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April 10, 2007

Mr. Richardo X. Cervantes  
Deputy Director  
Business Licenses and Consumer Services  
350 South 5<sup>th</sup> Street  
Room 1C City Hall  
Minneapolis, MN 55415-1391

**VIA MESSENGER/E-MAIL**

richardo.cervantes@ci.minneapolis.mn.us

Ms. Linda Roberts, Inspector  
Licenses & Consumer Services  
350 South 5<sup>th</sup> Street  
Room 1C City Hall  
Minneapolis, MN 55415-1391

**VIA MESSENGER/E-MAIL**

linda.roberts@ci.minneapolis.mn.us

**Re: JenRich, Inc. Liquor License Application**

Dear Mr. Cervantes and Ms. Roberts:

On behalf of JenRich, Inc., Jennifer Wise, Richard Wise and myself, I want to extend our thanks and appreciation to each of you and Messrs. Kincaid and Fosse for meeting with us on March 30, 2007 to discuss Mr. Cervantes' March 30, 2007 letter addressed to Mr. and Mrs. Wise.

JenRich, Inc.'s liquor license application has been pending since May of last year. It seems that Mr. Cervantes' March 30<sup>th</sup> letter is indicative of the Department of Licenses and Consumer Services' ("DLCS") stonewalling and failure to treat JenRich, Inc. fairly with respect to its liquor license application.

For example, at the March 30, 2007 meeting, we were informed that the Norman County law enforcement and public safety officials had advised your office that Ms. Wise has done an outstanding job operating the Bear's Den. Yet, Mr. Cervantes' letter fails to acknowledge the laudatory comments of the Norman County officials, nor are any of the materials that Norman County provided to the DLCS appended as an exhibit.

All of the issues raised in Mr. Cervantes' letter concerns MGA SUSU, Inc., not JenRich, Inc. JenRich, Inc. would operate an adult orientated business which sells liquor and is subject to all the rules and regulations attached to the sale of liquor. MGA SUSU, Inc. operates an adult orientated business that does not sell liquor; and thus, is not governed by the rules and regulations of an establishment which sells liquor.

JenRich, Inc. has demonstrated in good faith its intent to comply with Minneapolis ordinances. JenRich, Inc. entered into the agreement which is appended to Mr. Cervantes' letter as Exhibit I. JenRich, Inc. has agreed that it will comply with paragraphs 3 - 7 of Exhibit J. Paragraph 1 of Exhibit J is addressed in Exhibit I. Paragraph 2 of Exhibit J language is vague and is nothing more than fertile grounds for dispute. Query: What is "unacceptable behavior?"

JenRich, Inc. will not permit any act of sexual conduct for hire that constitutes prostitution per MINN. STAT. § 609.321(9 and 10). Ms. Wise' Norman County club, the Bear's Den, has operated without such an incident or even an accusation of such an incident for three years.

MGA SUSU, Inc., and not JenRich, Inc., presently operates the club. With MGA SUSU, Inc.'s permission, Jennifer Wise was allowed to review MGA SUSU, Inc.'s security tapes. She was unable to locate any footage describing the behavior indicated at part 1 of Mr. Cervantes' letter. Each of the entertainers who were working on March 2, 2007 was interrogated about the behavior described in Mr. Cervantes' letter. Each entertainer categorically denies the allegations set forth in Mr. Cervantes' letter.

MGA SUSU, Inc., not JenRich, Inc., hired Mr. Morrison. JenRich, Inc. has had nothing to do with or otherwise intends to hire Mr. Morrison. In any event, Mr. Morrison has not been employed by MGA SUSU, Inc. since March 31, 2006. I enclose a copy of:

- (a) The Minnesota Unemployment Insurance Department's 4<sup>th</sup> Quarter Benefits Summary for MGA SUSU, Inc.; and,
- (b) The printout from the payroll service provider for the period December 11, 2006 through December 24, 2006.

MGA SUSU, Inc. has a sophisticated POS system, which requires fingerprinting for access. No one, including the owner, can delete anyone from the system. This is how payroll is clocked-in and clocked-out. I invite you to visit the premises to review the data on the POS system. I can assure you that Mr. Morrison has not been employed or otherwise acted as MGA SUSU, Inc.'s employee since March

31, 2006. MGA SUSU, Inc. has not permitted Mr. Morrison to be on the premises. The police officers who state that they saw Mr. Morrison "directing traffic" on the premises, likely confused Mr. Morrison with either Messrs. Bogan or Purifoy. Like Mr. Morrison, these gentlemen are of African American descent with larger builds and shaved heads.

MGA SUSU, Inc.'s smoke shop complies with Minneapolis ordinances. It is licensed as a tobacco store. It even has a separate entrance. That said, MGA SUSU, Inc. has agreed to suspend its tobacco store operations pending a hearing officer or court determination as to whether it complies with the City of Minneapolis ordinances or not.

The morality issue raised in Mr. Cervantes' letter speaks to MGA SUSU, Inc.'s tobacco store. This is not clearly spelled out in Mr. Cervantes' letter. As stated previously, MGA SUSU, Inc., and candidly I as well, believe is in conformity with the City of Minneapolis ordinances.

JenRich, Inc. has agreed to abide by the Addendum appended to Mr. Cervantes' letter as Exhibit I.

Over a \$1,000,000 has been invested in the building, furniture, fixtures and equipment which will house JenRich, Inc.'s operations. JenRich, Inc. has an interest in making certain that its business is properly and efficiently operated, so that the \$1,000,000 investment can be recaptured.

As I understand it, on July 17, 2006, Mr. Cervantes observed that an adult business does not conform to the area's development plans. JenRich, Inc.'s proposed operations comport with existing zoning and building ordinances. There are numerous adult related establishments within a few blocks of JenRich, Inc.'s location. Potential conflicts with ever changing development plans for the area is not a basis to deny JenRich, Inc. a liquor license. The issue to be resolved is not whether JenRich, Inc.'s proposed operations comport with nebulous and ever changing development plans, but instead is legal given existing zoning and land uses.

As it presently stands, MGA SUSU, Inc. is operating an adult business, which for all intents and purposes, is unregulated. I cannot imagine that given JenRich, Inc.'s success and experience in its Norman County establishment and promise that it will conform its operations to the City of Minneapolis ordinances and state law, that the City of Minneapolis would deny a liquor license to JenRich, Inc.

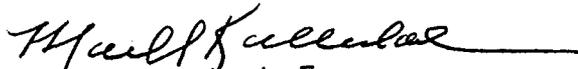
I believe that the DLCS's report should reflect the above facts. Alternatively, this letter should be made available to the Public Safety & Regulatory Committee members for their review and consideration.

It is time for JenRich, Inc.'s liquor license application to be considered by the Public Safety & Regulatory Committee. There has been more than ample time to complete the due diligence investigation with respect to JenRich, Inc.'s suitability for licensure.

Finally, this letter is to confirm that JenRich, Inc.'s liquor license application will be on the agenda for the Public Safety & Regulatory Committee's meeting on April 18, 2007.

Should you have any questions or concerns with respect to the above, I invite your inquiry.

Very truly yours,

  
Mark J. Kallenbach, Esq.

cc: Ms. Jennifer Wise