UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. **CASE NO.**

GLENN E. GLASSHAGEL,

Defendant.

____/

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges and states as follows:

1. From at least 1999 through 2000, Defendant Glenn E. Glasshagel ("Glasshagel"), the former chief financial officer ("CFO") of Roadhouse Grill, Inc., ("Roadhouse") violated the federal securities laws when he fraudulently manipulated Roadhouse's income by (1) making improper adjustments to the company's expense accounts and (2) recognizing fictitious revenue. Glasshagel's financial chicanery violated Generally Accepted Accounting Principles ("GAAP") and materially misrepresented Roadhouse's net income in financial statements filed with the Commission during fiscal years 1999 and 2000. This overstatement of net income allowed Roadhouse to meet or exceed an outside Analyst's estimates. As a result of Glasshagel's misconduct, Roadhouse overstated its net income by at least 5% for the fiscal year ended April 25, 1999, and by approximately 35% for the fiscal year ended April 30, 2000.

2. By his conduct, Glasshagel violated, or caused violations of, the antifraud and issuer reporting provisions of the federal securities laws. Unless enjoined, he will continue to violate those laws.

DEFENDANT

3. Glasshagel currently resides in Las Vegas, Nevada. Glasshagel was Roadhouse's CFO from October 1998 to approximately July 2000, when he resigned. As CFO Glasshagel acted as Roadhouse's Principal Financial Officer and Principal Accounting Officer. During the time Glasshagel was with Roadhouse, he was licensed as a certified public accountant ("CPA") in California and Illinois. Glasshagel's CPA licenses are no longer active.

RELEVANT ENTITY

4. Roadhouse is a restaurant chain that was incorporated in Florida in 1992, with corporate headquarters in Pompano Beach, Florida. At all relevant times, Roadhouse was an issuer subject to the reporting requirements of Section 13(a) of the Securities Exchange Act of 1934 ("Exchange Act"). Roadhouse was listed on the NASDAQ National Market from November 1996 until July 2001, when NASDAQ halted quotations in Roadhouse's stock after the company delayed the filing of its Form 10-K for the fiscal year ended April 29, 2001. In May 2002, Roadhouse was delisted from NASDAQ. The company is currently quoted on the National Quotation Bureau's Pink Sheets.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act.

6. This Court has personal jurisdiction over Defendant Glasshagel and venue is proper in the Southern District of Florida, because Roadhouse's principal place of business is

located in the Southern District of Florida. In addition, the acts and transactions constituting violations of the Exchange Act by Glasshagel occurred in the Southern District of Florida.

7. Defendant Glasshagel, directly and indirectly, made use of the means and instrumentalities of interstate commerce, and the mails, in connection with the acts, practices and courses of business set forth in this Complaint.

FACTUAL BACKGROUND

A. Glasshagel's Scheme to Meet Analyst Earnings Targets

8. During fiscal years 1999 and 2000, Glasshagel, either directly or by directing others within Roadhouse's accounting department, made improper adjustments that inflated Roadhouse's results. Glasshagel's adjustments caused Roadhouse to overstate its net income by approximately 5% in the company's 1999 fiscal year, and by approximately 35% during its 2000 fiscal year.

9. Glasshagel engaged in this misconduct to allow Roadhouse to meet earnings targets set by the outside analyst that followed the company. In mid-1998, an analyst with Robertson Stephens ("Analyst") began issuing research reports on Roadhouse. For the next year, the Analyst rated Roadhouse a "buy." In the research reports, the Analyst repeatedly described Roadhouse as a small company that had turned itself around after previous mismanagement, that demonstrated solid growth and "year-over-year improvement," which consistently met or exceeded the Analyst's expectations.

10. Following the release of Roadhouse's reported results, the Analyst issued positive research notes on Roadhouse. For example, in August 1999, following the release by Roadhouse of its fourth quarter and annual results that exceeded estimates, the Analyst issued a research note stating that Roadhouse had "met or exceeded our EPS estimates . . . and continues to prove

that its fiscal 1999 turnaround has solid footing to allow for sustainable, [predictable] 20-25% EPS growth going forward." In all but one of the reporting periods the Analyst covered Roadhouse, the company purportedly posted net profits or earnings per share that met or exceeded the Analyst's expectations.

11. Glasshagel was determined to meet those earnings expectations. For example, he ordered his accounting department to prepare spreadsheets during the end of fiscal 1999 and throughout fiscal year 2000, which reflected the Analyst's expectations versus Roadhouse's projected actual earnings per share. Based on the spreadsheets, Glasshagel was clearly aware of each quarter's projected earnings, and through his fraudulent scheme he ensured that Roadhouse achieved those expected numbers.

1. Glasshagel Improperly Reduced Roadhouse's Expenses

12. In early 1999, the spreadsheets began to show a gap between the Analyst's expectations and Roadhouse's internal earnings estimates. As a result, Glasshagel began directing Roadhouse's financial staff to make certain accounting adjustments that reduced the company's expenses and, correspondingly, increased its net income. As Glasshagel knew, or was extremely reckless in not knowing, these adjustments caused Roadhouse's financial statements to be materially misstated and not be prepared in conformity with GAAP.

13. Most of the adjustments made to Roadhouse's expenses resulted from improper reductions in the company's accrual accounts. Accruals are estimates of anticipated expenses that a company expects to incur within a fiscal year for known obligations when: (1) the amount can be determined only approximately; and (2) the specific person to whom payment will be made is unascertainable. Although accruals are estimates, they must be reasonable, and can be determined by reviewing appropriate documentation and facts. When a company reduces the

amounts it has to accrue for anticipated expenses, it results in a reduction in expenses and a corresponding increase in income.

14. Rather than basing the accruals on appropriate documentation and facts, Roadhouse, at Glasshagel's direction, improperly reduced certain of its accrual accounts to meet the Analyst's earnings estimates. In the company's 1999 fiscal year, Glasshagel began directing his accounting staff to make various "top-side" adjustments to the company's accrual accounts that significantly reduced accruals and inflated net income by approximately $300,000, or 5% of its actual net income. Some of the accrual accounts that Glasshagel improperly adjusted downward include property taxes, rent, advertising, legal and insurance and payroll expenses.

15. These improper adjustments accelerated in Roadhouse's fiscal year 2000, when its net income was overstated by approximately $906,000 or almost 35% of actual net income. For example, on December 21, 1999 (which was during Roadhouse's third quarter of fiscal year 2000), Glasshagel instructed a member of his accounting staff through an email to make reductions of between $30,000 and $100,000 to various accrual accounts, including workers compensation, property taxes, bonuses and expenses. After telling what adjustments he wanted made, he stated that "after you fall of your chair, let's discuss."

16. During fiscal year 2000, Glasshagel again directed Roadhouse's accounting staff to reduce various accruals. Glasshagel caused Roadhouse to understate its expenses by manipulating its food and beverage, property tax, rent, advertising, legal, depreciation and insurance and payroll expenses. These improper adjustments, in part, allowed Roadhouse to report earnings for its fiscal year-end 2000 that exactly matched the Analyst's estimate.

2. Glasshagel's Inflated Roadhouse's Income By Booking a Non-Existent Rebate Receivable

17. Roadhouse was also able to match its fiscal year 2000 earnings estimates by recording a $200,000 non-existent rebate receivable supposedly granted by one of Roadhouse's beef suppliers. In May 2000 (after the 2000 fiscal year had already ended), Glasshagel ordered his accounting staff to record in the company's 2000 financial statements this non-existent rebate receivable. By Glasshagel booking this non-existent rebate receivable, it caused Roadhouse to improperly increase its assets and net income by $200,000 for its fiscal year 2000.

18. Roadhouse never received the rebate. In fact, Roadhouse never even entered into a written agreement with the supplier for such a rebate. Glasshagel caused Roadhouse to book this fictitious rebate. As Glasshagel knew, or was extremely reckless in not knowing, that this non-existent rebate receivable should have never been booked.

3. Due to Glasshagel's Misconduct, Roadhouse Restated its Financial Statements

19. As a result of Glasshagel's fraudulent conduct, Roadhouse publicly announced on August 1, 2001 that to correct various errors it would have to restate its interim and annual financial statements for 1999 and 2000. Roadhouse restated its previously filed financial statements for the quarterly periods for fiscal year 1999, for fiscal year-end 1999 and for the quarterly periods for fiscal year 2000, because Glasshagel improperly reduced Roadhouse's expenses. Roadhouse restated its previously filed financial statements for fiscal year-end 2000, because, among other reasons, its expenses were understated and to reverse its recognition of the $200,000 non-existent rebate.

20. Roadhouse's restatement demonstrates how, during several reporting periods, Glasshagel adjusted the company's earnings to meet the Analyst's estimates. For example, the

chart below demonstrates how Glasshagel's adjustments allowed Roadhouse to meet or exceed the estimated earning per share:

Reporting Period	Reported Income	Restated Income	Estimated EPS	Reported EPS	Actual EPS (as restated)
3Q 1999	$ 1,716,000	$ 1,709,000	$ 0.11	$0.11	$0.11
FYE 1999	$ 6,008,000	$ 5,708,000	$ 0.38	$0.40	$0.37
1Q 2000	$ 1,186,000	$ 1,503,000	$ 0.10	$ 0.10	$0.12
2Q 2000	$ (212,000)	$ (473,000)	$(0.03)	$(0.02)	$(0.05)
FYE 2000	$ 4,465,000	$ 3,483,000	$ 0.36	$ 0.36	$0.27

As the table above shows, instead of beating estimates, in reality, Roadhouse missed the year-end 1999 and 2000 earnings targets. In addition, as demonstrated above, Roadhouse announced earnings for the second quarter of fiscal 2000 that exceeded the estimate by $.01 per share. Notably, after Roadhouse's announcement of exceeding estimates, the Analyst issued a research note in which it maintained its "Buy" rating on Roadhouse. In reality, Roadhouse's restated results show that it had materially overstated its net income and actually missed the Analyst's target for that quarter by $.02 per share, as well as the estimate for the prior quarter.

21. In response to Roadhouse's announcement that it would restate its previously reported results, NASDAQ halted quotations in Roadhouse's stock. At the time, Roadhouse's stock was trading at $1.35 per share. When trading resumed on September 10, 2001, Roadhouse's stock price declined dramatically -- by more than 55%, to $0.60 per share.

B. Glasshagel Failed to Keep Accurate Books and Records, Maintain Internal Controls and Misled Roadhouse's External Auditors

22. Glasshagel failed to implement sufficient internal controls regarding, among other things, accrual accounts and the recognition of the rebate receivable, and took advantage of the lack of internal controls at Roadhouse to make or cause to be made false entries in the companies books and records.

23. Glasshagel also made representations to Roadhouse's external auditor during the audit for the company's 2000 fiscal year about Roadhouse's accruals and the rebate receivable, while omitting to disclose vital information about his adjustments and the bogus rebate receivable from the beef supplier.

24. Glasshagel's improper and inaccurate accounting led to the filing of materially false and misleading Forms 10-K for Roadhouse's 1999 and 2000 fiscal years, and materially false and misleading Forms 10-Q for the intervening quarterly periods in those fiscal years. Moreover, Roadhouse's restatement demonstrates its books and records were not accurate during fiscal years 1999 and 2000. Glasshagel's ability to manipulate the company's earnings by making or ordering unjustified top-side adjustments to expense accounts and booking a bogus rebate receivable shows that Roadhouse lacked internal controls.

25. Glasshagel, as a CPA, as Roadhouse's Principal Financial Officer and Principal Accounting Officer, and as CFO of a publicly traded company, knew or was extremely reckless in not knowing, that GAAP did not allow the adjustments he made and the non-existent receivable he booked.

26. During the period of the Glasshagel's fraudulent scheme he received at least $250,000 in compensation from Roadhouse.

CLAIMS FOR RELIEF

COUNT I

FRAUD IN VIOLATION OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER

27. The Commission repeats and realleges Paragraphs 1 through 26 of this Complaint as if fully set forth herein.

28. Since a date unknown but at least from 1999 through 2000, Defendant Glasshagel, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

29. By reason of the foregoing, Defendant Glasshagel, directly or indirectly, violated and will continue to violate unless enjoined, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

COUNT II

VIOLATION OF SECTION 13(B)(5) OF THE EXCHANGE ACT AND RULES 13B2-1 AND 13B2-3 THEREUNDER

30. The Commission repeats and realleges Paragraphs 1 through 26 of this Complaint as if fully set forth herein.

31. Since a date unknown but at least from 1999 through 2000, in violation of Section 13(b)(5) of the Exchange Act, Defendant Glasshagel knowingly circumvented or failed to implement a system of internal accounting controls or falsified books, records or accounts as described in Section 13(b)(2) of the Exchange Act.

32. Since a date unknown but at least from 1999 through 2000, in violation of Rule 13b2-1 of the Exchange Act, Defendant Glasshagel, directly or indirectly, falsified or caused to be falsified books, records or accounts subject to Section 13(b)(2) of the Exchange Act.

33. Since a date unknown but at least from 1999 through 2000, in violation of Rule 13b2-2 of the Exchange Act, Defendant Glasshagel, directly or indirectly, as an officer or director of an issuer, in connection with the preparation of an audit, made or caused to be made, misrepresentations or omissions to an accountant.

34. By reason of the foregoing, Defendant Glasshagel, directly or indirectly, violated and will continue to violate unless enjoined, Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5), and Rules 13b2-1 and 13b2-2 thereunder, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-2.

COUNT III

AIDING AND ABETTING VIOLATIONS OF SECTIONS 13(A), 13(B)(2)(A) AND 13(B)(2)(B) OF THE EXCHANGE ACT AND RULES 12B-20, 13A-1 AND 13A-13 THEREUNDER

35. The Commission repeats and realleges Paragraphs 1 through 26 of its Complaint as if fully set forth herein.

36. Since a date unknown but at least from 1999 through 2000, Defendant Glasshagel aided and abetted or caused Roadhouse’s violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, by failing to make and keep books, records, and accounts, which in reasonable detail, accurately and fairly reflected the transactions of the issuer; by failing to devise and maintain a system of internal accounting controls sufficient to reasonably assure that transactions were recorded and financial statements were prepared in conformity with GAAP; and by filing or causing to be filed with the Commission materially false and misleading financial and informational statements Forms 10-K for Roadhouse’s fiscal year-ends 1999 and 2000, and Forms 10-Q for the intervening quarterly periods in those fiscal years.

37. By reason of the foregoing, Defendant Glasshagel aided and abetted or caused Roadhouse's violations, and, unless enjoined, will again aid and abet or cause violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m, and Rules 12b-20, 13a-1 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendant Glasshagel committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining Defendant Glasshagel, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from violating Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1 and 13b2-2 thereunder, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

III.

Disgorgement

Issue an Order requiring Defendants Glasshagel to disgorge his ill-gotten gains, which he received as a result of the acts or courses of conduct complained of herein, with prejudgment interest thereon.

IV.

Penalty

Issue an Order directing Defendant Glasshagel to pay a civil money penalty pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78(d)(3).

V.

Officer and Director Bar

Issue an Order barring Defendant Glasshagel from serving as an officer or director of any public company pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78(d)(2).

VI.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

VII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

Respectfully submitted,

July 15, 2005

By:______________________

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