates. The insurer must be licensed to do business in the state in which the Leased Premises are located and Landlord may require that Tenant obtain from the insurer a statement as to good standing with the state board of insurance and with the secretary of state where the insurer is incorporated.

(d) In the event that Tenant fails to take out or maintain any policy required by this Section 9.3 to be maintained by Tenant, such failure shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant that would have been covered by such policy, notwithstanding that such loss may have been proximately caused solely by the negligence or gross negligence or willful misconduct of Landlord or Landlord's Related Parties. If Tenant does not procure insurance as required, Landlord may, upon advance written notice to Tenant, cause such insurance to be issued and Tenant shall pay to Landlord the premium for such insurance within ten (10) days of Landlord's demand, plus interest at the past due rate provided for in Section 3.5 of this Lease until repaid by Tenant.

(e) All policies of insurance required to be maintained by Tenant shall provide that Landlord shall be given at least thirty (30) days prior written notice of any cancellation or non-renewal of any such policy. A duplicate original of each such policy or a duly executed certificate of insurance with respect to each such policy will be deposited with Landlord by Tenant on or before the Commencement Date, and a duplicate original of each subsequent policy or a duly executed certificate of insurance with respect to each subsequent policy shall be deposited with Landlord at least thirty (30) days prior to the expiration of the preceding such policy. All certificates of insurance should specify the additional insured status, the waivers of subrogation and that Landlord shall be given at least thirty (30) days prior written notice of any cancellation or non-renewal of any such policy.

(f) Tenant shall not do or permit anything to be done in, upon or about the Leased Premises nor bring nor keep nor permit anything to be brought to or kept therein, which will in any way increase the existing rate of or affect any fire or other insurance which Landlord carries upon any part of the Building or other improvements or any of its contents, or cause a cancellation or invalidation of any such insurance. If the annual premiums to be paid by Landlord with respect to any insurance obtained by Landlord covering any part of the Building or other improvements or any of its contents shall exceed the standard rates because Tenant's operations, contents of the Leased Premises or improvements with respect to the Leased Premises result in extra-hazardous exposure (which shall constitute a default by Tenant under this Lease) Tenant shall pay the excess amount of the premium upon demand by Landlord.

(g) All insurance carried by either Landlord or Tenant shall provide for a waiver of rights of subrogation against Landlord and Tenant on the part of the insurance carrier, to the extent that the same is permitted under the laws and regulations governing the writing of insurance within the State of Texas. All insurance policies obtained by Tenant shall be written as primary policies (primary over any insurance carried by Landlord), not contributing with and not in excess of coverage which Landlord may carry, if any, and shall name Landlord as its interest may appear.

ARTICLE X
WASTE AND ENVIRONMENTAL COMPLIANCE

Section 10.1 **Tenant's Environmental Covenants**. Tenant covenants and agrees to comply strictly and in all respects with the requirements of any applicable law, statute, ordinance, permit, decree, guideline, rule, regulation or order pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Texas Water Code and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended from time to time. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be generated, treated, stored, used, installed or disposed in, on, under or about the Leased Premises. Tenant represents, warrants, covenants and agrees that Tenant is not and will not become involved in operations at the Leased Premises or at other locations which could lead to the imposition on Landlord or any of Landlord's Related Parties of liability under any of the Applicable Environmental Laws. Tenant does hereby, for itself and its heirs, legal representatives, successors, assigns and grantees, agree to and hereby does indemnify, defend and hold harmless Landlord, Landlord's Related Parties and each of their respective heirs, legal representatives, assigns, successors and grantees, of and from any and all liabilities, assessments, suits, damages, costs and expenses, attorneys' fees and judgments related to or arising out of (i) the breach of any of the agreements of Tenant under this Article X, (ii) the handling, installation, storage, use, generation, treatment or disposal of Hazardous Materials, including any cleanup, remedial, removal, or restoration work required by the Applicable Environmental Laws, or (iii) the assertion of any lien or claim imposed against the Leased Premises or any portion thereof or Landlord or any of Landlord's Related Parties pursuant to the Applicable Environmental Laws for any event that occurs subsequent to the Commencement Date. The covenants and agreements of Tenant under this Article X shall survive the expiration or termination of this Lease.

Section 10.2 **Definition of Hazardous Materials**. As used in this Lease, the term "Hazardous Materials" means any flammables, explosives, radioactive materials, asbestos-containing materials, the group of organic compounds known as polychlorinated biphenyls and other hazardous waste, toxic substances or related materials, including without limitation substances defined as "hazardous substances", "hazardous materials," "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended from time to time.

Section 10.3 **Landlord's Representations and Warranties**. Landlord represents and warrants to Tenant that it has no knowledge of any spillage, leakage, dumping, discharge or disposal of any Hazardous Materials upon the Leased Premises.

ARTICLE XI
ALTERATIONS AND FIXTURES

Section 11.1 **Prior Landlord Consent**. Tenant shall not create any openings in the roof or exterior walls of the Leased Premises, nor make any alterations, improvements, modifications or additions to the Leased Premises without prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord shall have the sole and exclusive right to approve or disapprove the proposed plans and specifications for such alterations, improvements, modifications or additions and the contractor which Tenant proposes to employ. Approval by Landlord of any of Tenant's drawings, plans and specifications prepared in connection with any alterations, improvements, modifications or additions to the Leased Premises shall not constitute a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or alterations, improvements, modifications or additions to which they relate, for any use, purpose, or condition, but such approval shall merely be the consent of Landlord as required hereunder. Tenant shall notify Landlord upon completion of such alterations, improvements, modifications or additions and Landlord shall have the right to inspect same for workmanship and compliance with the approved drawings, plans and specifications. Tenant shall reimburse Landlord for reasonable architectural and engineering costs incurred by Landlord in approving and inspecting alterations, improvements, modifications and additions proposed by Tenant and/or made by Tenant to the Leased Premises.

Section 11.2 **Trade Fixtures.** "Trade Fixtures" shall mean any and all Signs (hereinafter defined) placed by Tenant in, upon or about the Leased Premises pursuant to provisions hereof and any and all items of property used by Tenant in, upon or about the Leased Premises for the carrying on of its business and which may or may not be annexed to the Site by the Tenant but in any event can be removed without material injury to the Leased Premises, including but not limited to furniture, equipment, shelves, bins and machinery; provided, however, that the term Trade Fixtures shall not include any permanent leasehold improvements, including but not limited to any floor, wall or ceiling coverings, any interior walls or partitions, any lighting fixtures, track lights or any property a part of or associated with any electrical, plumbing or mechanical system, notwithstanding that the same may have been installed in, upon or about the Leased Premises. Notwithstanding anything in this Article XI to the contrary, Tenant, at its own cost and expense, may erect such Trade Fixtures as it desires provided that (a) such Trade Fixtures do not alter the basic character of the Leased Premises, (b) such Trade Fixtures do not overload or damage the Leased Premises, (c) such items may be removed without injury to the Leased Premises, and (d) the construction, erection or installation thereof complies with all Legal Requirements and with Landlord's specifications and requirements. Tenant shall have the right to remove at the termination or expiration of this Lease such Trade Fixtures owned by Tenant and so installed (other than replacements for any such items originally installed by Landlord), provided Tenant is not in default under this Lease and such removal is made within five (5) days after the termination or expiration of the Lease; provided, however, Tenant shall promptly repair any damage caused by such removal and restore the Leased Premises to its original condition, reasonable wear and tear excepted. Any Trade Fixtures which are not removed from the Leased Premises and those which are removed by Landlord pursuant to Landlord's right to do so shall, at Landlord's option, become Landlord's property.

Section 11.3 **Removal.** Any alterations, improvements, modifications, additions or fixtures made, installed or attached by either Landlord or Tenant to, in or on the Leased Premises (other than Trade Fixtures) shall become the property of Landlord and shall, at Landlord's election, be (a) surrendered with the Leased Premises as part thereof at the termination or expiration of this Lease without any payment, reimbursement or compensation therefor, or (b) promptly removed by Tenant at Tenant's expense, and Tenant shall promptly repair any damage caused by such removal and restore the Leased Premises to its original condition, reasonable wear and tear excepted, and pay for the cost of removal and restoration.

ARTICLE XII

MECHANIC'S LIENS

Tenant shall not permit any mechanic's lien or any other liens, encumbrances, claims or charges to be placed on the Leased Premises, on the improvements thereon, on Landlord's interest therein, or upon Tenant's leasehold interest therein, during the Term and Renewal Term, if any, of this Lease, and in the event of the filing of any such lien, encumbrance, claim or charge, Tenant shall promptly have same removed or Tenant may contest the filing of any such lien if Tenant, at its expense, provides a bond acceptable to Landlord which protects the Leased Premises against such lien or provides other assurances or protections acceptable to Landlord that the lien will not attach to or otherwise adversely affect the Leased Premises. Tenant has no authority, express or implied, to create any lien, encumbrance, claim or charge of any kind or nature whatsoever upon, or in any manner to bind the interest of Landlord or of Tenant, including those who may furnish material or perform labor for any construction or repairs. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of labor performed or materials furnished in connection with any work performed on the Leased Premises and that it will save and hold Landlord harmless from and defend Landlord against any and all loss, cost or expense based on or arising out of asserted claims, liens, encumbrances or charges against the leasehold estate or against the interest of Landlord in the Leased Premises or under the terms hereof, but only to the extent that said liens are not created as a result of Landlord's acts or omissions. Tenant agrees to give Landlord immediate written notice of the placing of any lien, charge, claim or encumbrance against the Leased Premises. Tenant shall not be required to discharge any such lien, encumbrance, claim or charge as may be placed upon the Leased Premises by the act of Landlord.

ARTICLE XIII

SIGNS

Tenant shall have the right to erect signs, graphics, window advertisements or window coverings (collectively, "Signs"). Except as set forth in Section 11.2, Tenant shall not install any signs on the exterior of the Building or any other improvements without the prior written consent of Landlord. Tenant shall, at its expense, repair, paint and/or replace the surface to which its Signs are attached upon vacation of the Leased Premises by Tenant or removal or alteration of its Signs. All Signs must comply with all Legal Requirements and all criteria established by Landlord.

ARTICLE XIV

TRANSFERS BY TENANT

Section 14.1 **Transfers**. Tenant shall not, by operation of law or otherwise, except with respect to any affiliate of Tenant (a) assign, transfer, mortgage, pledge, hypothecate or otherwise encumber this Lease, the Leased Premises or any interest therein, (b) grant any concession or license within the Leased Premises, (c) grant or transfer any management privileges or rights with respect to the Leased Premises, or (d) advertise for any of the foregoing, without the prior written consent of Landlord. If Tenant requests Landlord's consent to any transfer, assignment or other transaction prohibited by this Section 14.1 (collectively, a "Transfer"), then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Leased Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Tenant shall reimburse Landlord for its reasonable attorneys' fees and other expenses incurred in connection with considering any request for its consent to a Transfer. Landlord's consent to a Transfer shall not release Tenant from performing its obligations under this Lease but rather Tenant's transferee shall assume all of Tenant's obligations under this Lease in a writing satisfactory to Landlord, and Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfer. While the Leased Premises or any part thereof are subject to a Transfer, Landlord may collect directly from such transferee all rents or other sums relating to the Leased Premises becoming due to Tenant or Landlord and apply such rents or other sums against the Rent and any other sums payable hereunder. Tenant authorizes its transferees to make payments of rent and any other sums due and payable, directly to Landlord upon receipt of notice from Landlord to do so.

Section 14.2 **Additional Terms** . Subject to the terms and provisions of Section 14.1 of this Lease, the rights and obligations of the parties to this Lease shall inure to the benefit of and be binding upon their respective successors, assigns, heirs and legal representatives. No Transfer by Tenant shall be effective until an original of same executed by Tenant and the transferee is delivered to Landlord and consented to by Landlord in writing. Any attempted Transfer by Tenant in violation of the terms and covenants of this Article XIV shall be void and shall constitute a default by Tenant under this Lease.

ARTICLE XV
RIGHT OF ACCESS AND INSPECTION BY LANDLORD

Section 15.1 **Right of Access** . Upon the giving of twenty-four (24) hours prior written notice, unless an emergency exists which requires immediate inspection, Tenant shall permit Landlord and Landlord's Agents to enter into and upon the Leased Premises at all reasonable times for the purpose of inspecting the same, provided that the Landlord shall not make such inspection more often than semi-annually, or for the purpose of maintaining or making repairs as may be required or permitted pursuant to this Lease and Landlord shall be allowed to take all materials into and upon the Leased Premises that may be required therefor without the same constituting an eviction of Tenant, actual or constructive, a breach by Landlord of any of its obligations under this Lease, relief of any of Tenant's obligations under this Lease or an entitlement to any other right or remedy of Tenant, and the Rent shall in no way abate while such repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant, except as may otherwise be provided for herein; provided, however, that Landlord shall make reasonable efforts not to interfere with the normal business operations of Tenant.

Section 15.2 **Inspection** . Tenant shall notify Landlord at least fifteen (15) days prior to vacating the Leased Premises and shall arrange to meet with Landlord for a joint inspection of the Leased Premises. If Tenant fails to give such notice or to arrange for such inspection, then Landlord's inspection of the Leased Premises shall be deemed correct for the purpose of determining Tenant's responsibility for repair and restoration of the Leased Premises.

ARTICLE XVI
FORCE MAJEURE

Notwithstanding anything in the Lease to the contrary, neither Landlord nor Tenant shall be required to perform any term, provision, agreement, condition or covenant in this Lease so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, and any other cause not reasonably within the control of Landlord or Tenant and which by the exercise of due diligence Landlord or Tenant is unable, wholly or in part, to prevent or overcome.

ARTICLE XVII
HOLDING OVER

In the event Tenant remains in possession of the Leased Premises after the expiration or termination of this Lease without the execution of a new lease, then Tenant, at Landlord's option, shall be deemed to be occupying the Leased Premises as a tenant at will at a rental equal to the greater of (a) the prevailing market rental rate of the Leased Premises or (b) the Rental in effect during the last month prior to the expiration or termination of this Lease, and shall otherwise remain subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a tenancy at will, including without limitation, the payment of Additional Rental. No holding over by Tenant after the expiration or termination of this Lease shall be construed to extend the Term or in any other manner be construed as permission by Landlord to hold over.

ARTICLE XVIII
DEFAULT BY TENANT AND LANDLORD'S REMEDIES

Section 18.1 **Default by Tenant**. The occurrence of any one or more of the following events shall constitute a default by Tenant under this Lease:

- (a) Tenant shall fail to perform, observe or comply with any of the terms, provisions, agreements, covenants or conditions of this Lease (other than the failure specified in Section 18.1 hereof), such failure continuing for ten (10) days after written notice from Landlord of such failure;
- (b) Tenant shall fail to pay to Landlord any Rent or any other monetary charge due from Tenant hereunder as and when due and payable and such failure continuing for ten (10) days from the date it is due;
- (c) Tenant shall Transfer this Lease or all of a part of the Leased Premises without the prior written approval of Landlord, except as provided for herein;
- (d) The interest of Tenant under this Lease shall be levied on under execution or other legal process;
- (e) Any petition in bankruptcy or other insolvency proceedings shall be filed by or against Tenant, or any petition shall be filed or other action taken to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations or to reorganize or modify Tenant's capital structure or indebtedness or to appoint a trustee, receiver or liquidator of Tenant or of any property of Tenant, or any proceeding or other action shall be commenced or taken by any governmental authority for the dissolution or liquidation of Tenant;

(f) Tenant shall make an assignment for the benefit of creditors, or Tenant shall make a transfer in fraud of creditors, or a receiver or trustee shall be appointed for Tenant or any of its properties;

(g) The termination, dissolution or liquidation of Tenant if Tenant is a corporation, partnership or other entity; or

(h) Notwithstanding anything to the contrary set forth in this Lease, a default on the part of Tenant under that certain Adjacent Property Lease (as defined in Article XXII) shall constitute a default on the part of Tenant of this Lease.

Section 18.2 **Landlord's Remedies**. Upon the occurrence of any default by Tenant under this Lease, Landlord may, at its sole option, do any one or more of the following:

(a) Terminate this Lease, whereupon Landlord shall have the remedies set forth in Section 18.3 below.

(b) Without having terminated this Lease, enter upon and take possession of the Leased Premises, whereupon Landlord shall have the remedies set forth in Section 18.4 below.

Section 18.3 **Termination of the Lease**. Upon termination of this Lease by Landlord pursuant to Section 18.2(a) of this Lease, Landlord may forthwith repossess the Leased Premises and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises, (ii) the cost of removing and storing Tenant's or any other occupant's property, (iii) the unpaid Rent and any other sums accrued hereunder at the date of termination (plus interest at the past due rate provided in Section 3.5 of this Lease if in arrears), (iv) a sum equal to the amount, if any, by which the present value (discounted at the rate of eight percent (8%) per annum) of the balance of the Rental for the remainder of the Term exceeds the present value (discounted at the same rate) of the fair market rental value of the Leased Premises for the same period (it being the intention of Landlord and Tenant that Landlord shall receive the benefit of its bargain), (v) the cost of restoring the Leased Premises to good condition, reasonable wear and tear excepted, and (vi) any other sum of money or damages owed by Tenant to Landlord. In the event Landlord shall elect to terminate this Lease, Landlord shall at once have all the rights of re-entry upon the Leased Premises, without becoming liable for damages, or guilty of trespass.

Section 18.4 **Termination of Possession**. Upon termination of Tenant's right of possession of the Leased Premises pursuant to Section 18.1 of this Lease, Landlord may repossess the Leased Premises by forcible entry or detainer suit or otherwise, without demand or notice of any kind to Tenant and without terminating this Lease and without becoming liable for damages or guilty of trespass, in which event Landlord may, but shall be under no obligation to, relet the same for the account of Tenant (nor shall Landlord be under any obligation to relet the Leased Premises before Landlord relets or leases any other property under the ownership or control of Landlord) for such rent and upon such terms as shall be satisfactory to Landlord. In such event, Tenant shall be liable for and shall pay to Landlord all Rent payable by Tenant under this Lease (plus interest at the past due rate provided in Section 3.5 of this Lease if in arrears) plus an amount equal to (i) the cost of recovering possession, (ii) the cost of decorations, repairs, changes, alterations and additions to the Leased Premises, (iii) the cost of collection of the rent accruing from such reletting and (iv) any other costs incurred by Landlord in connection with such reletting, reduced by any sums received by Landlord through reletting the Leased Premises; provided, however, that in no event shall Tenant be entitled to any excess of any sums obtained by reletting over and above Rent provided in this Lease to be paid by Tenant to Landlord. For the purpose of such reletting Landlord is authorized to decorate or to make any repairs, changes, alterations or additions in or to the Leased Premises that may be necessary. Landlord may file suit to recover any sums falling due under the terms of this Section 18.4 from time to time, and no delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord. No reletting shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention is given to Tenant by Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous default.

Section 18.5 **Landlord's right to Perform Tenant's Obligations**. Should Tenant fail to perform any of its obligations under this Lease, Landlord may (but shall not be obligated to), without notice in an emergency or after twenty (20) days written notice where there is no threat to life or property, enter upon the Leased Premises and perform all or any part of such obligations. Upon demand, Tenant shall reimburse Landlord for the cost to Landlord of performing such obligations plus ten percent (10%) of such cost to cover overhead, plus interest at the past due rate provided in Section 3.5 of this Lease. No action taken by Landlord under this Section 18.5 shall relieve Tenant from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform such obligations.

Section 18.6 **Cumulative Remedies**. The rights and remedies of Landlord under this Article XVIII shall be non-exclusive and shall be in addition to and cumulative of all other remedies available to Landlord under this Lease or at law or in equity, including but not limited the measure of damages available to Landlord in the event of default by Tenant.

Section 18.7 **Landlord's Lien**. In consideration of the mutual benefits arising under this Lease and in order to receive mutual benefits arising under this Lease and in order to receive payment of all Rent payable by Tenant to Landlord under this Lease and the faithful performance and observance of all covenants and agreements of Tenant under this Lease, Tenant hereby grants to Landlord a lien and security interest on and in all property of Tenant now or hereafter placed in or upon the Leased Premises, including without limitation all goods, wares, fixtures, Trade Fixtures, machinery, inventory, equipment, furniture, furnishings and other personal property now or hereafter placed in or upon the Leased Premises (collectively, the "Personal Property"), and such Personal Property shall be and remain subject to such lien and security interest of Landlord for payment of all Rent and other sums agreed to be paid by Tenant under this Lease. Said lien and security interest shall be in addition to and cumulative of the Landlord's liens provided by law. This Lease shall constitute a security agreement under the Uniform Commercial Code as enacted and enforced in the State of Texas (the "UCC") so that Landlord shall have and may enforce a security interest on all such Personal Property. Such Personal Property shall not be removed from the Leased Premises unless such removal is in the ordinary course of Tenant's business and Tenant is not at the time of such removal in default under this Lease. Tenant agrees to execute as debtor such financing statement or statements as Landlord may now or hereafter reasonably request in order that such security interest or interests may be protected pursuant to said UCC. Landlord may at its election at any time file a copy of this Lease as a financing statement. Landlord, as secured party, shall be entitled to all of the rights and remedies afforded a secured party under said UCC, which rights and remedies shall be in addition to and cumulative of Landlord's liens and rights provided by law or by the other terms and provisions of this Lease. Notwithstanding anything contained herein to the contrary, Landlord shall subordinate all of its liens (contractual and statutory) to Tenant's financing or all or any portion of its inventory, fixtures, furniture, and equipment. Such subordination shall be evidenced by a subordination agreement to be reasonably satisfactory to Landlord and such subordination shall be in an amount not greater than the actual amount financed by Tenant.

ARTICLE XIX **SALE BY LANDLORD**

The Landlord shall have the right at any time to sell, transfer, hypothecate, mortgage or assign, in whole or in part, by operation of law or otherwise, its rights, benefits, privileges, duties, obligations or interests hereunder or in the Leased Premises, provided (i) such sale, transfer, hypothecation, mortgage or assignment is subject to this Lease Agreement and Tenant's Option to Purchase granted hereby and (ii) that Tenant shall have a 60 day right of first refusal on the same terms and conditions as the proposed sale, transfer, hypothecation, mortgage or assignment in the event that Landlord elects to sell the Leased Premises.

ARTICLE XX **CASUALTY DAMAGE**

If the Leased Premises shall be destroyed or damaged by fire or any other casualty, Tenant shall immediately give notice thereof to Landlord. If the Leased Premises or any portion thereof shall be destroyed or damaged by fire or any other casualty then if the Leased Premises are rendered untenantable in whole or in part by reason of such casualty as determined by Landlord, Tenant shall be entitled to abate all payments of Rent hereunder until such time as the Leased Premises (exclusive of any of Tenant's Property placed in or incorporated in the Leased Premises which is destroyed or damaged by fire or any other casualty) are made tenantable by repair or restoration which will be made within a reasonable time thereafter (not to exceed six (6) months) subject to delays arising from conditions or events beyond Landlord's reasonable control and also subject to the provisions of Article XXI of this Lease. In no event shall Landlord be required to expend any amount in excess of the proceeds actually received from the insurance carried on the Leased Premises.

ARTICLE XXI
EMINENT DOMAIN

Section 21.1 **Total Taking**. In the event of a taking of the Leased Premises or damage related to the exercise of the power of eminent domain by any agency, authority, public utility, person, or corporation or entity empowered to condemn property (including without limitation a voluntary conveyance by Landlord in lieu of such taking or condemnation) (collectively, a "Taking") of the entire Leased Premises or so much thereof as to prevent or substantially impair its use by Tenant during the Term or renewal Term, if any, of this Lease (a "Total Taking"), the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Leased Premises shall cease and terminate as of the date upon which title to the Leased Premises, or the portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking"), Landlord shall refund to Tenant any prepaid Rent and any other sums due and owing to Tenant by Landlord (less any sums then due and owing Landlord by Tenant), and Tenant shall pay to Landlord any remaining sums due and owing Landlord under the Lease, each prorated as of the Date of Taking where applicable. All proceeds payable as a lump sum from any Total Taking shall be payable as follows: first to Landlord until it receives the fair market value of the portion of the Leased Premises so taken; then to Tenant until it receives the fair market value of its unamortized non-building standard improvements and personal property taken, if any; and the remainder of the award shall then be paid to Landlord.

Section 21.2 **Partial Taking**. In the event of a Taking of only a part of the Leased Premises which does not constitute a Total Taking during the Term or Renewal Term, if any, of the Lease (a "Partial Taking"), the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Leased Premises taken shall cease and terminate as of the Date of Taking, and an adjustment to the Rental in effect as of the Date of Taking shall be made based upon the reduced value of the Leased Premises. All proceeds payable as a lump sum from any Partial Taking shall be payable as follows: first to Landlord until it receives the fair market value of the portion of the Leased Premises so taken; then to Tenant until it receives the fair market value of its unamortized non-building standard improvements and personal property taken, if any; and the remainder of the award shall then be paid to Landlord. Should the Partial Taking affect the Building, Landlord, from its portion of the award, shall restore the remainder of the Building, as nearly as possible, to one architectural unit provided that Landlord determines that such restoration can be fully paid by Landlord's portion of the award.

ARTICLE XXII
OPTION TO PURCHASE LEASED PREMISES

Landlord hereby grants to Tenant, or its assigns, an option to purchase the Leased Premises, free and clear of any and all liens, claims, mortgages or other encumbrances of any kind or character (the "Purchase Option"). Tenant, or its assigns, may exercise the Purchase Option, at its sole discretion, any time after the twelfth (12th) month of the Lease and before the expiration of the Term. Landlord will have no right to require or compel Tenant, or its assigns, to exercise the Purchase Option, at any time, under any circumstances. To exercise the Purchase Option, Tenant, or its assigns, must provide Landlord thirty (30) days prior written notice and must contemporaneously exercise its option to purchase the property located at 3315 North Freeway, Ft. Worth Texas, 76106 (the "Real Property") which property is also currently leased to Tenant pursuant to the Lease Agreement between Tenant and Voldar, LLC, entered into on June 1, 2010 (the "Real Property Lease"). Tenant, or its assigns, must exercise such option to purchase the Real Property in accordance with Article XXII of the Real Property Lease. The purchase price at which Tenant, or its assigns, may purchase the Leased Premises from Landlord, upon exercise of the Purchase Option, will be as follows: \$500,000 during months 13 through 60 of the Term; \$515,000 during months 61 through 72 of the Term; \$530,000 during months 73 through 84 of the Term; \$545,000 during months 85 through 96 of the Term; \$560,000 during months 97 through 108 of the Term; and \$575,000 during months 109 through 120 of the Term. Tenant shall fund and close the purchase of the Leased Premises after exercise of the Purchase Option within sixty (60) days of notice of its exercise of said Purchase Option, unless such failure to close is a result of the Landlord's failure or inability to close within the sixty (60) day period or unless otherwise agreed to in writing. This Lease and any and all provisions thereof shall terminate upon the closing of the purchase of the Leased Premises by the Tenant or its assigns. Notwithstanding anything to the contrary set forth herein, the Purchase Option may not be exercised by Tenant, or its assigns, in the event any monetary default exists on the part of Tenant under this Lease or under the Real Property Lease.

ARTICLE XXIII
MISCELLANEOUS

Section 23.1 **Attorneys' Fees and Other Expenses** . In the event either party hereto defaults in the faithful performance or observance of any of the terms, covenants, provisions, agreements or conditions contained in this Lease, the party in default shall be liable for and shall pay to the non-defaulting party all expenses incurred by such party in enforcing any of its remedies for any such default, and if the non-defaulting party places the enforcement of all or any part of this Lease in the hands of an attorney, the party in default agrees to pay the non-defaulting party's reasonable attorneys' fees in such connection.

Section 23.2 **Waiver** . Failure on the part of Landlord to complain of any action or nonaction on the part of Tenant, no matter how long the same may continue, shall not be deemed to be a waiver by Landlord of any of its rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions of this Lease by Landlord shall be construed as a waiver of any of the other provisions of this Lease and that a waiver at any time of any of the provisions of this Lease shall not be construed a waiver at any subsequent time of the same provisions. The consent or approval by Landlord to or of any action by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant.

Section 23.3 **Notice** . Any notice, request, approval, consent or other communication required or contemplated by this Lease must be in writing, and may, unless otherwise in this Lease expressly provided, be given or be served by depositing the same in the United States Postal Service, post-paid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in case of a corporate party, to an officer of such party), or by prepaid telegram or express overnight mail service, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective from and after three (3) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified or at such party's address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as follows:

Lease Agreement

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For Landlord: Sherri Mofid
1050 G South Lamar
Austin, Texas 78745

For Tenant: RCI Entertainment (3315 North Freeway FW), Inc.
Attn: Eric Langan, President
10959 Cutten Road
Houston, Texas 77066

However, the parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice to the other party in the manner set forth in this Section 23.3.

Section 23.4 **Prior Agreements Superseded; Entire Contract; Amendment**. Tenant agrees that this Lease supersedes and cancels any and all previous statements, negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant with respect to the subject matter of this Lease or the Leased Premises and that this Lease, including written extrinsic documents referred to herein, is the entire agreement of the parties, and that there are no representations, understandings, stipulations, agreements, warranties or promises (express or implied, oral or written) between Landlord and Tenant with respect to the subject matter of the Lease or the Leased Premises. It is likewise agreed that this Lease may not be altered, amended, changed or extended except by an instrument in writing signed by both Landlord and Tenant.

Section 23.5 **Authority**. Tenant and Landlord warrant and represent unto each other that (a) Tenant is a duly organized and legal entity, in good standing and qualified to do business in the State of Texas and that Landlord is a person of full age of majority, (b) each has full right, power and authority to execute, deliver and perform this Lease, (c) the person executing this Lease on behalf of Tenant or Landlord is authorized to do so, and (e) upon execution of this Lease by Tenant and Landlord, this Lease shall constitute a valid and legally binding obligation of Tenant and Landlord, respectively.

Section 23.6 **Independent Covenants**. The obligations of Tenant to pay Rent and other monetary obligations provided to be paid by Tenant under this Lease and the obligation of Tenant to perform Tenant's other covenants and duties under this Lease constitute independent, unconditional obligations of Tenant to be performed at all times provided for under this Lease, save and except only when an abatement thereof or reduction therein is expressly provided for in this Lease and not otherwise. Notwithstanding any of the other terms or provisions of this Lease and notwithstanding any of the other circumstances whatsoever, it is the intent and agreement of Landlord and Tenant that so long as Tenant has not been wrongfully evicted from the Leased Premises, the doctrine of independent covenants shall apply in all matters relating to this Lease including, without limitation, the obligation of Landlord to perform Landlord's covenants under this Lease, as well as the obligation of Tenant to pay Rent and all other monetary obligations of Tenant and perform Tenant's other covenants, duties and obligations under this Lease.

Section 23.7 **Time of the Essence**. Time is of the essence with respect to this Lease.

Lease Agreement

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Section 23.8 **Counterparts** . This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 23.9 **Gender** . The pronouns of any gender shall include the other genders and either the singular or the plural shall include the other.

Section 23.10 **Brokerage** . Landlord and Tenant each warrant to the other that, in connection with the negotiation or execution of this Lease, they have not dealt with any broker. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent, other than Broker, claiming the same by, through or under the indemnifying party.

Section 23.11 **Successors and Assigns** . Subject to the provisions of this Lease, all covenants and obligations as contained within this Lease shall bind and extend and inure to the benefit of each respective party, their heirs, legal representatives, successors and assigns, and shall be binding upon the other party and their heirs, legal representatives, successors and assigns.

Section 23.12 **Legal Interpretation** . This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of Texas and the United States. All obligations of the parties hereto shall be performable in, and all legal actions to enforce or construe this Lease shall be instituted in the courts of the county in which the Leased Premises are located. The determination that one or more provisions of this Lease is invalid, void, illegal or unenforceable shall not affect or invalidate any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained in this Lease. All obligations of either party hereunder not fully performed after the expiration or termination of the Term of this Lease shall survive the expiration or termination of the Term of this Lease and shall be fully enforceable in accordance with those provisions pertaining thereto. Article and section titles and captions appearing in this Lease are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Lease. No custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. This Lease is for the sole benefit of Landlord and Tenant, and, without the express written consent thereto, no third party shall be deemed a third party beneficiary hereof.

Section 23.13 **Rights and Remedies Cumulative** . The rights and remedies of this Lease are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other rights or remedies. Said rights and remedies are given in addition to any other rights and remedies the parties may have at law or in equity.

Section 23.14 **Exhibits and Riders** . The Exhibits and Riders (if any) attached to this Lease are hereby incorporated herein and hereby made a part of this Lease.

IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Lease Agreement

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LANDLORD :

/s/ Sherri Mofid

Sherri Mofid, Individually

TENANT :

RCI ENTERTAINMENT (3315 NORTH FREEWAY FW), INC.

By: /s/ Eric Langan

Name: Eric Langan

Title: President

Lease Agreement

NON-COMPETITION AGREEMENT

This Non-Competition Agreement dated June 1, 2010 (the "Non-Competition Agreement"), is by and among **RCI Entertainment (3315 North Freeway FW), Inc.**, a Texas corporation ("RCI"), and **Sherri Mofid**, an individual residing in Texas ("Mofid").

WITNESSETH:

WHEREAS, Mofid owns 100% of the outstanding shares of common stock of Restaurant Associates, Inc., a Texas corporation (the "Company"), which owns and operates an adult entertainment cabaret known as Fort Worth Gentleman's Club (the "Club") located at 3315 North Freeway, Fort Worth, Texas 76106; and

WHEREAS, Mofid owns 100% of the outstanding membership interests of Voldar, LLC, a Texas limited liability company ("Voldar"), which owns the real property commonly known as 3315 North Freeway, Fort Worth, Texas 76106 (the "Real Property") as is more fully described on Exhibit "A" attached to the Purchase Agreement (as defined below); and

WHEREAS, Mofid owns the real property located at BLK 3, Lot 4R and 5R, Diamond Heights Industrial Addition, Fort Worth, Texas 76106 (the "Adjacent Property"), which is located adjacent to the Real Property and is more fully described on Exhibit "B" attached to the Purchase Agreement (as defined below); and

WHEREAS, RCI, the Company, Voldar, Mofid, John Faltynski, and James Noryian entered into an Asset Purchase Agreement dated June 1, 2010 (the "Purchase Agreement"), pursuant to which (i) the Company has agreed to sell all of the assets owned by it which are associated or used in connection with the operation of the Club, (ii) Voldar has agreed to lease the Real Property to RCI with an Option to Purchase and (iii) Mofid has agreed to lease the Adjacent Property to RCI with the Option to Purchase (collectively, the "Transaction"); and

WHEREAS, in connection with the Transaction, RCI has agreed to pay the Company cash consideration, as more fully described in the Purchase Agreement; and

WHEREAS, Mofid, as the sole owner of the Company and of Voldar, will benefit from the Transaction; and

WHEREAS, in connection with the Transaction, RCI has agreed to pay Mofid cash consideration of ten dollars (\$10.00), and Mofid agrees that her receipt of such cash consideration, in addition to other good and valuable consideration she receives in connection with the Transaction, constitutes valid consideration for her entry into this Non-Competition Agreement, as more fully described herein; and

WHEREAS, RCI requires that Mofid enter into this Non-Competition Agreement as a condition to RCI entering into the Purchase Agreement and effecting the Transaction; and

WHEREAS, to induce RCI to enter into the Purchase Agreement and to complete the Transaction, Mofid agreed to enter into this Non-Competition Agreement; and

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

1. **Covenants.** For a period of five (5) years from the date of execution hereof (such five (5) year period being referred to herein as the "Restricted Period"), Mofid shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, director, investor or in any other individual or representative capacity, whether for compensation or not:

- (a) Own, or have any rights of conversion to own, or share in the earnings of, carry on, manage, operate, control, be engaged in, render services to or solicit customers for any business engaged in the operation of an establishment featuring live female nude or semi-nude entertainment within a ten (10) mile radius of the Club (the "Prohibited Area") provided that two locations identified on Exhibit "C" attached hereto are specifically excluded from the Prohibited Area; or
- (b) Solicit or induce, or attempt to solicit or induce, wherever located, any employee, independent contractor, or agent or consultant of the Club, RCI, or any of their affiliates or parent (collectively, the "Rick's Parties") to leave his or her employment or terminate his or her agreement or relationship with any of the Rick's Parties.

2. **Mofid's Acknowledgments and Agreements .** Mofid acknowledges and agrees that:

- (a) She has received cash consideration of ten dollars (\$10.00) for her entry into this Non-Competition Agreement and that her receipt of such cash consideration, in addition to other good and valuable consideration she receives in connection with the Transaction, constitutes valid consideration to her for her entry into this Non-Competition Agreement;
- (b) Due to the nature of the Rick's Parties' business, the foregoing covenants place no greater restraint upon Mofid than is reasonably necessary to protect the business and goodwill of the Rick's Parties;
- (c) These covenants protect a legitimate interest of the Rick's Parties and do not serve solely to limit the future competition of the Rick's Parties;
- (d) This Non-Competition Agreement is not an invalid or unreasonable restraint of trade;
- (e) A breach of these covenants by Mofid would cause irreparable damage to the Rick's Parties;
- (f) These covenants will not preclude Mofid from obtaining reasonable business relationships or becoming gainfully employed following the closing of the Purchase Agreement;

- (g) These covenants are reasonable in scope and are reasonably necessary to protect the business and goodwill and valuable and extensive trade which the Rick's Parties have established through their own expense and effort;
- (h) The signing of this Non-Competition Agreement is necessary as part of the consummation of the Transaction previously discussed; and
- (i) Mofid has carefully read and considered all provisions of this Non-Competition Agreement and that all of the restrictions set forth are fair and reasonable and are reasonably required for the protection of the interests of the Rick's Parties.

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

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

5. **General Provisions .**

- (a) *Notices.* Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested or by a recognized overnight delivery service. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change their address by written notice in accordance with this Paragraph 5(a). A notice or communication will be effective (i) if delivered in Person or by overnight courier, on the business day it is delivered and (ii) if sent by registered or certified mail, three (3) business days after dispatch.

If to RCI: RCI Entertainment (3315 North Freeway FW), Inc.
Attn: Eric Langan
10959 Cutten Road
Houston, Texas 77066

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

If to Mofid: Sherri Mofid
1050 G. South Lamar
Austin Texas, 78745

With a copy to: David G. Slater
Slater Kennon & Jameson, LLP
4807 Spicewood Springs Road
Building 2, Suite 240
Austin, Texas 78759

- (b) *Law Governing Non-Competition Agreement and Venue.* This Non-Competition Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to principles of conflict of laws. In any action between or among any of the parties, whether arising out of this Non-Competition 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.
- (c) *Contract Terms to be Exclusive.* This Non-Competition Agreement contains the sole and entire agreement between the parties and shall supersede any and all other agreements between the parties with respect to Mofid's agreement not to compete with the Rick's Parties.
- (d) *Waiver or Modification Ineffective Unless in Writing.* It is further agreed that no waiver or modification of this Non-Competition Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by each of the parties hereto and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding or litigation between the parties hereto arising out of or affecting this Non-Competition Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed by each of the parties hereto.
- (e) *Assignment.* The rights and benefits of the Rick's Parties under this Non-Competition Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Rick's Parties. The rights of Mofid hereunder are personal and nontransferable except that the rights and benefits hereof shall inure to the benefit of the heirs, executors and legal representatives of Mofid.

- (f) *Binding Effect.* Except as otherwise provided herein, this Non-Competition Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- (g) *Execution .* This Non-Competition Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this Non-Competition Agreement has been executed as of the 1st day of June, 2010.

RCI ENTERTAINMENT (3315 NORTH FREEWAY FW), INC.

By: /s/ Eric Langan
Eric Langan, President

/s/ Sherri Mofid
SHERRI MOFID, Individually

EXHIBIT C

Panther City
719 North Main Street
Fort Worth, Texas 76164

Texas Cabaret
1300 NE Loop 820
Fort Worth, Texas 76106

NON-COMPETITION AGREEMENT

This Non-Competition Agreement dated June 1, 2010 (the "Non-Competition Agreement"), is by and among **RCI Entertainment (3315 North Freeway FW), Inc.**, a Texas corporation ("RCI"), and **James Noryian**, an individual residing in Texas ("Noryian").

WITNESSETH:

WHEREAS, Sherri Mofid, an individual and the mother of Noryian ("Mofid"), owns 100% of the outstanding shares of common stock of Restaurant Associates, Inc., a Texas corporation (the "Company"), which owns and operates an adult entertainment cabaret known as Fort Worth Gentleman's Club (the "Club") located at 3315 North Freeway, Fort Worth, Texas 76106; and

WHEREAS, Mofid owns 100% of the outstanding membership interests of Voldar, LLC, a Texas limited liability company ("Voldar"), which owns the real property commonly known as 3315 North Freeway, Fort Worth, Texas 76106 (the "Real Property") as is more fully described on Exhibit "A" attached to the Purchase Agreement (as defined below); and

WHEREAS, Mofid owns the real property located at BLK 3, Lot 4R and 5R, Diamond Heights Industrial Addition, Fort Worth, Texas 76106 (the "Adjacent Property"), which is located adjacent to the Real Property and is more fully described on Exhibit "B" attached to the Purchase Agreement (as defined below); and

WHEREAS, RCI, the Company, Voldar, Mofid, John Faltynski, and Noryian entered into an Asset Purchase Agreement dated June 1, 2010 (the "Purchase Agreement"), pursuant to which (i) the Company has agreed to sell all of the assets owned by it which are associated or used in connection with the operation of the Club, (ii) Voldar has agreed to lease the Real Property to RCI with an Option to Purchase and (iii) Mofid has agreed to lease the Adjacent Property to RCI with the Option to Purchase (collectively, the "Transaction"); and

WHEREAS, in connection with the Transaction, RCI has agreed to pay the Company cash consideration, as more fully described in the Purchase Agreement; and

WHEREAS, Noryian (i) is the son of Mofid, (ii) has knowledge and experience in the business and operations of the Company and the Club, (iii) has actively consulted with Mofid regarding the business and operations of the Company and the Club, and (iv) was instrumental in the negotiations of the Transaction, and as such receives a benefit from the Transaction; and

WHEREAS, Mofid, as the sole owner of the Company and of Voldar, will benefit from the Transaction, and Noryian will also benefit from the Transaction through his relationship and financial dealings with Mofid; and

WHEREAS, in connection with the Transaction, RCI has agreed to pay Noryian cash consideration of ten dollars (\$10.00), and Noryian agrees that his receipt of such cash consideration, in addition to other good and valuable consideration he receives in connection with the Transaction, constitutes valid consideration for his entry into this Non-Competition Agreement, as more fully described herein; and

WHEREAS , RCI requires that Noryian enter into this Non-Competition Agreement as a condition to RCI entering into the Purchase Agreement and effecting the Transaction; and

WHEREAS , to induce RCI to enter into the Purchase Agreement and to complete the Transaction, Noryian agreed to enter into this Non-Competition Agreement; and

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

1. Covenants. For a period of five (5) years from the date of execution hereof (such five (5) year period being referred to herein as the "Restricted Period"), Noryian shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, director, investor or in any other individual or representative capacity, whether for compensation or not:

- (a) Own, or have any rights of conversion to own, or share in the earnings of, carry on, manage, operate, control, be engaged in, render services to or solicit customers for any business engaged in the operation of an establishment featuring live female nude or semi-nude entertainment within a ten (10) mile radius of the Club (the "Prohibited Area") provided that two locations identified on Exhibit "C" attached hereto are specifically excluded from the Prohibited Area; or
- (b) Solicit or induce, or attempt to solicit or induce, wherever located, any employee, independent contractor, or agent or consultant of the Club, RCI, or any of their affiliates or parent (collectively, the "Rick's Parties") to leave his or her employment or terminate his or her agreement or relationship with any of the Rick's Parties.

2. Noryian's Acknowledgments and Agreements . Noryian acknowledges and agrees that:

- (a) He has received cash consideration of ten dollars (\$10.00) for his entry into this Non-Competition Agreement and that his receipt of such cash consideration, in addition to other good and valuable consideration he receives in connection with the Transaction, constitutes valid consideration to him for his entry into this Non-Competition Agreement;
- (b) Due to the nature of the Rick's Parties' business, the foregoing covenants place no greater restraint upon Noryian than is reasonably necessary to protect the business and goodwill of the Rick's Parties;
- (c) These covenants protect a legitimate interest of the Rick's Parties and do not serve solely to limit the future competition of the Rick's Parties;
- (d) This Non-Competition Agreement is not an invalid or unreasonable restraint of trade;

- (e) A breach of these covenants by Noryian would cause irreparable damage to the Rick's Parties;
- (f) These covenants will not preclude Noryian from obtaining reasonable business relationships or becoming gainfully employed following the closing of the Purchase Agreement;
- (g) These covenants are reasonable in scope and are reasonably necessary to protect the business and goodwill and valuable and extensive trade which the Rick's Parties have established through their own expense and effort;
- (h) The signing of this Non-Competition Agreement is necessary as part of the consummation of the Transaction previously discussed; and
- (i) Noryian has carefully read and considered all provisions of this Non-Competition Agreement and that all of the restrictions set forth are fair and reasonable and are reasonably required for the protection of the interests of the Rick's Parties.

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

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

5. **General Provisions** .

- (a) *Notices*. Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested or by a recognized overnight delivery service. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change their address by written notice in accordance with this Paragraph 5(a). A notice or communication will be effective (i) if delivered in Person or by overnight courier, on the business day it is delivered and (ii) if sent by registered or certified mail, three (3) business days after dispatch.

If to RCI: RCI Entertainment (3315 North Freeway FW), Inc.
Attn: Eric Langan
10959 Cutten Road
Houston, Texas 77066

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

If to Noryian: James Noryian
40 N. IH 35#PB 1
Austin Texas, 78701

With a copy to: David G. Slater
Slater Kennon & Jameson, LLP
4807 Spicewood Springs Road
Building 2, Suite 240
Austin, Texas 78759

- (b) *Law Governing Non-Competition Agreement and Venue.* This Non-Competition Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to principles of conflict of laws. In any action between or among any of the parties, whether arising out of this Non-Competition 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.
- (c) *Contract Terms to be Exclusive.* This Non-Competition Agreement contains the sole and entire agreement between the parties and shall supersede any and all other agreements between the parties with respect to Noryian's agreement not to compete with the Rick's Parties.
- (d) *Waiver or Modification Ineffective Unless in Writing.* It is further agreed that no waiver or modification of this Non-Competition Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by each of the parties hereto and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding or litigation between the parties hereto arising out of or affecting this Non-Competition Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed by each of the parties hereto.

- (e) *Assignment.* The rights and benefits of the Rick's Parties under this Non-Competition Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Rick's Parties. The rights of Noryian hereunder are personal and nontransferable except that the rights and benefits hereof shall inure to the benefit of the heirs, executors and legal representatives of Noryian.
- (f) *Binding Effect.* Except as otherwise provided herein, this Non-Competition Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- (g) *Execution .* This Non-Competition Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this Non-Competition Agreement has been executed as of the 1st day of June, 2010.

RCI ENTERTAINMENT (3315 NORTH FREEWAY FW), INC.

By: /s/ Eric Langan
Eric Langan, President

/s/ James Noryian
JAMES NORYIAN, Individually

EXHIBIT C

Panther City
719 North Main Street
Fort Worth, Texas 76164

Texas Cabaret
1300 NE Loop 820
Fort Worth, Texas 76106



FOR IMMEDIATE RELEASE

RICK'S CABARET INTERNATIONAL, INC. PURCHASES ADDITIONAL ADULT CLUB IN DALLAS-FORT WORTH MARKET

HOUSTON – (June 2, 2010) – **Rick's Cabaret International, Inc.** (NASDAQ: RICK), the nation's premier owner of upscale gentlemen's clubs, has purchased the **Fort Worth Gentleman's Club** at 3315 North Freeway in Fort Worth, Texas.

Rick's Cabaret paid \$2 million to **Restaurant Associates, Inc.** for the club and also obtained options to buy the land on which the club sits and the land adjacent to the club, an aggregate of 2.2 acres.

"This acquisition sends the signal that we are continuing the roll-up program that has been underway for some time and that we will continue to purchase new clubs that will be accretive to our earnings and help fulfill our strategic vision," said **Eric Langan**, President and CEO of Rick's Cabaret.

"Specifically, the purchase of Fort Worth Gentleman's Club adds significantly to the cluster of clubs we now have in the Dallas-Fort Worth market, giving us purchasing power synergies and marketing advantages, and lets us leverage our regional management strengths," he added.

Upon completion of plans to open a new cabaret near the **DFW International Airport** later this year, the Fort Worth Gentleman's Club acquisition will bring to six the number of clubs owned by subsidiaries of Rick's Cabaret in the Dallas-Fort Worth market -- **Rick's Cabaret** and **Cabaret North** in Fort Worth, **XTC Cabaret** and **Club Onyx** in Dallas. The acquisition brings to 20 the total number of clubs owned by subsidiaries of the company nationwide, including the flagship **Rick's Cabaret** in New York City and **Tootsie's Cabaret** in Miami Gardens, Florida.

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 Website 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.

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/>.

Contact: Allan Priaulx, 212-338-0050, allan@ricks.com
