

RICKS CABARET INTERNATIONAL INC

FORM S-3

(Securities Registration Statement (simplified form))

Filed 4/4/1997

Address	505 NORTH BELT SUITE 630 HOUSTON, Texas 77060
Telephone	281-820-1181
CIK	0000935419
Industry	Restaurants
Sector	Services
Fiscal Year	09/30

FILE NO.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

RICK'S CABARET INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)

76-0458229
(IRS Employer
Identification No.)

3113 BERING DRIVE,
HOUSTON, TEXAS 77057
(713) 785-0444
(Address of principal executive offices,
including zip code and Registrant's
telephone number, including area code)

ROBERT L. WATERS,
3113 BERING DRIVE,
HOUSTON, TEXAS 77057
(713) 785-0444
(Name and address of agent for service and
agent's telephone number, including area
code)

With copies to:

ROBERT D. AXELROD,
5300 MEMORIAL DRIVE, SUITE 700,
HOUSTON, TEXAS 77007
(713) 861-1996

(713) 552-0202-FAX

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

As soon as practicable after the Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to a dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If the Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

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PROPOSED MAXIMUM	PROPOSED MAXIMUM
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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	OFFERING PRICE PER SHARE (*)	AGGREGATE OFFERING PRICE (*)	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$0.01.....	380,000	\$2.8125	\$1,068,750	\$323.87

* Estimated solely for the purpose of calculating the registration fee. Calculated pursuant to Rule 457(g) and based on the average bid and asked price of the Company's Common Stock on March 31, 1997.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVENESS DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

RICK'S CABARET INTERNATIONAL, INC.

**CROSS-REFERENCE SHEET
SHOWING LOCATION IN THE PROSPECTUS OF
INFORMATION REQUIRED BY ITEMS OF FORM S-3**

FORM S-3 ITEM NUMBER AND CAPTION -----	LOCATION IN PROSPECTUS -----
1. Front of Registration Statement and Outside Front Cover of Prospectus.....	Outside Front Cover Page of Prospectus
2. Inside Front Cover and Outside Back Cover Pages of Prospectus.....	Inside Front Cover and Outside Back Cover Pages of Prospectus
3. Summary Information and Risk Factors.....	The Company; Risk Factors
4. Use of Proceeds.....	Use of Proceeds
5. Determination of Offering Price.....	Outside Front Cover; Use of Proceeds
6. Dilution.....	*
7. Selling Stockholders.....	Selling Stockholders
8. Plan of Distribution.....	Outside Front Cover Page; Risk Factors; Plan of Distribution
9. Description of Securities to be Registered.....	*
10. Interest of Named Experts and Counsel.....	Legal Matters
11. Material Changes.....	Recent Houston, Texas City Ordinance Documents Incorporated by Reference
12. Incorporation by Reference of Certain Information...	
13. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Limitation on Director's Liability; Indemnification

(*) None or Not Applicable

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED APRIL 4, 1997

RICK'S CABARET INTERNATIONAL, INC.

380,000 SHARES OF COMMON STOCK

This Prospectus relates to the resale of 380,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of Rick's Cabaret International, Inc. (the "Company") which may be offered and sold from time to time (the "Stockholder Shares") by certain security holders of the Company (the "Selling Stockholders"). The Selling Stockholders may from time to time sell all or any portion of the Common Stock in the over-the-counter market, on any regional or national securities exchange on which the Common Stock is listed or traded, in negotiated transactions or otherwise, at prices then prevailing or related to the then current market price or at negotiated prices. A current Prospectus must be in effect at the time of the sale of the shares of Common Stock to which this Prospectus relates. The Common Stock may be sold directly or through broker dealers, or in a distribution by one or more underwriters on a firm commitment or a best efforts basis. The Selling Stockholders and any broker-dealer who participates in the distribution of the Common Stock may be deemed to be Underwriters ("Underwriters") within the meaning of the Securities Act of 1933, as amended (the "Act"). Any commission received by any broker-dealer and any profit on resale of Common Stock purchased by them may be deemed to be underwriting commission under the Act. The Company will not receive any proceeds from the sale of the Common Stock offered hereby, but will incur certain expenses in connection with this Offering. See, Use of Proceeds.

The Company's Common Stock is quoted on the National Association of Securities Dealer's NASDAQ Small Cap Market automated quotation system under the symbol "RICK". On March 31, 1997, the last closing bid price of the Company's Common Stock as reported by the National Association of Securities Dealer's NASDAQ Small Cap Market was \$2.8125 per share bid.

FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK, SEE THE "RISK FACTORS" SECTION OF THIS PROSPECTUS BEGINNING ON PAGE 4.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND

EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Date of this Prospectus is April , 1997.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OTHER PERSON. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY OR ITS SUBSIDIARIES SINCE THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES OR AN OFFER TO ANY PERSON IN ANY STATE WHERE SUCH OFFER WOULD BE UNLAWFUL.

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Commission. The Company will provide without charge to each person who receives a copy of this Prospectus, upon written or oral request, a copy of any information that is incorporated by reference in this Prospectus (not including exhibits to the information that is incorporated by reference unless the exhibits are themselves specifically incorporated by reference). Such request should be directed to Rick's Cabaret International, Inc., Attention of Robert L. Watters, 3113 Bering Drive, Houston, Texas 77057, tel. (713) 785-0444.

The Company has filed with the Commission a Registration Statement on Form S-3 under the Act with respect to the securities offered by this Prospectus. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and this offering, reference is made to the Registration Statement, including the exhibits filed therewith, as well as such reports, proxy statements and other information filed with the Commission, which may be inspected without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

The Commission maintains a Web site on the Internet that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The address of the site is <http://www.sec.gov>. Visitors to the site may access such information by searching the EDGAR data base on the site.

DOCUMENTS INCORPORATED BY REFERENCE

The Company hereby incorporates by reference in this Prospectus (i) the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1996; (ii) the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended December 31, 1996; (iii) the Company's Report on Form 8-K dated October 22, 1996; and (iv) the description of the Company's Common Stock contained in the Company's Form SB-2 dated October 12, 1995, including any amendments or reports filed for the purpose of updating such description. All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since September 30, 1996, are hereby incorporated herein by reference.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14, or 15(d) of the Exchange Act, prior to the termination of this offering, shall be deemed to be incorporated by reference into this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or any other subsequently filed document which also is or is deemed to be incorporated by reference modifies or replaces such statement.

THE COMPANY

The Company was organized in 1994 to acquire all of the outstanding capital stock of Trumps, Inc. ("Trumps"), a Texas corporation formed in 1982. Since 1983, Trumps has operated Rick's Cabaret ("Rick's"), a premiere adult nightclub offering topless entertainment in Houston, Texas. Rick's Cabaret, which caters primarily to businessmen, has developed a clientele base which includes professionals, business executives and other individuals who tend to entertain more frequently than the average person and who tend to have greater disposable income. From its inception, the Company's objective was to provide a first-class entertainment environment for the business consumer. To achieve this goal and reach its target market, Rick's created an attractive, yet discreet environment, complimented by a first-class bar and restaurant operation conducive to attracting businessmen and out-of-town convention clientele.

In February, 1996, the Company formed RCI Entertainment, Louisiana, Inc., a Louisiana corporation, for the purpose of administering, operating, managing and leasing its new location in New Orleans, Louisiana. The Company recently opened its new facility in New Orleans which is located at 315 Bourbon Street. In addition, the Company formed RCI Entertainment (Texas), Inc. in June, 1996, for the purpose of acquiring 1.13 acres of land in Houston, Texas. The Company is presently evaluating whether to build a new adult oriented nightclub at this location within the next twelve to eighteen months.

RISK FACTORS

The Common Stock offered hereby is speculative and involves a high degree of risk. In addition to the other information set forth in this Prospectus, each prospective investor should carefully consider the following risk factors before making an investment decision.

NECESSARY PERMITS -- RECENT HOUSTON CITY ORDINANCE

The Company currently has a Business Permit (the "Permit") to operate a sexually oriented business ("Sexually Oriented Business") in Houston, Texas. However, in January, 1997 the City Council of the City of Houston passed a comprehensive new ordinance regulating the location of and the conduct within Sexually Oriented Businesses. The new Ordinance, which will become fully effective by mid 1997 establishes new distances that Sexually Oriented Businesses may be located to schools, churches, playgrounds and other sexually oriented businesses. There are no provisions in the Ordinance exempting previously permitted sexually oriented businesses from the effect of the new Ordinance. Rick's Cabaret at its original location at 3113 Bering Drive and its proposed new location on the Southwest Freeway have both applied for new permits under the new ordinance, but it appears likely that the original location and possibly the new proposed location on the Southwest Freeway will be denied permits. It is the intention of the Company to join with a number of other sexually oriented businesses and to file suit against the City of Houston to challenge the constitutionality of the new ordinance. The Company, along with numerous other sexually oriented businesses will seek injunctive relief to halt implementation of the new ordinance until such time as the matter can be brought before a full and considered hearing. There are other provisions in the ordinance, such as provisions governing the level of lighting in a sexually oriented business, the distance between a customer and a dancer while the dancer is performing in a state of nudity and provisions regarding the licensing of dancers which may be detrimental to the conduct of business by the Company and all of these provisions also will be the subject of the above mentioned litigation.

The Company is presently in the process of selecting the legal counsel which will represent the Company in this matter. No assurance can be given as to the likelihood of the success of any litigation filed against the City of Houston, but in the event that such litigation is unsuccessful the Company will be able to take the benefit of an amortization provision contained in the new ordinance designed to allow recovery of a business's investment and which will allow the Company to continue in business at its present location during the amortization period.

A dance hall permit is required for the operation of a discotheque in the city of Houston. The dance hall permit is not a discretionary permit, but must be granted by the city if the provisions of the applicable

ordinance are satisfied. A dance hall permit may be revoked or renewal may be refused if certain criminal activities occur on the premises or if the person listed as the applicant has committed certain named offenses. The loss of the dance hall permit would have a material adverse effect on Rick's business, financial condition and results of operations.

RISK OF ADULT NIGHTCLUB OPERATIONS

Historically, the adult entertainment, restaurant and bar industry has been an extremely volatile industry. The industry tends to be extremely sensitive to the general local economy, in that when economic conditions are prosperous, entertainment industry revenues increase, and when economic conditions are unfavorable, entertainment industry revenues decline. Coupled with this economic sensitivity is the trendy personal preferences of the customers who frequent adult cabarets. The Company continuously monitors trends in its customers' tastes and entertainment preferences so that, if necessary, it can make appropriate changes which will allow it to remain one of the premiere adult cabarets. However, any significant decline in general corporate conditions or uncertainties regarding future economic prospects that affect consumer spending could have a material adverse effect on the Company's business. In addition, Rick's has historically catered to a clientele base from the upper end of the market. Accordingly, further reductions in the amounts of entertainment expenses allowed as deductions from income under the Internal Revenue Code of 1954, as amended, could adversely affect sales to customers dependent upon corporate expense accounts.

FINANCIAL CONTROLS

A significant part of the revenues earned by the Company through its adult nightclub operations will be collected in cash by full and part-time employees. Comprehensive financial controls are required to minimize the potential loss of revenue through theft or misappropriation of cash. To the extent that these controls are not structured or executed properly, significant cash revenues could be lost and profitability of the Company impaired. The Company believes that it has implemented significant cash controls, including separating management personnel from actually handling cash and utilizing a combination of accounting and physical inventory control devices to deter theft and to ensure a high level of security within its accounting practices and procedures.

COMPETITION

The adult topless club entertainment business is highly competitive with respect to price, service and location, as well as the professionalism of the entertainment. Rick's Cabaret in Houston competes with a number of locally-owned adult cabarets, some of whose names may enjoy recognition that equals that of Rick's. There are approximately 50 adult cabarets located in the Houston area of which approximately 10 are in direct competition with the Company. In recent years, Rick's has been among the highest adult nightclub in the Houston area in alcoholic beverage sales, according to the information made available by the Texas Alcoholic Beverage Commission. Although the Company believes that it is well-positioned to compete successfully, there can be no assurance that Rick's will be able to maintain its high level of name recognition and prestige within the marketplace.

DEPENDENCE ON AND AVAILABILITY OF MANAGEMENT; MANAGEMENT OF GROWTH

The success of the Company is substantially dependent upon the time, talent, and experience of Robert Watters, its President and Chief Executive Officer. The Company has entered into a three-year employment agreement with Mr. Watters which extends to December 31, 1997. Additionally, the Company has obtained key-man life insurance on the life of Mr. Watters in the amount of \$3,000,000. The loss of the services of Mr. Watters would have a material adverse impact on the Company and its business. In the event of Mr. Watters unavailability or in the event that he should become temporarily disabled, the Company believes that it presently has in place management systems and controls which are sufficiently strong to enable it to run efficiently and effectively until Mr. Watters' return or until a replacement could be found. No assurance can be given, however, that a replacement for Mr. Watters could be located in the event of his unavailability. Further, in order for the Company to expand its business operations, it must continue to improve and expand the level

of expertise of its personnel and must attract, train and manage qualified managers and employees to oversee and manage the expanded operations. The Company's practice of training management without prior adult topless club experience could result in a delay in the Company's anticipated growth plans due to the time required to attract and train such qualified managers and employees.

KEY EMPLOYEES

The Company's success depends on maintaining a high quality of female entertainers and waitresses. Competition for topless entertainers in the adult entertainment business is intense. The lack of availability of quality, personable, attractive entertainers or the Company's inability to attract and retain other key employees, such as kitchen personnel and bartenders, could adversely impact the business of the Company.

ABILITY TO MANAGE GROWTH

It is the intention of the Company to expand its existing business operations by opening additional topless nightclubs in other metropolitan areas under the trade name "Rick's Cabaret." The opening of additional topless nightclubs will subject the Company to a variety of risks associated with rapidly growing companies. In particular, the Company's growth may place a significant strain on its accounting systems and internal controls and personal overview of its day-to-day operations. Although management intends to ensure that its internal controls remain adequate to meet the demands of further growth, there can be no assurance that its systems, controls or personnel will be sufficient to meet these demands. Inadequacies in these areas could have a material adverse effect on Rick's business, financial condition and results of operations.

PERMITS RELATING TO THE SALE OF ALCOHOL

Rick's derives a significant portion of its revenues from the sale of alcoholic beverages. In Texas, the authority to issue a permit to sell alcoholic beverages is governed by the Texas Alcoholic Beverage Commission (the "TABC"), which has the authority, in its discretion, to issue the appropriate permits. Rick's presently holds a Mixed Beverage Permit and a Late Hours Permit (the "Permits"). These Permits are subject to annual renewal, provided Rick's has complied with all rules and regulations governing the permits. Renewal of a permit is subject to protest, which may be made by a law enforcement agency or by a member of the general public. In the event of a protest, the TABC may hold a hearing at which time the views of interested parties are expressed. The TABC has the authority after such hearing not to issue a renewal of the protested alcoholic beverage permit. While Rick's has never been subject to a protest hearing against the renewal of its Permits, there can be no assurance that such a protest could not be made in the future, nor can there be any assurance that the Permits would be granted in the event such a protest was made. Other states may have similar laws which may limit the availability of a permit to sell alcoholic beverages or which may provide for suspension or revocation of a permit to sell alcoholic beverages in certain circumstances. The temporary or permanent suspension or revocations of either of the Permits or the inability to obtain permits in areas of expansion would have a material adverse effect on the revenues, financial condition and results of operations of the Company.

STATUS OF ENTERTAINERS AS INDEPENDENT CONTRACTORS

The Company believes its entertainers to be independent contractors and not employees for federal income tax purposes and that the entertainers should be treated as self-employed independent contractors under the income tax withholding provisions of the Internal Revenue Code and under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act. In addition, the Company believes the entertainers are independent contractors for purposes of regulations administered by the United States Department of Labor. However, the status of the entertainers as independent contractors is not free from doubt. The Company has sought neither a ruling from either the Internal Revenue Service or the Department of Labor nor an opinion of counsel as to the status of its entertainers as independent contractors. After consultation with counsel, the Company does not believe that it could obtain an opinion on this issue at a cost which the Company would find acceptable. Moreover, the Company believes that any such opinion, if obtained, would be of very limited value, given the inherently factual nature of the issue. To the extent that a

determination were made that the entertainers are not independent contractors, but rather are employees for tax or labor purposes, and a similar determination were not made as to other adult cabarets, the Company could be at a competitive disadvantage with other adult cabarets. Moreover, such a determination could result in the imposition of penalties against the Company for its prior treatment, the effect of which could be material. The Company is a member of the Texas Entertainment Association, an organization composed of the largest adult cabarets in Texas. One of the objectives of the Texas Entertainment Association has been to keep the membership informed of changes in the law relating to the status of entertainers as independent contractors and to coordinate the policies of the major adult cabarets in an effort to ensure that changes in the policies and procedures relating to the employment status of entertainers are made uniformly by the entire adult industry in Texas. The Company presently intends to change its treatment of its entertainers from independent contractors to employees in the near future. The Company is working cooperatively with the Texas Entertainment Association in an effort to achieve an orderly transition within the entire industry.

EXISTING LITIGATION

The Company and Mr. Watters are presently involved in certain litigation. In *Dallas J. Fontenot v. Trumps, Inc. and Robert L. Watters*, Cause No. 94-057144 in the 127th District Court of Harris County, Texas (the "Fontenot Lawsuit"), Mr. Fontenot sued the Company and Mr. Watters for alleged breaches of an Agreement entered into in April, 1993 among Mr. Fontenot, the Company and Mr. Watters. Mr. Fontenot alleges that Mr. Watters and the Company have breached this Agreement, but does not indicate the manner in which the breach has occurred. The Company believes that it has fully complied with its obligations under this Agreement. The litigation is in its initial stages and no trial date has been set. The Company believes, after consultation with counsel, that it has substantial defenses to the claims being asserted against it and that the risk of material financial exposure to the Company is remote.

UNINSURED RISKS

The Company maintains insurance in amounts it considers adequate for personal injury and property damage to which the business of the Company may be subject. As of September 1996, the Company maintains personal injury liquor liability insurance, however, there can be no assurance that the Company may not be exposed to potential liabilities in excess of the coverage provided by insurance, which liabilities may be imposed pursuant to the Texas "Dram Shop" statute or similar "Dram Shop" statutes or common law theories of liability in other states where the Company may expand. The Texas "Dram Shop" statute provides a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to such person if it was apparent to the server that the individual being sold, served or provided with an alcoholic beverage was obviously intoxicated to the extent that he presented a clear danger to himself and others. An employer is not liable for the actions of its employee who overserves if (i) the employer requires its employees to attend a seller training program approved by the TABC; (ii) the employee has actually attended such a training program; and (iii) the employer has not directly or indirectly encouraged the employee to violate the law. It is the policy of Rick's to require that all servers of alcohol working at Rick's be certified as servers under a training program approved by the TABC, which certification gives statutory immunity to the sellers of alcohol from damage caused to third parties by those who have consumed alcoholic beverages at such establishment pursuant to the Texas Alcoholic Beverage Code. There can be no assurance, however, that uninsured liabilities may not arise which could have a material adverse effect on the Company.

CONTROL BY MANAGEMENT

The Chief Executive Officer and Chairman of the Board of the Company owns approximately 37% of the outstanding Common Stock of the Company. As a result, management will be able to influence the election of directors and otherwise influence the affairs of the Company for the foreseeable future.

LIMITATIONS ON PROTECTION OF SERVICE MARKS

Rights of the Company to the tradenames "Rick's" and "Rick's Cabaret", are established under the common law, based upon the Company's substantial and continuous use of these trademarks in interstate

commerce since at least as early as 1987. "RICK'S AND STARS DESIGN" and "RICK'S CABARET" logos are registered through service mark registrations issued by the United States Patent and Trademark Office ("PTO").

There can be no assurance that these steps taken by the Company to protect its Service Marks will be adequate to deter misappropriation of its protected intellectual property rights. Litigation may be necessary in the future to protect the Company's rights from infringement, which may be costly and time consuming. The loss of the intellectual property rights owned or claimed by the Company could have a material adverse affect on the Company.

POSSIBLE VOLATILITY OF COMMON STOCK PRICE

The market price of the Common Stock of the Company may be highly volatile, as has been the case with the securities of many other small capitalization companies. Additionally, in recent years, the securities markets have experienced a high level of price and volume volatility and the market prices of securities for many companies, particularly small capitalization companies, have experienced wide fluctuations which have not necessarily been related to the operating performances or underlying asset values of such companies. Securities of issuers having relatively limited capitalization or securities recently issued in a public offering are particularly susceptible to change based on short-term trading strategies of certain investors.

NO CASH DIVIDENDS

The Company has never paid cash dividends on its Common Stock and the Board of Directors does not anticipate paying cash dividends in the foreseeable future. It currently intends to retain future earnings to finance the growth of its business.

ANTI-TAKEOVER EFFECTS OF ISSUANCE OF PREFERRED STOCK

The Board of Directors has the authority to issue up to 1,000,000 shares of Preferred Stock, \$.10 par value per share, in one or more series, to fix the number of shares constituting any such series, and to fix the rights and preferences of the shares constituting any series, without any further vote or action by the stockholders. The issuance of Preferred Stock by the Board of Directors could adversely affect the rights of the holders of Common Stock. For example, such issuance could result in a class of securities outstanding that would have preferences with respect to voting rights and dividends and in liquidation over the Common Stock, and could (upon conversion or otherwise) enjoy all of the rights appurtenant to Common Stock. The Board's authority to issue Preferred Stock could discourage potential takeover attempts and could delay or prevent a change in control of the Company through merger, tender offer, proxy contest or otherwise by making such attempts more difficult to achieve or more costly. There are no issued and outstanding shares of Preferred Stock; there are no agreements or understandings for the issuance of Preferred Stock, and the Board of Directors has no present intention to issue Preferred Stock.

LIMITATION ON DIRECTOR LIABILITY

The Company's Articles of Incorporation provide, as permitted by governing Texas law, that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, with certain exceptions. These provisions may discourage stockholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by stockholders on behalf of the Company against a director. See, Limitation on Directors' Liability; Indemnification.

RECENT HOUSTON, TEXAS CITY ORDINANCE

The Company currently has a Business Permit (the "Permit") to operate a sexually oriented business ("Sexually Oriented Business") in Houston, Texas. However, in January, 1997 the City Council of the City of Houston passed a comprehensive new ordinance regulating the location of and the conduct within Sexually Oriented Businesses. The new Ordinance, which will become fully effective by mid 1997 establishes new distances that Sexually Oriented Businesses may be located to schools, churches, playgrounds and other sexually oriented businesses. There are no provisions in the Ordinance exempting previously permitted sexually oriented businesses from the effect of the new Ordinance. Rick's Cabaret at its original location at 3113 Bering Drive and its proposed new location on the Southwest Freeway have both applied for new permits under the new ordinance, but it appears likely that the original location and possibly the new proposed location on the Southwest Freeway will be denied permits. It is the intention of the Company to join with a number of other sexually oriented businesses and to file suit against the City of Houston to challenge the constitutionality of the new ordinance. The Company, along with numerous other sexually oriented businesses will seek injunctive relief to halt implementation of the new ordinance until such time as the matter can be brought before a full and considered hearing. There are other provisions in the ordinance, such as provisions governing the level of lighting in a sexually oriented business, the distance between a customer and a dancer while the dancer is performing in a state of nudity and provisions regarding the licensing of dancers which may be detrimental to the conduct of business by the Company and all of these provisions also will be the subject of the above mentioned litigation.

The Company is presently in the process of selecting the legal counsel which will represent the Company in this matter. No assurance can be given as to the likelihood of the success of any litigation filed against the City of Houston, but in the event that such litigation is unsuccessful the Company will be able to take the benefit of an amortization provision contained in the new ordinance designed to allow recovery of a business's investment and which will allow the Company to continue in business at its present location during the amortization period.

USE OF PROCEEDS

The Company will not receive any proceeds upon the resale of the Common Stock by the Selling Stockholders. Selling Stockholders will not pay any of the costs of this Offering.

PLAN OF DISTRIBUTION

The Selling Stockholders may, from time to time, sell all or a portion of the Stockholder Shares in transactions (which may include block transactions) in the over-the-counter market on any national or regional securities exchange in which the Common Stock is listed or traded, in negotiated transactions or otherwise, at prices then prevailing or related to the then current market price or at negotiated prices. Resales by the purchasers of such shares may be made in the same manner.

The Selling Stockholders may effect such transactions by selling their securities directly to purchasers, through broker-dealers acting as agents for the Selling Stockholders or to broker-dealers who may purchase shares as principals and thereafter sell the securities from time to time in the over-the-counter market, in negotiated transactions or otherwise. Such broker-dealers, if any, may receive compensation in the form of discounts, concessions or commissions from both the Selling Stockholders and/or the purchasers for whom such broker-dealers may act as agents or to whom they may sell as principals (which compensation as to a particular broker-dealer may be in excess of customary commissions).

If the Company is notified by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of the Common Stock, the Company would be required to amend the Registration Statement of which this Prospectus is a part and file a Prospectus Supplement to describe the agreements between the Selling Stockholder and such broker-dealer relating to the distribution.

The Selling Stockholders and any broker-dealers participating in the distribution of the Common Stock covered by this Prospectus may be deemed to be "underwriters" (within the meaning of Section 2(11) of the

Act). Any commissions received by them, as well as any proceeds from any sales as a principal by them, may be deemed to be underwriting discounts and commissions under the Act.

The Company will pay certain costs and expenses incurred in connection with the registration of the Stockholder Shares under the Act. The Company will not, however, pay any commissions or any other fees in connection with the sale of the Common Stock.

There is no assurance that the Selling Stockholders will sell any or all of the Common Stock.

SELLING STOCKHOLDERS

The following table sets forth the name of each Selling Stockholder, the number of shares of Common Stock offered by each Selling Stockholder, the number of shares of Common Stock to be owned by each Selling Stockholder if all shares were to be sold in the Offering and the percentage of the Company's outstanding Common Stock that will be owned by each Selling Stockholder if all shares are sold in the offering. The shares of Common Stock being offered hereby are being registered to permit public secondary trading and the Selling Stockholders may offer all or a portion of the shares for resale from time to time.

SELLING STOCKHOLDER(1)	SHARES OWNED	SHARES	SHARES OWNED AFTER	PERCENTAGE OWNED AFTER
-----	BEFORE OFFERING	OFFERED FOR SALE	OFFERING IF ALL SHARES SOLD*	OFFERING IF ALL SHARES SOLD
-----	-----	-----	-----	-----
Paul E. Bennet.....	5,000	5,000	0	0%
Arthur L. Asch.....	5,000	5,000	0	0%
Jack Gilbert.....	10,000	10,000	0	0%
Harry Falterbauer.....	20,000	20,000	0	0%
Austin A. Cooper.....	10,000	10,000	0	0%
Sterling Capital LLC.....	5,000	5,000	0	0%
Dan R. Balabon.....	5,000	5,000	0	0%
Marc Granet.....	3,076	3,076	0	0%
Arnold S. Gale, IRA.....	5,000	5,000	0	0%
Barney R. Stephens.....	20,000	20,000	0	0%
Larry J. Corneck.....	10,000	10,000	0	0%
Irving J. Denmark.....	5,000	5,000	0	0%
C.G. Chase Construction Co.....	10,000	10,000	0	0%
Stanley Snyder.....	5,000	5,000	0	0%
Private Trust Corp. Ltd.				
TTEE:New Amsterdam Investment Trust.....	5,000	5,000	0	0%
Nicholas Kratsios.....	3,500	3,500	0	0%
Dan Signore.....	4,000	4,000	0	0%
Matt Tomaszewski.....	15,000	15,000	0	0%
Thomas F. Polich.....	5,000	5,000	0	0%
Julia A. Knight.....	3,500	3,500	0	0%
Jeffrey D. Gohd.....	2,000	2,000	0	0%
Lawrence C. Gibbs.....	10,000	10,000	0	0%
Thad Thrash.....	1,000	1,000	0	0%
Nicholas B. Graziano				
Revocable Family				
Living Trust of 12-13-95.....	2,846	2,846	0	0%
Rock Fund(2).....	125,000	125,000	0	0%
Fidelity Holdings, LTD.....	80,000	80,000	0	0%
Richard M. Hoffman.....	5,000	5,000	0	0%

(*) Assumes no sales are effected by the Selling Stockholders during the offering period other than pursuant hereto.

(1) Except as set forth below, no Selling Stockholder has held any position or office, or has had any material relationship with the Company or any of its affiliates within the past three years.

(2) Affiliates of the Rock Fund own an additional 119,600 shares of Common Stock for a total of 244,600 shares.

LIMITATION ON DIRECTOR'S LIABILITY; INDEMNIFICATION

Texas law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors' fiduciary duty of care. The Articles of the Company limit the liability of directors of the Company (in their capacity as directors but not in their capacity as officers) to the Company or its stockholders to the fullest extent permitted by Texas law. Specifically, directors of the Company will not be personally liable for monetary damages for breach of a director's fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Article 2.41 under the Texas Business Corporation Act ("TBCA"), or (iv) for any transactions from which the director derived an improper personal benefit, whether or not the benefit resulted from an action taken in the person's official capacity. Section 2.41 of the TBCA relates to directors' liability for unlawful dividends and stock issuances.

The inclusion of this provision in the Articles may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited the Company and its stockholders.

The Company's Articles provide for the indemnification of its executive officers and directors, and the advancement to them of expenses in connection with any proceedings and claims, to the fullest extent permitted by the TBCA law. The Articles include related provisions meant to facilitate the indemnitees' receipt of such benefits. These provisions cover, among other things: (i) specification of the method of determining entitlement to indemnification and the selection of independent counsel that will in some cases make such determination, (ii) specification of certain time periods by which certain payments or determinations must be made and actions must be taken, and (iii) the establishment of certain presumptions in favor of an indemnitee.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers or controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

LEGAL MATTERS

The validity of the Common Stock offered hereby will be passed on for the Company by Axelrod Smith & Kirshbaum of Houston, Texas. Mr. Robert D. Axelrod presently owns 2,000 shares of Common Stock of the Company and 20,000 Common Stock Purchase Warrants.

EXPERTS

The consolidated balance sheets at September 30, 1996 and 1995 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years ended September 30, 1996 and 1995 of Rick's Cabaret International, Inc. incorporated by reference into this Prospectus and Registration Statement have been audited by Jackson & Rhodes P.C., independent auditors, as set forth in their report, and are incorporated by reference in reliance upon such report, given upon the authority of such firm as experts in accounting and auditing.

PART II

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the estimated expenses to be incurred in connection with the distribution of the securities being registered. The expenses shall be paid by the Company.

SEC Registration Fee.....	\$ 323.87
Printing and Engraving Expenses.....	2,500.00
Legal Fees and Expenses.....	7,500.00
Accounting Fees and Expenses.....	1,000.00
Blue Sky Fees and Expenses.....	0.00
Transfer Agent Fees and Miscellaneous.....	1,000.00

Total.....	\$12,323.87

ITEM 15. LIMITATION ON DIRECTOR'S LIABILITY; INDEMNIFICATION

Texas law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors' fiduciary duty of care. The Articles of the Company limit the liability of directors of the Company (in their capacity as directors but not in their capacity as officers) to the Company or its stockholders to the fullest extent permitted by Texas law. Specifically, directors of the Company will not be personally liable for monetary damages for breach of a director's fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Article 2.41 under the Texas Business Corporation Act ("TBCA"), or (iv) for any transactions from which the director derived an improper personal benefit, whether or not the benefit resulted from an action taken in the person's official capacity. Section 2.41 of the TBCA relates to directors' liability for unlawful dividends and stock issuances.

The inclusion of this provision in the Articles may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited the Company and its stockholders.

The Company's Articles provide for the indemnification of its executive officers and directors, and the advancement to them of expenses in connection with any proceedings and claims, to the fullest extent permitted by the TBCA law. The Articles include related provisions meant to facilitate the indemnitees' receipt of such benefits. These provisions cover, among other things: (i) specification of the method of determining entitlement to indemnification and the selection of independent counsel that will in some cases make such determination, (ii) specification of certain time periods by which certain payments or determinations must be made and actions must be taken, and (iii) the establishment of certain presumptions in favor of an indemnitee.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers or controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 16. EXHIBITS

The following exhibits are filed as part of this Registration Statement:

EXHIBIT NO. -----	IDENTIFICATION OF EXHIBIT -----
4.1	-- Form of Registration Rights Agreement.
4.2	-- The Company's Articles of Incorporation, which are incorporated by reference to the Company's Form SB-2 Exhibit 3.1 as effective with the Commission on October 12, 1995.
4.3	-- The Company's By-laws, which are incorporated by reference to the Company's Form SB-2 Exhibit 3.2 as effective with the Commission on October 12, 1995.
4.4	-- Specimen of the Company's common stock certificate, which is incorporated by reference to the Company's Form SB-2 Exhibit 4.1 as effective with the Commission on October 12, 1995.
4.5	-- Instruments defining the rights of security holders, which are incorporated by reference to the Company's Form SB-2 Exhibit 4.2 as effective with the Commission on October 12, 1995.
5.1	-- Opinion of Axelrod, Smith & Kirshbaum
23.1	-- Consent of Axelrod, Smith & Kirshbaum (Included in Exhibit 5.1)
23.2	-- Consent of Jackson & Rhodes P.C.
27.1	-- Financial Data Schedule, which is incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended December 31, 1996 filed with the Commission on February 14, 1997.

ITEM 17. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offer or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

iii. To include any additional or changed material information with respect to the plan of distribution.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) i. That, for the purpose of determining liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

ii. That, for the purpose of determining liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form S-3 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of Houston, State of Texas on March 11, 1997.

RICK'S CABARET INTERNATIONAL, INC.

By: /s/ ROBERT L. WATTERS

*Robert L. Watters, Chairman of the
Board and Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on March 11, 1997.

SIGNATURE -----	TITLE -----	DATE -----
/s/ ROBERT L. WATTERS ----- Robert L. Watters	Chairman of the Board, Chief Executive Officer, and Director	March 11, 1997
/s/ ERICH NORTON WHITE ----- Erich Norton White	Director and Executive Vice President	March 11, 1997
/s/ SCOTT C. MITCHELL ----- Scott C. Mitchell	Director	March 11, 1997
/s/ MARTIN SAGE ----- Martin Sage	Director	March 15, 1997
/s/ ROBERT GARY WHITE ----- Robert Gary White	Chief Financial Officer and Principal Accounting Officer	March 11, 1997

INDEX TO EXHIBITS

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EXHIBIT 4.1

FORM OF REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made by and between the undersigned (the "Shareholder") and RICK'S CABARET INTERNATIONAL, INC., a Texas corporation (the "Company").

WITNESSETH:

WHEREAS, pursuant to that certain Subscription Agreement (the "Subscription Agreement") the Shareholder has purchased shares (the "Shares") of common stock of the Company, par value \$.01 per share (the "Common Stock") in the Offering of Shares of Common Stock (the "Offering") made by the Company as described in the Confidential Private Placement Memorandum dated September 3, 1996 (the "Memorandum");

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Registration. Commencing 90 days after the Termination Date (as defined in the Memorandum) of the Offering and continuing for a period of two years from the Termination Date, subject to the Shareholder and the purchasers in the Offering holding, at the time of exercise of their rights, Shares of Common Stock which represent in the aggregate a minimum of 5,000 shares (the "Registration Shares") (such number as determined without adjustment for stock dividends, reclassifications, splits and reverse splits occurring after the date of the closing of the Offering), upon the written request of the Shareholder and such purchasers in the Offering requesting that the Company effect the registration under the Securities Act of 1933, as amended (the "Securities Act") of all or a specified portion of the Registration Shares, the Company will use its best efforts to file a registration statement (the "Registration Statement") under the Securities Act with the Securities and Exchange Commission (the "Commission"). The Company shall promptly give written notice of such requested registration to all holders of record of shares of Common Stock, which were purchased or issued in connection with the Offering. The Registration Statement will include the Registration Shares, all other shares for which written notice was given by the Company which are requested to be included by the holders thereof by written notice to the Company within thirty (30) days of the giving of written notice by the Company and may include shares of Common Stock other than the foregoing, either for the Company's account or for the account of other selling shareholders. The Company will use reasonable efforts to cause the Registration Statement to become effective and to keep the Registration Statement current for a period of two years after the Termination Date of the Offering. The Company shall not be obligated to effect more than one registration on behalf of Shareholder and purchasers in the Offering under this section. Notwithstanding the foregoing, if the Company is engaged in negotiations in respect of an acquisition or financing transaction and, in the good faith judgment of the Board of Directors such transaction would be adversely affected by the filing of the Registration Statement, the Company shall be entitled to postpone the filing of such registration statement until such transaction would not be adversely affected by such filing but, in any event, for a period not to exceed six months.

2. Registration Procedures.

(a) In performing its obligations under Section 1 to register the Shares, the Company will, subject to the limitations provided herein, as expeditiously as possible:

(i) prepare and file with the Commission the Registration Statement and use its commercially reasonable best efforts to cause such registration to become and remain effective for the term specified herein;

- (ii) prepare and file with the Commission such amendments and supplements to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement effective in accordance with the terms of the Agreement and to comply with the provisions of the Securities Act with respect to the disposition of all shares covered by the Registration Statement;
- (iii) furnish to the Shareholder one conformed copy of the Registration Statement and of each such amendment and supplement thereto (in each case including all exhibits), one copy of the Prospectus (including each preliminary prospectus and any summary prospectus) and any other Prospectus filed under Rule 424 under the Securities Act, and such other documents, as the Shareholder may reasonably request;
- (iv) use its reasonable efforts to (a) register or qualify the Shares under such other securities or blue sky laws of such jurisdictions as the Shareholder shall reasonably request, (b) keep such registration or qualification in effect for so long as each of the Registration Statement remain in effect, and (c) take any other action which may be reasonably necessary or advisable to enable the Shareholder to consummate the disposition of the Shares in such jurisdictions, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (iv) be obligated to be so qualified, to consent to general service of process in any such jurisdiction, or to take any such action which would impose unreasonable expense on the Company;
- (v) furnish to the Shareholder a copy of an opinion of counsel for the Company rendered to the underwriter, if one is engaged, dated the effective date of each of the Registration Statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), covering substantially the same matters with respect to each registration statement and prospectus as are customarily covered in opinions of issuer's counsel delivered to the underwriters in underwritten public offerings of securities;
- (vi) notify the Shareholder at any time when a Prospectus relating to the Shares is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the Prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and prepare and furnish to the Shareholder one copy of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;
- (vii) otherwise use reasonable efforts to comply with all applicable rules and regulations of the Commission;
- (viii) provide and cause to be maintained a transfer agent for the Common Stock from and after a date not later than the effective date of the Registration Statement;
- (ix) properly notify any securities exchange on which any of the Company's Common Stock is listed of the registration of any of the Shares, and use its best efforts to satisfy all prerequisites and regulations of any such exchange relating to the trading of such Shares on such exchange;
- (x) if requested by the Shareholder, promptly incorporate in a prospectus supplement or post-effective amendment such information as the Shareholder reasonably requests to be included therein with respect to the number of Shares being sold by the Shareholder and the

Shareholder's plan of distribution and promptly make all required filings of such prospectus supplement or post-effective amendment;

(xi) as promptly as practicable after filing with the Commission of any document which is incorporated by reference in a prospectus contained in a registration statement, deliver a copy of such document to the Shareholder;

(xii) cooperate with the Shareholder to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Shares to be sold under the Registration Statement, in such denominations and registered in such names as the Shareholder may reasonably request; and

(xiii) make available for inspection by the Shareholder, and any one attorney, accountant or other agent retained by one or more holders of Shares (the "Inspector"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration statement; provided that records which the Company determines, in good faith, to be confidential and which it notifies the Inspector are confidential shall not be disclosed by the Inspector unless

(i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the Registration Statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction; provided, further, the Shareholder agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential.

(b) All expenses incident to the Company's performance of its obligations under this Agreement, including without limitation, all registration and filing fees, fees and expenses of compliance with securities and Blue Sky laws, printing expenses, fees and disbursements of the Company's counsel, independent certified public accountants, and other persons retained by the Company (all such expenses being herein called "Registration Expenses") will be borne by the Company. The Shareholder shall be responsible for all discounts and commissions relating to the Shares and for the fees and expenses of counsel and other persons engaged by the Shareholder.

3. Obligations of Shareholder.

(a) The Shareholder agrees that it will offer and sell Shares in compliance with all applicable state and federal securities laws. Specifically, without limitation, the Shareholder agrees as follows:

(i) The Shareholder agrees not to use any prospectus (as that term is defined under the Securities Act) for the purpose of offering or selling the Shares to the public except for the Prospectus, as the same may be supplemented and amended from time to time.

(ii) Neither the Shareholder nor any affiliate of the Shareholder shall engage in any practice which would violate Rule 10b-6 promulgated under the Securities Exchange Act of 1934 ("Exchange Act").

(iii) Neither the Shareholder nor any affiliate of the Shareholder shall solicit purchases of Common Stock to facilitate the distribution of Shares in violation of Rule 10b-2 promulgated under the Exchange Act.

(iv) Neither the Shareholder nor any affiliate of the Shareholder shall effect any stabilizing transactions to facilitate the offer and sale of Shares to the public in violation of Rule 10b-7 promulgated under the Exchange Act.

(b) The Shareholder agrees to promptly notify the Company as and when any Shares are sold and when the Shareholder elects to terminate all further offers and sales of Shares pursuant to the Registration Statement. The Shareholder acknowledges that any Shares which have not been sold within two years after the Termination Date of the Offering or any earlier termination of the distribution of the Shares will be removed from registration by means of a post-effective amendment to the Registration Statement.

(c) It shall be a condition precedent to the obligations of the Company to take any action with respect to registering the Shares that the Shareholder furnish the Company in writing such information regarding the Shareholder, the Shares and other securities of the Company held by the Shareholder, and the distribution of such Shares as the Company may from time to time reasonably request in writing. If the Shareholder refuses to provide the Company with any of such information on the grounds that it is not necessary to include such information in the Registration Statement, the Company may exclude the Shareholder's Shares from the Registration Statement if the Company provides the Shareholder with an opinion of counsel to the effect that such information must be included in the Registration Statement and the Shareholder thereafter continues to withhold such information.

The Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2(a)(vi), the Shareholder will forthwith discontinue the Shareholder's disposition of Shares pursuant to the Registration Statement until the Shareholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2(a)(vi) and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Shareholder's possession, of the Prospectus current at the time of receipt of such notice.

4. Public Offering by the Company. Notwithstanding the registration rights granted to the Shareholder under this Agreement, in the event the Company files a registration statement for an underwritten public offering of Common Stock (a "Company Offering") within two years of the Termination Date of the Offering and while the Registration Statement covering the Registration Shares is effective, then upon the request of the Company's underwriter in such Company Offering, the Shareholder agrees to enter into an agreement pursuant to which the Shareholder will be prohibited from transferring the Shares for such period of time, not to exceed 90 days after completion of the Company Offering, as the Company's underwriter may request. The Company may enter stop transfer orders with its transfer agent in order to effect this prohibition. In the event the Company makes a Company Offering and the Company's underwriter imposes transfer restrictions on the sale of Shares, the period during which the Registration Statement will be kept current shall not be extended beyond the maximum two-year period from the Termination Date of the Offering as provided in Section 1.

5. Restrictions on Transfer. The Shareholder agrees that it will not sell, exchange, pledge or otherwise transfer any Shares except in transactions (i) made pursuant to the Registration Statement, or (ii) which are exempt from all registration requirements of the Securities Act (or conducted pursuant to Rule 144 thereunder) and all applicable state securities laws, and for which the Company is provided with an opinion of counsel to the Shareholder and other evidence as may be reasonably satisfactory to the Company to the effect that such transfer will not be in violation of the Securities Act and all applicable state securities laws.

6. Indemnification.

(a) Indemnification by the Company. To the extent permitted by law, the Company will, and hereby does, indemnify and hold harmless the Shareholder, its directors and officers, each other natural person, corporation, business trust, association, company, partnership, joint venture and other entity (each, a "Person") who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls the Shareholder or any such underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Shareholder or any such director or officer or underwriter or controlling Person may become subject under the Securities Act or otherwise, insofar as such losses, claims,

damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will reimburse the Shareholder and each such director, officer, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon written information furnished to the Company by the Shareholder expressly for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Shareholder or any such director, officer, underwriter or controlling person and shall survive the transfer of Shares by the Shareholder.

(b) Indemnification by the Shareholder. To the extent permitted by law, the Shareholder will, and hereby does, indemnify and hold harmless (in the same manner and to the same extent as set forth in subdivision (a) of this Section 6) each underwriter, each Person who controls such underwriter within the meaning of the Securities Act, the Company, each director of the Company, each officer of the Company and each other Person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon written information furnished to the Company by the Shareholder expressly for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, and with respect to any violation by the Shareholder of the Securities Act or the Exchange Act.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subdivisions of this Section 6, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 6, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties actually exists in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Other Indemnification. Indemnification similar to that specified in the preceding subdivisions of this Section 6 (with appropriate modifications) shall be given by the Company and the Shareholder with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority other than the Securities Act.

(e) Indemnification Payments. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

7. Reporting Requirements Under the Exchange Act. At all times when it is legally required to do so, the Company shall keep effective its registration under Section 12 of the Exchange Act, shall timely file such information, documents and reports as the Commission may require or prescribe under Section 13 of the Exchange Act, and from and after the effective date of the first registration statement filed by the Company under the Securities Act, the Company shall timely file such information, documents and reports which a corporation, partnership or other entity subject to Section 13 or 15(d) (whichever is applicable) of the Exchange Act is required to file.

8. Notices. All notices required or permitted herein must be in writing and shall be deemed to have been duly given the first business day following the date of service if served personally, on the first business day following the date of actual receipt if delivered by telecopier, telex or other similar communication to the party or parties to whom notice is to be given, or on the third business day after mailing if mailed to the party or parties to whom notice is to be given by registered or certified mail, return receipt requested, postage prepaid, to the Shareholder at the address set forth in the Subscription Agreement, and to the Company at the address set forth below, or to such other addresses as either party hereto may designate to the other by notice from time to time for this purpose.

Rick's Cabaret International, Inc. 3113 Bering Drive
Houston, Texas 77057
Attn: Robert L. Watters
Telecopier No: (713) 785-2593

With a copy to:

Axelrod, Smith & Kirshbaum
5300 Memorial Drive, Suite 700
Houston, TX 77007

Attn: Robert Axelrod
Telecopier No.: (713) 552-0202

9. Entire Agreement. This Agreement contains and constitutes the entire agreement between and among the parties with respect to the matters set forth herein and supersedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof. There are no agreements, understandings, restrictions, warranties or representations among the parties relating to the subject matter hereof other than those set forth or referred to herein. This instrument is not intended to have any legal effect whatsoever, or to be a legally binding agreement or any evidence thereof, until it has been signed by all parties hereto.

10. Binding Effect. This Agreement shall be binding on and enforceable by the Shareholder and by the Company and its successors. No transferee of Shares shall acquire any rights under this Agreement except with the written consent of the Company, which may be withheld for any reason. In the event the Company is a party to a merger or consolidation in a transaction in which the Shares are converted into equity securities of another entity, then the Company shall cause such other entity to assume the Company's obligations under this Agreement such that this Agreement shall apply to the equity securities received by the Shareholder in exchange for the Shares, unless such equity securities are, upon receipt and without further action by the Shareholder, readily salable without registration under the Securities Act.

11. Construction. This Agreement shall be construed, enforced and governed in accordance with the laws of the State of Texas. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter gender thereof or to the plurals of each, as the identity of the person or persons or the context may require. The descriptive headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision contained herein.

12. Invalidity. If any provision contained in this Agreement shall for any reason be held to be invalid, illegal, void or unenforceable in any respect, such provisions shall be deemed modified so as to constitute a provision conforming as nearly as possible to such invalid, illegal, void or unenforceable provisions while still remaining valid and enforceable, and the remaining terms or provisions contained herein shall not be affected thereby.

13. Counterparts. This Agreement may be executed in any number of Counterparts and by the parties hereto in separate Counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

14. Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless agreed to in writing by both the Company and the Shareholder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates shown below.

SHAREHOLDER:

/s/

Date

COMPANY: RICK'S CABARET INTERNATIONAL, INC.

By: /s/ ROBERT L. WATTERS

Robert L. Watters, President

Date

RRA-7

EXHIBIT 5.1

[LETTERHEAD]

April 2, 1997

Robert L. Watters, President
Rick's Cabaret International, Inc.
3113 Bering Drive
Houston, Texas 77057

Dear Mr. Watters:

As counsel for Rick's Cabaret International, Inc., a Texas corporation ("Company"), you have requested our firm to render this opinion in connection with the Registration Statement of the Company on Form S-3 ("Registration Statement") under the Securities Act of 1933, as amended (the "Act"), filed with the Securities and Exchange Commission relating to the resale of 380,000 shares of common stock, par value \$.01 per share (the "Common Stock") by certain security holders of the Company. All of the 380,000 shares of Common Stock are currently outstanding shares of the Company's Common Stock owned by a certain security holders of the Company.

We are familiar with the Registration Statement and the registration contemplated thereby. In giving this opinion, we have reviewed the Registration Statement and such other documents and certificates of public officials and of officers of the Company with respect to the accuracy of the factual matters contained therein as we have felt necessary or appropriate in order to render the opinions expressed herein. In making our examination, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, the conformity to original documents of all documents presented to us as copies thereof, and the authenticity of the original documents from which any such copies were made, which assumptions we have not independently verified.

Based upon the foregoing, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas; and
2. The shares of Common Stock to be resold are validly authorized, validly issued, fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference in the Registration Statement to Axelrod, Smith, & Kirshbaum under the heading "Exhibits -- Opinion."

Very truly yours,

/s/ AXELROD, SMITH & KIRSHBAUM

EXHIBIT 23.2

The Board of Directors
Rick's Cabaret International, Inc.

We consent to the use of our reports included herein and to the references to our firm under the heading "Experts" in the Registration Statement on Form S-3.

/s/ JACKSON & RHODES P.C.

Jackson & Rhodes P.C.

Dallas, Texas

April 2, 1997

End of Filing

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