

NEWS RELEASE

**RACHEL'S MEN'S CLUBS PLEAD GUILTY AND TO PAY
\$620,000 IN SETTLEMENT AGREEMENT**

Beeline Partners, Ltd. and Seminole Entertainment, Inc., the corporations that have the licenses and operate two *Rachel's Men's Clubs* have **pled guilty to Racketeering** and, in a settlement agreement with the *Office of Statewide Prosecution*, are required to **pay \$620,000 in fines, forfeitures, and costs.**

Beeline Partners, Ltd. and Seminole Entertainment, Inc. were ordered to implement a **Responsible Vendor Training Program** pursuant to Florida Statute 561.703 and to a **one week suspension of the alcoholic beverage license** at each club. The corporations were also **placed on six years of probation.** The Rachel's Men's Club in **Casselberry, Florida** was **closed from 2001 until 2003** as a result of the City of Casselberry's **two year suspension** of the club's adult entertainment license based upon the facts which came to light in this investigation.

The charges resulted from a **seven month investigation** between January and July of 2000 by the *Metropolitan Bureau of Investigation (MBI)* in Orange County, Florida and the *City County Investigative Bureau (CCIB)* in Seminole County, Florida, into allegations that the *Rachel's Men's Clubs* at 401 North Semoran Boulevard, Casselberry, Seminole County, Florida and 8701 South Orange Avenue, Orange County, Florida, were **providing prostitution and narcotics to trusted or known customers.**

4 7-10-03
should be a 1st 2001. 2/08

The investigation revealed that **dozens of Rachel's Men's Clubs employees** had participated in prostitution, other lewd activity, or were involved in illegal narcotics sales. Evidence reflected that **several of the managers** at each of the *Rachel's Men's Clubs* had **received a portion of the money** and were laundering, or processing money for **narcotics and prostitution through credit card transactions** at the *Rachel's Men's Clubs*. The *Rachel's* adult entertainment facility had received **a portion of the credit card transactions for the illegal activity** and the customer's copies of the **receipts read "Rachel's Steakhouse."** Several of those managers were charged and had also previously pled to charges related to those offenses.

The arrests that were for prostitution and lewdness, related to activities that had occurred in **secluded areas within the adult clubs and in limousines** provided by the *Rachel's Men's Club*, or by their customers. The ***Rachel's Men's Club* female employees** who had participated in prostitution activity had each charged between **\$500 to \$700 for their services**. In addition, law enforcement agents had made multiple **purchases of illegal controlled substances**, which included **cocaine, marijuana** and so-called "**club drugs**" **GHB** (Gamma-hydroxybutyrate) and **Ecstasy** (MDMA) at the *Rachel's Men's Clubs*, or, from employees of the adult entertainment clubs, for which charges were brought and persons convicted.

Because corporations can be held criminally liable for the criminal acts of employees vested with the authority to act on behalf of the corporation, the corporations were charged in addition to the employees. A total of **thirty *Rachel's Men's Clubs* employees and sub-contractors have pled guilty or no contest** in this case including the **two General Managers, four other managers and two supervisors**. Charges **against a leading stockholder** of the two corporations, Paul James Veigle, were **dropped pursuant to the**

settlement just reached. The prosecutions were handled by the Office of Statewide Prosecution and the State Attorneys' Offices in Orange and Seminole County.

F:\Dir\News Release\News Release-Rachel's Settlement – 7-10-03-#2