IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
TRIAL DIVISION - CIVIL

CHANTEE WILLIAMS and DEIDRE ANDREWS Individually, on behalf of themselves and all others Similarly situated,	August Term 2018
	No. 2541
Plaintiffs,	
v.	Commerce Program
RCI HOSPITALITY HOLDINGS INC. and THE END ZONE, INC. t/a CLUB ONYX PHILADELPHIA,	
Defendants.	Control Nos. 24072487/24081492

ORDER

AND NOW, this 19th day of December 2024, upon consideration of the motion for partial summary judgment of defendants RCI Hospitality Holdings, Inc. and The End Zone, Inc., t/a/ Club Onyx Philadelphia (Control No. 24072487), the response of plaintiffs Chantee Williams and Deidre Andrews, individually and on behalf of themselves and all others similarly situated (the "Class Representatives"), and the reply, it is **ORDERED** that the motion for partial summary judgment is **GRANTED.** Judgment is entered in favor of defendant RCI Hospitality Holdings, Inc., only and against plaintiff Class Representatives.[1]

[1] In this case, entertainers make up the class in which Class Representatives bring wage and hour claims on behalf of themselves and the class alleging unfair labor practices in violation of the Fair Labor Standards Act ("FLSA") and the Pennsylvania Minimum Wage Act of 1968 ("PMWA") against Defendants. Defendants are RCI Hospitality Holdings, Inc. ("RCI Hospitality"), a holding company and parent company of defendant Club Onyx Philadelphia ("Club Onyx"), which owns and operates an adult entertainment club. Defendants filed this motion for partial summary judgment contending that there is no evidence that RCI Hospitality and Club Onyx is an integrated enterprise thereby making RCI Hospitality responsible for any unpaid wages owed to the entertainers in this matter.

Class Representatives rely upon a decision from the United States Court of Appeals for the Third Circuit to support their claim of integrated enterprise. The Third Circuit decision is not binding upon this Court. Even if it were binding, the Class Representatives have failed to present any evidence of the facts to create a genuine issue of material fact that Club Onyx and RCI Hospitality were an integrated enterprise.

In *Pearson v. Component Technology Corp.*, 247 F.3d 471 (3d Cir.2001), the Third Circuit applied a four-factor labor-specific test to determine if the veil between two corporations may be pierced and treated as an "integrated enterprise." *Id.* at 485. The four factors to be considered are: interrelation of operations; common management; centralized control of labor relations; and common ownership or financial control. *Id.* No single factor is dispositive; rather, single employer status under this test ultimately depends on all the circumstances of the case. *Id.*

In this case, there is no evidence of common management. In fact, the Class Representatives concede this point as they recognize that Club Onyx operated with its own manager. (Docket (Dkt.) - 8-12-24, Response MOL p. 11.) In addition, Club Onyx was responsible to conduct its own services and management operations. (Docket ("Dkt.") at 7-12-24, Exhibits D-G, Form 10Ks, Exhibits H-P, Form 10Qs).

Nor is there evidence of common ownership and financial control. The 10Ks during the relevant time period show that subsidiaries including Club Onyx are in control of their own night clubs. (*Id.* at Exhibit F, p. 4 ("All services and management operations are conducted by subsidiaries of [RCI Hospitality]... ."), and at p. 23 ("Our wholly owned subsidiaries own and/or operate upscale adult nightclubs serving primarily businessmen and professionals.")) Moreover, the fact that Eric Langan is the president of both RCI Hospitality and Club Onyx (Dkt. at 8-12-24, Response ¶7) is insufficient to show common financial control as there no evidence that Mr. Langan used his position as president of RCI Hospitality to control Club Onyx.

There also is no evidence of centralized labor relations or interrelation of operations. At issue in this case is whether the class members were misclassified as independent contractors instead of employees. There is no evidence that RCI Hospitality created and implemented that policy. The Entertainer License Agreement was between the entertainer and Club Onyx, the licensor, not RCI Hospitality. (Dkt. at 8-12-24, Exhibit 4, Agreement). There is no evidence that RCI Hospitality required the entertainers to scan in at Club Onyx before every shift as a means to supervise the entertainers. (*Id.*, Exhibit 6, Log In Report.) The Log In Report for Class Representative Chantee Williams does not reference RCI Hospitality but instead references RCI Philadelphia, a different entity that is not a party to this action. (*Id.*, Exhibit 3, Corporate Diagram.) Also, while Club Onyx placed cameras throughout its club, there is no evidence that RCI Hospitality watched the feeds from the cameras or reviewed the videos to supervise the

It is further **ORDERED** that the motion for oral argument (Control No. 24081492) filed by defendants is **DENIED**. *See, Pa. R. Civ. P. 211* (A party may request oral argument...The Court may dispose of any motion without oral argument.)

BY THE COURT:

Abbe F. F.

ABBE F. FLETMAN, J.

---

entertainers. Additionally, any claim of a companywide labor policy is defeated by evidence that some subsidiaries classify entertainers as employees. (Dkt. at 7-12-24, Exhibit F at pg. 7.)

The Class Representatives did not address Pennsylvania's alter ego theory of veil piercing, which allows courts to pierce the corporate veil of a subsidiary to find a parent company liable for the acts of its subsidiary. *See, Ashley v. Ashley*, 393 A.2d 637, 641 (Pa. 1978).

Even if they had, there is no evidence to support application of this theory, which requires evidence of parent domination and control over the subsidiary rendering the subsidiary a mere instrumentality of the parent that will result in injustice if the corporate fiction is maintained. *See, Brown v. End Zone, Inc.* 259 A.3d 473, 489 (Pa. Super. 2000)(dancer failed to present sufficient evidence to overcome presumption against piercing corporate veil for purposes of imposing liability on parent company).

As for the declaration of class counsel Alice Ballard on which the plaintiffs rely (Dkt. at 8-12-24, Exhibit 7, Declaration), it is not competent evidence as it is impossible to tell if any recognized exception applies to hearsay contained in the declaration. *See Isaacson v. Mobile Propane Corp.*, 461 A.2d 625 (Pa. Super. 1983) (a motion for summary judgment cannot be supported or defeated by statements that include inadmissible hearsay evidence).

Failure of a non-moving party to adduce sufficient evidence on an issue essential to their case and on which it bears the burden of proof establishes the entitlement of the moving party to judgment as a matter of law. *Young v. PennDOT*, 744 A.2d 1276, 1277 (Pa. 2000). Accordingly, since the Class Representatives failed to adduce sufficient evidence on whether RCI Holdings and Club Onyx were an integrated enterprise, the partial motion for summary judgment is granted.