

DEVELOP THIS! CASE STUDY OF THE LUSTY LADY CONVERSION

Miss Muffy, defeatthepatriarchy@hotmail.com

Leslie Leya, leslieusfwc@hotmail.com

LL is a peep show in the No Beach. They had been unionized by SIEU since '97. The co had wanted a \$4/hr pay cut; eventually gave 4 mos' notice to the workers due to business diff's. The workers had a mtg to discuss buying it; overwhelmingly supported. Nearly 100 workers. Conversion happened 5 years ago. It helped to have the union b/c they felt solidarity as workers through having been unionized.

They could not get funding; in the adult ent't ind'ry, they could not get any gov't funding or found'n funding. They were able to get vendor financing. They have just paid off their loan, finally.

The rest of the strip clubs in the country are virtually all owned by a corp called Déjà vu, & they happen to own the bldg which they lease.

The mngt structure is rela'ly close to what it was before the conversion.

Seller's incentive: Tax section 10.42 under US tax law allows sheltering the capital gains from tax when a seller sells a business to the employees: excl'ly for ESOP's & wc's. There could be other sellers' benefits. It's a ben't that has not been used that often.

They feel it's essential to have a good hiring & firing policy; have a union & also a point-based system. It is vital to document what has gone on.

They've kept the union, for complicated reasons. Many people had fought very hard to get the union. They feel it's important that the union exists, although they pay large dues for no apparent services.

They had only 4 months to do the conversion.