

CITY OF MINNEAPOLIS  
LICENSES AND CONSUMER SERVICES  
350 SOUTH 5<sup>TH</sup> STREET, ROOM 1-C, CITY HALL  
MINNEAPOLIS, MN 55415

**FINDINGS OF FACT  
CONCLUSIONS, AND  
RECOMMENDATIONS**

In the Matter of License No. L178-36956 RICK'S CABARET  
for LIQ ON-SALE A W/SS SERIES 1000

Held by:  
**RCI ENTERTAINMENT (MINNESOTA) INC**  
**300 3 ST S**  
**MINNEAPOLIS, MN 55415**

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10-0742957

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This matter came before the Division of Licenses and Consumer Services at a License Settlement Conference meeting on Tuesday, February 10, 2009 in Room 132, Minneapolis City Hall. Appearing on behalf of the Licensee were Andy Studebaker; Rick's Manager, and Dawn Isackson; Attorney for Rick's. Appearing on behalf of the City were Ricardo Cervantes; Deputy Director, Linda Roberts; District Supervisor, Joel Fussy; Assistant City Attorney, Frank Reed; Assistant City Attorney, Lt. Travis Glampe; Police Licensing, Sgt. Mark Rolfstrom; Police Licensing, and Michele Olds; License Inspector. Another meeting was held on January 22, 2010 in Room A of the Public Service Center. Appearing on behalf of the Licensee were Eric Langen; Rick's President, Dawn Isackson; Attorney for Rick's, Brenda Stanfield; Attorney for Rick's, and John Lang; Attorney for Rick's. Appearing on behalf of the City were Ricardo Cervantes; Deputy Director, Linda Roberts; District Supervisor, Joel Fussy; Assistant City Attorney, Officer Pete Ritschel; Police Licensing, Ron Martin; License Inspector, and Michele Olds; License Inspector. Based on information presented at the meetings, the Division makes the following findings of fact, conclusions, and recommendations:

**FINDINGS OF FACT**

1. Rick's Cabaret has held an On-Sale Liquor with Sunday Sales, Class A Entertainment since 1997.
2. The Minneapolis Police Department Licensing Division conducts Youth Alcohol Compliance checks in an effort to ensure retail alcohol license holders are not serving alcohol to persons under the age of 21 years.

3. On August 16, 2007, a License Settlement Conference was held to address allegations related to youth alcohol compliance checks which occurred on April 19, 2007 and June 11, 2007, and, which involved minors purchasing alcohol. Rick's Cabaret paid administrative citations in the total amount of \$1,500.00 associated with the failures of the youth alcohol compliance checks. Rick's Cabaret and the City of Minneapolis agreed to Findings of Fact, Conclusions and Recommendations issued as a result of the August 16, 2007 License Settlement Conference by which recommendations were agreed to, including but not limited to, the requirement that Rick's Cabaret a fine of \$3,000.00 in addition to the administrative citation fines already paid by Rick's Cabaret.
4. On December 31, 2008, the Minneapolis Police Department Licensing Division conducted a youth alcohol compliance check at Rick's Cabaret. Based upon an alleged compliance failure, Rick's Cabaret was issued an administrative citation in the amount of \$2,000.00. This citation was paid.
5. On August 21, 2009, inspectors observed tailgaters, allegedly from Rick's Cabaret, giving away beer and food to the public from a stand placed in a parking lot and along a city sidewalk at 3rd Street South and Chicago Avenue in Minneapolis, MN. The City alleged that Rick's Cabaret provided alcoholic beverages off-site from its licensed premises in violation of Minneapolis City Ordinances. The alcoholic beverages consisted of keg beer, which is an alcoholic beverage that is not provided at the licensed premises of Rick's Cabaret and was not purchased by Rick's Cabaret. The City of Minneapolis issued a \$500 citation for the alleged violation of providing alcoholic beverages off-site from Rick's Cabaret's licensed premises. Rick's Cabaret paid the citation.

### CONCLUSIONS

1. On two separate occasions, employees of Rick's Cabaret sold alcohol to persons under the age of 21, in violation of Minneapolis City Ordinance 370.10, Minnesota Statute 340A.503 subd. 2(1), and the established compliance check policy and procedures of the City of Minneapolis as determined in the Findings of Fact, Conclusions and Recommendations dated August 20, 2007 and executed by the City of Minneapolis and Rick's Cabaret. On a third occasion, the City of Minneapolis alleged another failure of a youth alcohol compliance check for which Rick's Cabaret paid a fine. The 2007 compliance failures and alleged 2008 compliance failure all occurred in a period of less than twenty four months.
2. On August 21, 2009, Rick's Cabaret allegedly provided alcoholic beverages off-site from Rick's Cabaret's licensed premises for which the City of Minneapolis alleges violations of Minneapolis Code of Ordinances 362.10 and 362.20.
3. Rick's Cabaret paid the four administrative citations related to the above violations and alleged violations in addition to \$3,000.00 fine pursuant to the August 20, 2007 Findings of Fact, Conclusions and Recommendations.

## RECOMMENDATIONS

Based on evidence presented at the conference, Rick's Cabaret shall be subject to the following recommendations and adverse license action:

1. All current staff at Rick's Cabaret shall undergo alcohol server training at least on an annual basis and Rick's Cabaret shall use the services of an alcohol server trainer that is approved by its liquor liability insurance company. **Provide proof of this being done for 2008 and 2009 due at time of signing this agreement.**
2. All staff at Rick's Cabaret shall receive in-house alcohol server training prior to first shift and alcohol server training within thirty (30) days of hire with the exception of door staff. Door staff will receive alcohol server training prior to their first shift at the door.
3. Rick's Cabaret shall provide the Division of Licenses and Consumer Services a written policy regarding the elimination of alcohol service to minors in their establishment. This policy shall fully detail the following issues: door staff and all other staff training/procedures; no one under twenty-one (21) allowed in the establishment; weekly shift meeting reminders about not serving to minors; self audit program; employee reward program (and consequences), if any; fake identification card policy; requiring identification for everyone who enters the establishment; and swiping every identification card through an electronic identification card scanner.
4. The above-mentioned written policy shall be approved by the Division of Licenses and Consumer Services and then maintained and implemented by Rick's Cabaret. Any changes to this policy must be forwarded to Licenses and Consumer Services. **The policy shall be due at time of signing this agreement.**
5. Rick's Cabaret shall perform six (6) self audits for serving alcohol to persons under twenty-one (21) in the twelve (12) months following the approval of this agreement by City Council. Documentation of these self audits shall be made available to Licenses and Consumer Services upon request.
6. Rick's Cabaret shall set up one Minneapolis Police Department alcohol server training **within two (2) months following the approval of this agreement by City Council.**
7. Rick's Cabaret shall post a visible reminder of the repercussions of selling to minors near the time clock or other location so that staff will see this reminder at least once every shift. **This is due within thirty (30) days following the approval of this agreement by City Council.**
8. Rick's Cabaret shall utilize and maintain an operational electronic identification card scanner at the main entrance at all times Rick's Cabaret is open.
9. Rick's Cabaret shall send at least one representative to every monthly Downtown Bar Meeting in Minneapolis for 2010.
10. In lieu of a prolonged suspension, Rick's Cabaret shall pay a sanction in the amount of \$10,000 **due within one week from the execution of this agreement.**
11. Rick's Cabaret shall serve two (2) days of suspension on the following dates: Sunday, July 4, 2010 and Monday, July 5, 2010. Suspension shall mean that Rick's Cabaret at 300 South 3<sup>rd</sup>

Street in Minneapolis is closed to everyone (public and private) for a twenty-four (24) hour period starting at 3:00 A.M. each date listed above.

12. This Agreement shall not preclude any other adverse license action for subsequent violations of this Agreement, or for subsequent violations or subsequently-discovered violations of any federal, state or local laws, ordinances, or regulations.

RCI Entertainment (Minnesota) Inc. understands that the holding of a business or liquor license in the City of Minneapolis is both a privilege and a responsibility. A minimum standard shall be met in order to hold such a license. One minimum standard is that a license holder is responsible to ensure that its business operates in compliance with all applicable laws, ordinances, and regulations. It is understood and agreed that any violation of the above Recommendations shall constitute just and proper cause for the immediate imposition of any agreed upon or stayed penalties. It is further understood that compliance with the above Recommendations is a requirement for continuing to hold a license and that failure to comply with any of these conditions may result in additional adverse license action.

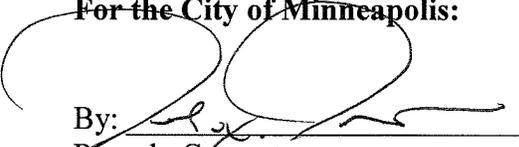
I have read and understand the above findings of fact, conclusions, and recommendations. I agree with their contents and I agree with the above noted Recommendations. I understand that the failure of my business to adhere to this agreement may be cause for further suspension, revocation, or denial of my license. I understand that this report must be accepted and approved by the Minneapolis City Council and Mayor.

Based upon the foregoing, this agreement is FREELY & VOLUNTARILY ENTERED INTO IN GOOD FAITH:

**For RCI Entertainment (Minnesota) Inc.**  
d/b/a Rick's Cabaret

By:   
Eric Langan  
President

**For the City of Minneapolis:**

By:   
Ricardo Cervantes  
Deputy Director  
Licenses & Consumer Services

Dated: 3-26-, 2010

Dated: 4-13-, 2010

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