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RCI Hospitality Holdings, Inc. (RICK) Q2 2025 Earnings Call Transcript

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RCI Hospitality Holdings, Inc. (NASDAQ:[RICK](#)) Q2 2025 Earnings Conference Call May 12, 2025 4:30 PM ET

Company Participants

Mark Moran - IR, Equity Animal

Eric Langan - President & CEO

Bradley Chhay - CFO

Conference Call Participants

Adam Wyden - ADW Capital

Mark Moran

Greetings, and welcome to RCI Hospitality Holdings Second Quarter 2025 Earnings Conference Call. You can find the company's presentation on RCI's website. Go to the Investor Relations section, and all the links are at the top of the page. Please turn with me to Slide 2 of our presentation. I'm Mark Moran of Equity Animal, and I'll be hosting our call today. I'm coming to you from Washington, D.C. Eric Langan, President and CEO of RCI Hospitality; and CFO, Bradley Chhay, are in Houston today.

Please turn with me to Slide 3. RCI is making this call exclusively on X Spaces. [Operator Instructions] This conference call is being recorded.

Please turn with me to Slide 4. I want to remind everybody of our Safe Harbor statement. You may hear or see forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those currently anticipated. We disclaim any obligation to update information disclosed in this call as a result of developments that occur afterwards.

Please turn with me to Slide 5. I also direct you to the explanation of RICK's non-GAAP financial measures. Now I'm pleased to introduce Eric Langan, President and CEO of RCI Hospitality. Eric, take it away.

Eric Langan

Thank you, Mark. Please turn to Slide 6. Thanks for joining us today. Let me run through some key takeaways. All comparisons are year-over-year unless otherwise noted. As we previously announced, revenues reflect the sale divestiture of five underperforming Bombshells segment locations and the effect of severe weather on company same-store sales in January and February. This was offset by improving trends in March and contributions from new and rebranded locations.

Profitability reflects the lower same-store sales offset by lower cost -- sale of Bombshells-related units and lower [Audio Gap].

In addition, during the subsequent -- during and subsequent to the second quarter, we continued to make progress with our Back to Basics five-year capital allocation plan. We acquired two upscale adult nightclubs, Flight Club in Detroit and Platinum West in South Carolina. Price multiples were in-line with our capital allocation strategy. We are also working on another acquisition. We opened a Bombshells in Denver and rebranded and reformed the Chicas Locas in El Paso. This reduced our list of development projects. And we repurchased 56,875 common shares for \$2.9 million, ending the quarter with approximately 8.8 million shares outstanding.

Now here's Bradley to review our performance in more detail.

Bradley Chhay

Thank you, Eric. Please turn to Slide 7. All comparisons are year-over-year for the quarter unless otherwise noted. Total revenues were \$65.9 million compared to \$72.3 million, a difference of \$6.4 million, primarily due to closures or divestitures of nonperforming Bombshells and the effect of bad weather, as Eric mentioned. 18 club and Bombshells locations had to close 1 or 2 days each. And even if clubs and Bombshells were able to open, they experienced slower business, particularly on weekends when temperatures were below 0 or had heavy snow and ice, for example, in Dallas and Houston. But with warmer temperatures in March, sales began to improve.

Impairments and other charges were \$2.1 million compared to \$8.2 million, a difference of \$6.1 million. That was due to lower impairments in nightclubs. As a result, net income attributable to RCIHH common shareholders was \$3.2 million compared to \$0.8 million, a difference of \$2.5 million. GAAP EPS was \$0.36 per share compared to \$0.08 per share. Net cash provided for operating activities was \$8.5 million compared to \$10.8 million, a difference of \$2.3 million. That was primarily due to a reduced operating margins due to lower sales. As a result, free cash flow was \$6.9 million compared to \$8.8 million. Adjusted EBITDA was \$14.2 million compared to \$17.2 million and non-GAAP EPS was \$0.65 compared to \$0.90.

Now please turn to Slide 8. Nightclub revenues totaled \$57.5 million, a difference of \$1.8 million or negative 3.1% year-over-year. Key factors included a 3.5% decline in same-store sales and the absence of Baby Dolls Fort Worth due to a fire. This was partially offset by \$1 million from Flight Club acquisition and four rebranded clubs not in same-store sales. Alcoholic beverage sales declined 5.3%, service declined 2.9%. However food, merchandise and other increased 2.4%.

Impairment and other charges totaled \$2.0 million, with impairments spread across four clubs. This compares to impairments and other charges of \$8.2 million in the year ago quarter. Operating income was \$14.6 million compared to \$11 million. Margin was 25.4% of revenues versus 18.6%. Results primarily reflected the impairment decline offset by sales decline. Non-GAAP operating income was \$17.1 million compared to \$19.8 million. Margin was 29.8% of segment revenues versus 33.4%. Non-GAAP results primarily reflected the sales decline.

Now please turn to Slide 9. Bombshells revenue totaled \$8.2 million, a difference of \$4.5 million or 35.6% year-over-year. The key factors here included sale and divestiture of 5 underperforming locations in the fourth quarter of '24 and the first quarter of 2025, which impacted revenues by \$3.7 million, a 13.4% decline in same-store sales and bad weather. This was offset by two locations not in same-store sales, consisting of a full quarter of Stafford, Texas location and a partial quarter of the new Denver location.

Operating results were a loss of \$227,000 versus an income of \$699,000. Margin was negative 2.8% of segment revenues versus a positive 5.5% in the year ago quarter. On a non-GAAP basis, the segment was virtually breakeven with a loss of \$67,000 versus income of \$750,000 or negative 0.8% of segment revenues versus positive 5.9%. These results primarily reflected the sales decline from open locations and Bombshells Denver preopening costs, most of which were offset by the sale and divestiture of non-performing locations.

Please turn to Slide 10. GAAP expenses totaled \$5.5 million, a decline of \$1.3 million. Non-GAAP expenses totaled \$5.4 million, a decline of about \$0.9 million. Expense margin was 8.4% of revenues versus 9.4% GAAP and 8.2% versus 8.8% non-GAAP. This decline primarily reflects lower overhead from fewer locations. Please turn to Slide 11. We have slides in the upcoming deck that discuss free cash flow and adjusted EBITDA, which are non-GAAP. In advance of that, we wanted to present the closest GAAP equivalents, which are operating income, non -- net cash provided by operations and net income.

Please turn to Slide 12. We ended the first quarter with cash and cash equivalents of \$32.7 million. During the quarter, we used \$6 million as part of the Flight Club acquisition and \$2.9 million to buy back shares. As a percentage of revenues, free cash flow was 11% and adjusted EBITDA was 22%, both primarily reflected lower margins.

Please turn to Slide 13. Our debt at March 31 increased \$5.9 million from December 31. The increase primarily reflects financing related to the Flight Club acquisition and the construction of Bombshells Roulette and Lubbock, offset by scheduled paydowns. The weighted average interest rate was 6.7% compared to 6.6% in the year ago quarter.

Total occupancy cost was 8.5% of revenue compared to 8% a year ago, reflecting lower second quarter revenues, not higher costs. Debt to trailing 12-month adjusted EBITDA was 3.56 times compared to 3.32 times in the preceding quarter, reflecting the higher debt at March 31 and lower second quarter EBITDA. Debt to trailing 12-month adjusted EBITDA should decline as sales rebound with warmer weather and growth from locations that have come online more recently and from those anticipated to open. Debt maturities continue to remain reasonable and manageable. Now here's Eric.

Eric Langan

Thank you, Bradley. Please turn to Slide 14 to review our capital allocation strategy. Our plan calls for allocating our free cash flow in the following manner: 40% to capital allocation or to club acquisitions and 60% share buybacks, debt reduction and dividends, with the goal of growing free cash flow per share at 10% to 15% annually.

Please turn to Slide 15. Operationally, we are focused on our core nightclub business, reviewing every club to increase same-store sales on a regular basis, we'll rebrand, reformat or divest our underperformers. Our nightclubs plan also involves acquisitions. Our goal is to acquire an average of \$6 million of adjusted EBITDA per year, focused on the best clubs buying base hits with an occasional home run.

Our target matrix remain the same, 3 times to 5 times adjusted EBITDA for the club and fair market value for the real estate, targeting 100% cash-on-cash returns in 3 to 5 years. Purchases would be made with cash on hand, bank financing or seller notes. We would also consider using stock if our valuation improves. For Bombshells, we are working to improve existing locations, targeting 15% operating margins and a return to same-store sales growth. We also plan to complete 2 new locations in development. The final part of our plan is regularly buying back our stock, flexing up if we consider the price to be particularly undervalued.

We also anticipate modest annual dividend increases. Over the five years, we aim to generate more than \$250 million in free cash flow and repurchase a significant amount of shares. By fiscal '29, our targets are \$400 million in revenue, \$75 million in free cash flow, 7.5 million shares outstanding, and the end result would be doubling free cash flow per share to approximately \$10 from last year's.

Please turn to Slide 16. To give you an idea of the progress we've made on the share buyback, 10 years ago, we had about 10.3 million shares outstanding. As of last Friday, we had about 8.8 million shares, which is about a 15% drop.

Please turn to Slide 17. With Bombshells Denver and Chicas Locas now open, we have 5 remaining developments. Three are very close to completion. We are targeting Bombshells Lubbock for the opening later this month or early June and Rick's Cabaret Central City for early next month as well. And Bombshells Roulette sometime this summer. We are still awaiting construction permits for Baby Dolls West Fort Worth, and we are awaiting engineering review and zoning plans for the Bombshells -- or for the Baby Dolls Fort Worth that was burned in the fire.

We have also sold our Aurora Colorado property, which we were going to use for Bombshells and listed the other properties for sale in Austin and Huntsville. As we've continued to make progress with Favoritely.com, our social media fan site for adult nightclub entertainers and staff. We are out of beta now, and we have added a few more clubs and entertainers since our news release last month.

I'd like to thank all of our loyal and dedicated team members for all their hard work and efforts and all of our shareholders who believe and make our success possible. Now here's Mark.

Question-and-Answer Session

A - Mark Moran

[Operator Instructions] Now first, we have Orchid Wealth. Please take it away.

Unidentified Analyst

Hi guys. Just a couple of quick questions about financing. Obviously, with the market being where it is today, you'll probably encounter a lot of possible sellers. If you guys could use seller financing, what do you feel like is the average rate of return that you're going to have to pay these sellers? And if you have to resort to using bank financing, what's that rate?

Eric Langan

No, they're both pretty close to the same about 6% to 7% right now in the current market.

Unidentified Analyst

Okay. So you guys are essentially paying what people pay on a 30-year fixed mortgage, right? That's kind of crazy.

Eric Langan

That's the going, right.

Unidentified Analyst

Yes. No, no, that's fantastic. The other part being is any -- obviously, from a year or two years ago when you guys weren't making acquisitions, have you noticed any difference in the people that you are speaking to about making deals or you are negotiating with or talking with about how they're approaching it differently from a few years ago or a year ago?

Eric Langan

Well, a few years ago, everybody was trying to use 2022 numbers which were just astronomically high. And '24 has been a really bad year for the industry. People are -- I mean, we are down, but I mean, I've talked to other people. We've seen other numbers are down, higher percentages than us even. So there is -- you've got that. So now they're trying to do some type of average or combination because they don't want to use the low numbers from '24. But we're coming up with solutions to some of these deals as you've seen with our South Carolina acquisition, we've gotten finished, and we've got the Detroit acquisition completed. And we've got several more we're working on right now. It is just a matter of coming to terms that make sense for us. We're not in a hurry to get anything done unless the terms are right, then we'll move very rapidly.

Unidentified Analyst

As a side note, what do you think the average range is of the owners that are out there? I mean are we dealing with people in their 50s, 60s, 70s, people that are -- I'm trying to get an idea of like when you are looking at the clubs that are out there, obviously, if they're talking to you about selling their children or their relatives don't want to take over the business. So is there an age group you're typically dealing with?

Eric Langan

I mean the majority of the guys in their late 60s to 80s to low 80s that we've been talking with so far. There are some guys in their 40s we're talking to right now as well. They are trying to decide if they want to stay in this business or they want to go do something else, which we've had a few buyouts of guys like that in the past. They get married, they have kids. They decide that the adult entertainment business is not something they want to stay in. So we see that sometimes. But I would say the majority are between the ages of probably 65 and 80.

Mark Moran

Next up, we have Aaron. Aaron, please take it away. Next up, we'll bring Adam Wyden up. Adam, once you're connected please take it away. While we're waiting for Adam to unmute I will pull up Jayson. [Operator Instructions]

Eric Langan

I still show unmuted on my end. Both him and Jayson are still muted.

Mark Moran

Jayson or Adam, whoever unmutes first can have the next question.

Unidentified Analyst

Thank you Mark. I just wanted to ask Eric about the new acquisition in Detroit with the new Flight Club and what rebranding and new improvements you have made to the Flight Club and how the Detroit market is treating you guys?

Eric Langan

It's been great for us. We really like the market up there. We got our typical welcome where everybody told every entertainer and customer all the crazy things that we were going to do, which we have never done before. So we had a little rough start in the beginning because a lot of the entertainers were afraid to come to work because they thought they -- I mean, some of the stories that came over this time were really good. But that last about two weeks, and we get -- the word gets out and we get our customers in, especially as we start seeing some of our VIP guests from other states come to town and know that it's an RCI club and come in. So we got over that pretty quickly.

Of course, we had some great ice storms and some weather that was very unwelcoming in Detroit as well during the first takeover. But it is going very, very well now. We've done some minor upgrades. The club is in really good shape. So we upgraded the POS systems. We changed some of their systems and how they treated and find entertainers, how they did some stuff that we just don't -- we don't operate that way. So we had to fix those things and get that into play. Since then, it is been very, very good for us. We're right on course with the numbers we predicted.

Unidentified Analyst

Good to hear. Good to hear. What do you think was the biggest operational change that you guys had to do from the previous owners down there?

Eric Langan

Just treating the way they treat guests. I mean they wanted everyone to be a VIP. If you weren't spending \$200 or \$300 when you walked in the door, you weren't treated very well, I don't think. That's kind of our take of it. And so we wanted to make it a place where the average guy can come in and have a good time. And if you want to be a VIP, there's plenty of space in the club for VIPs as well. And so we kind of created that all around encompassing club like we do in the majority of our markets. I think that was the biggest change we made.

Unidentified Analyst

Okay. Nice. And then one last question. With the adult entertainment business being very popular on the 8-mile road. Are you guys looking at any other adult entertainment clubs on 8 mile? Or are you guys just going to stay more in the suburbs of Metro Detroit?

Eric Langan

I mean we've looked in Detroit. We've looked at about 4 or 5 clubs up there. We were actually on a hunt. In fact, I posted on my X and posted some pictures of some of the clubs and some of the flight, taking the flight up there and some of those things. We have talked with other owners. We haven't been able to come to terms with any of them that we agreed to at this point, but we're always open. I mean we are always looking for sure.

Mark Moran

Next up, we have Adam Wyden. Adam, feel free.

Adam Wyden

Can you guys hear me?

Mark Moran

We can.

Adam Wyden

Perfect. Okay. Three questions. First question is on the insurance accrual. You guys created your captive, and I know you had like a \$5-and-some million charge in the quarter -- the previous quarter. Can you sort of give us some clarity on how much sort of the insurance accrual you had in the quarter on your EBITDA that "wouldn't" have been cash that's sort of burdening your EBITDA?

Bradley Chhay

The accrual for this quarter was \$1.3 million, Adam. We look at it on an annualized basis. Our first quarter annualized run rate was about [\$9.x million] (ph0. And given the actualization of run rates and whatnot, it reduced to about \$8.8 million. So we won't know until any of these claims come in, any invoices and things like that. But it is a non-cash, you're correct. It is a noncash, just a purely accrual charge. So about \$1.3 million.

Adam Wyden

Right. But you took a big charge in the first quarter. So we wouldn't expect basically huge accruals going forward. Is that right?

Bradley Chhay

Correct. I just told you, I think the annualized is \$8.8 million. So from that, you guys can speculate what the next two quarters could be based upon our current trends. Now if we have massive claims coming through our invoices or new lawsuits coming in, that can change it. But it just depends on what falls off and what gets added by the actuaries.

Adam Wyden

Got it. And how much -- and we had a big charge in the first quarter, right? We had like a \$5-some-odd million charge in the first quarter?

Bradley Chhay

That's correct.

Adam Wyden

Got it. Okay. That makes sense. Can you -- I know a lot of restaurants have been complaining about weather and you said, well, weather was bad and you couldn't get in because of snow. I mean, is there any way to sort of quantify like how much EBITDA we lost in the first quarter because of weather? And like if you -- I mean, I know it is hard, but I'm saying like do you have a sense of sort of like sort of what the burden was a little bit like based on if you -- like, let's say, you'd close the location instead of having the people open. Like do you sort of have a sense of like what you think weather hurt you on comps or EBITDA a little bit?

Eric Langan

Yes. I think it's about -- I mean, I don't -- there is no way to know for sure, but I can tell you that I believe that it was over about an 8-week period, and it was about \$700,000 a week in sales declines. And I'll tell you where I get that from is we were doing \$4.9 million to \$5.1 million during those first 8 weeks, January and February when we're having weather and close downs. And by March, we were doing \$5.7 million to \$5.9 million per week. So if you figure our true average should have been \$5.7 million to \$5.9 million and it was \$4.9 million to \$5.1 million, about \$700,000 a week over about an 8-week period.

So if you did that, it's about \$5.6 million in sales. And if you take that to a margin of about \$3 million probably in EBITDA. So maybe more because -- because we still have the cost, right? We still have the cost. We didn't have any of the revenue, we still have the cost. So it was considerable. And I think we'll have a real good idea of it as we come out of this quarter because I don't suspect too much weather in April, May or June to affect us much at this point.

So the only thing this year is we have -- Easter was in April this year instead of March and this Mother's Day weekend was a little off for us, but not too bad. But a little off. But I think we're going to come in pretty close to about \$5.7 million a week average this year or this quarter is what I'm hoping, unless we get some pickup at the end of May and in June. So we will see how that goes.

Adam Wyden

Okay. On the -- and then I got two more questions. On the M&A pipeline, you talked about another club. You -- can you talk a little bit about what you think has contributed to EBITDA so far between Detroit and then this other one in South Carolina and the other one that you're working on now and sort of what the pipeline is? Because it looks like you are looking like you're averaging a good amount more than \$6 million of EBITDA right now. I mean do --.

Eric Langan

Well, South Carolina didn't contribute anything. We didn't close until April, but it will contribute this quarter. And Detroit didn't contribute much last quarter because we closed in January, but January and February had really bad weather. We were still taking over. So there were some operating costs that we increased as we first went up there before we got the revenues back up. But it is doing very, very well for us, and it will contribute probably on par with the \$2 million run rate that we estimated when we purchased it. So it is going to be in good shape.

So that's why I think this quarter, April, May, June will be a much better quarter for us to gauge everything on. We also just recently closed the Bombshells. We fired David Simmons, the Director of Operations for the Restaurant division. We promoted someone else from within. They have really started working on changing those things and changing costs. We've lowered costs considerably, we're making some other cost changes. We've got the Denver location open. We've got Lubbock opening hopefully on May 29, if not by June 5, I think we'll be open for sure.

So Bombshells is going to go through some significant changes in this quarter. And I think we'll get a much better idea of Bombshells as well. Plus Bombshells was drastically affected by weather. We had the Houston Rockets in the playoffs this year, so that helped a little bit. So hopefully, NBA basketball continues to do well for us through the NBA playoffs. And we've got Astros Baseball back up. So I think we'll be in a much better idea to see where Bombshells going by June 30. That's kind of been -- and I think I kind of told you that once before in the conversation we had where I said it is going to take until the end of June for Bombshells to really -- for me to figure out the change we've made, if they are effective, if we're doing any good with them and to get these other two locations open so that any and all drag for Bombshells is gone.

Adam Wyden

Right. But we are not building outside of -- like you said you sold Aurora and you sold Huntsville --.

Eric Langan

We have not sold Huntsville. We sold Aurora. We have the Huntsville property listed. We have the Austin property listed where we were going to build Bombshells locations. Both those properties are being listed for sale or lease right now. So we are working on all that.

Adam Wyden

The Grange.

Eric Langan

The Grange is closed. It's been for sale. We've got people looking at it, but this is -- is a tough restaurant environment right now. So I think it will take a little bit. Maybe by the end of the summer, I suspect that we'll see some movement on those.

Adam Wyden

Right. But you -- it sounds like you've gotten rid of all the bad Bombshells, by and large. You've got the final 2 that you are open, which you're opening because you've sort of very far along. And then I guess it sounds like your focus is trying to get it to comp positively and figuring out whether it makes sense to divest it or what to do with it, right?

Eric Langan

Exactly. I mean if we can get a good offer for it, we would divest it. I mean we are not -- the offers -- when we put it up for sale the first time, we got ridiculously crazy. People wanted us to give them \$80 million of our assets for no money down and pay us \$20 million for 50% of them and basically have no liability on their side. Keep all the liability on us and -- but give them 100% operational control. And we can't do that. I mean that's not a fiduciary. I mean, at least if I did that, I couldn't even walk away, right? I'd be stuck with whatever they decided.

At least this way, we can close and sell our properties. There's a lot -- we have a lot of options still. This is the first quarter we've ever really lost money at Bombshells since its inception over 14 years ago. And the majority of that loss was basically the start-up cost for opening Denver. So I'm very optimistic on a go-forward basis that we can get the Bombshells to a point where they level out the whole industry of that side. I think even Twin Peaks reported negative same-store sales for the first time this last quarter.

So it is a tougher market out there in the restaurant side of the business. It's actually -- we're seeing a little bit on the club side as well, where some of the drinking is number of people -- the number of people through the clubs have been pretty steady. Our headcounts have been good. Just the amount of spend has been down a little bit based on the regional managers and that I've been talking with. So I'm optimistic that as we get into the summer, as these tariff wars settle down and things start to turn to normal, they get the new -- the Republicans passed a new tax bill and they get some certainty for the next three years or four years. 3.5 years, I guess, I think the economy could do very well. And that happens, that will be great for us.

Adam Wyden

I mean gas -- I would think gas prices and all the inflation things that they're looking at like gas prices and milk prices and all this stuff. I mean, I would think that all of those things should be a tailwind for you guys, not to mention, don't the comps get a lot easier for you guys over the next couple of quarters? I mean you didn't start comping positively in nightclubs, I think, until the calendar fourth quarter last year.

Eric Langan

Yes, fourth quarter and first quarter, and then we were down again. So we are flat -- we are up 3% and we're down 3%. So we're flat for 6 months basically for 2025. But I think that was mainly weather related on the club side. Some of it is VIP spend as well, but we were making it up. We were doing very well with putting -- like I said, we are putting more people through the doors, and that's working very well for us now. As you see, our food and merchandise sales are up, but people are just aren't drinking as much. They are just not spending as much.

And what they're not drinking is the high dollar bottles, the high dollar bottle sales, the liquor sales. They're drinking by the glass instead of -- or by the drink -- by the drink instead of by the bottle. So bottle service down, VIP spend is down, as you've seen our service revenue is down almost 30%. So I think that's really what we've got to watch and focus on.

We do have the Knicks in the playoffs and New York is doing very, very well. Club has been doing great up there. People are really coming out. The -- I think they sold out the Madison Square Garden for the watch parties even when they were playing in Boston. So that was for the clubs that we're a block away from the garden there. So that's been really good for us. Miami has done off a little bit. So hopefully as we get into the summer months, we can get a little stronger in Miami. Like I said the headcounts are good. We just got to get the spend up. I think a lot of that is uncertainty, right? You got to remember, a very large portion of our customer base, especially the high dollar spend are small business entrepreneurs, who make considerable amounts of money.

But if their money is uncertain, then they won't spend as much as they normally would. They'll get a little more reserved in their spending. And so as the uncertainty goes away, I believe that we'll see our numbers come back up.

Mark Moran

Next so much for the question, Adam, next up, we have [Manhands9] (ph). Please take it away.

Unidentified Analyst

Thank you for taking my question. I really appreciate this venue to talk with you. With the new administration making a lot of noise and headlines, as part of their Project 2025, pornography was listed as being -- they had wanted to say that it should be outlawed. And I wondered if you have heard anything about this, if there's anything that you'd want to add about that?

Eric Langan

No, we haven't heard anything. We haven't had any issues. I don't think we are technically in the pornography business. We're not really making videos and whatnot. Our biggest protractors are always human trafficking, and we are very avid anti-human trafficking advocates. We're a founding member of COAST, club owners against sex traffic. And we have done everything we can do and continue to do everything we can do in our powers to fight sex trafficking and human trafficking in all forms, as well as a congressional -- our training program has received a congressional honor, and we are going to continue to work with that program.

I think if you look at any real studies that less than 0.1% of all human trafficking is through adult nightclubs or even has any ties to any adult nightclubs, while our -- there are people out there that against our industry that would try to skew those facts. I think those facts are pretty much given when you get into real studies, real scientific studies that have real data. So I'm not too worried about anything like that.

Mark Moran

Fantastic. Thank you very much for the question. And thank you, Eric and Bradley. On behalf of the company and our subsidiaries, thank you, and good night. Please visit one of our clubs or restaurants to have a great time.

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