

RICKS CABARET INTERNATIONAL INC

Form 8-K

June 28, 2010

Securities and Exchange Commission
Washington, D.C. 20549

FORM 8-K

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

Date of Earliest Report Event: June 25, 2010

RICK'S CABARET INTERNATIONAL, INC.
(Exact Name of Registrant As Specified in Its Charter)

Texas
(State Or Other Jurisdiction of
Incorporation)

001-13922
(Commission File Number)

76-0037324
(IRS Employer Identification No.)

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

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

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

On June 25, 2010, Rick's Cabaret International, Inc. (the "Company") completed the sale of an aggregate of \$9.2 million in 10% Convertible Debentures (the "Debentures") to certain accredited investors (the "Holders"). The Debentures bear interest at the rate of 10% per annum and mature on June 25, 2013. The Debentures are payable with one initial payment of interest only due December 26, 2010, and, thereafter in ten equal quarterly principal payments, plus accrued interest thereon. At the option of the Holders, the principal amount of the Debentures and the accrued but unpaid interest thereon may be converted into shares of the Company's common stock at \$10.25 per share. The Debentures are redeemable by the Company at any time if the closing price of its common stock for 20 consecutive trading days is at least \$13.47 per share. The Debentures provide that an event of default occurs if: the Company should fail to pay any principal or interest when due; the Company should fail to convert any Debenture when required; the Company shall fail to observe or perform any covenant or agreement contained within the Debenture; there are cross defaults to other indebtedness in excess of \$1,000,000; there is a reorganization, liquidation, voluntary or involuntary bankruptcy or insolvency proceedings or other bankruptcy default; or a final unsatisfied judgment not covered by insurance aggregating an excess of \$1,000,000 occurs against the Company and is not stayed, bonded or discharged within seventy-five (75) days.

In connection with the sale of the Debentures, the Company also issued an aggregate of 179,512 warrants (the "Warrants") to the Holders, on a pro-rata basis. The Company issued each Holder a number of Warrants equal to 20% of the number of shares of common stock into which each Holder's Debenture is convertible. The Warrants have an exercise price of \$10.25 and expire on June 25, 2013. The Warrants provide that the Company has the right to require exercise of the Warrants if the closing price of the Company's common stock for 20 consecutive trading days is at least \$14.35.

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

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On June 25, 2010, the Company completed the sale of the Debentures and Warrants, as described immediately above in Item 2.03. Montgomery Street Research ("Montgomery") acted as an adviser to the Company, whereby it received compensation in the amount of \$460,000 in connection with advising the Company regarding the sale of the Debentures and Warrants. The Debentures and Warrants were sold under the exemption from registration provided by Section 4(2) of the Securities Act of 1933 and the rules and regulations promulgated thereunder, including Regulation D. All of the offers and sales of the Debentures and Warrants were made exclusively to "accredited investors" (as such term is defined in Rule 501(a) of Regulation D) in offers and sales not involving a public offering. The Holders purchased the securities for their own account and not with a view towards or for resale. There was no general solicitation or advertising conducted in connection with the sales of the securities.

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

| Exhibit No. | Description |
|-------------|-------------|
|-------------|-------------|

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|-------------|-----------------------------------|
| <u>10.1</u> | 10% Convertible Debenture (form) |
| <u>10.2</u> | Warrant (form) |
| <u>10.3</u> | Subscription Agreement (form) |
| <u>99.1</u> | Press Release dated June 28, 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.

/s/ Eric Langan

By: Eric Langan

Date: June 28, 2010

Chairman, President, Chief Executive Officer
