

Strip clubs - big for businessmen, not for business

By Anne Summers

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NO ONE, it seems, is ready to step up and condemn Kevin Rudd for his indiscretion in visiting a New York strip joint while on official business observing the UN four years ago. This is perhaps not surprising. After all, Australians are pretty tolerant of people getting drunk and doing stupid things. And on the precedents established by other politicians, going to a strip club hardly rates alongside being trouserless in Memphis, having affairs with colleagues or journalists and the many other sex crimes and misdemeanours that are part of the political legend both here and in other Western democracies.

Kevin told his wife, has apologised to the electorate and is now waiting to see how much he gets pummelled in the polls (ha-ha) for an action that everyone agrees was very much out of character for this nerdy Christian man. I predict it won't have any negative effect whatsoever.

That doesn't mean, however, that we should not be asking questions about the sordid practice of entertaining in strip clubs.

For instance, did Rupert Murdoch get a tax deduction for the cost of the evening? Col Allan, editor of the Murdoch-owned *New York Post*, suggested to Rudd and Labor MP Warren Snowden, the third man in the party that night, they go to Scores for a post-prandial perv at the pole dancers, so presumably he picked up the tab.

In the US, adult entertainment is a tax-deductible business expense.

That perhaps provides a clue as to how prevalent, and therefore popular, such entertainment is with corporate types. In fact, in New York the practice of taking clients and business associates to strip clubs has become so ingrained that it has led to complaints and even lawsuits by women executives who find themselves in an invidious situation.

Morgan Stanley instituted a no-strip-club policy for corporate entertainment back in 2002, according to a report in March last year, and two years later paid out \$US54 million following a case brought by the Equal Opportunity Commission and an institutional equities saleswoman who said she had been excluded from client outings to strip clubs.

On the other hand, UBS paid out \$US29 million in 2005 to a former director of international equities who had a range of complaints about being excluded from the boys' club but who was also upset that her manager had invited her to a bottomless club.

These cases illustrate how difficult it is for many corporate women — especially those in the financial sector — when such business practices are seen as part of the

client entertainment culture. Some women are happy to attend such venues but are excluded by their male colleagues. The woman who sued Morgan Stanley said in her lawsuit that she was left out of a client entertainment weekend in Las Vegas "because the men would be uncomfortable participating in sexually oriented entertainment with a woman colleague present, especially one who knew their wives".

Other women do not want to be involved in these sorts of activities and argue discrimination because they are being denied the opportunity to do business with clients.

And big business it is — usually on the corporate card.

Just last year Scores New York — the scene of Rudd's night of shame — settled a contested bill of \$US241,000 charged to the corporate American Express card of the former CEO of information technology company Savvis.

The New York Stock Exchange and NASD (the National Association of Securities Dealers) have proposed rules that would force firms to adopt business entertainment policies that cap amounts spent and that specify "appropriate venues". The Securities and Exchange Commission has just finished taking comments on the proposed rules, so the final version should be released soon. (And spare a thought for the women who have to take their clothes off to work in these places.)

I have heard women in the financial sector in Australia talk about feeling pressured to go to strip clubs with clients, and their ambivalence is similar to that expressed by the New York women although, according to the Human Rights and Equal Opportunity Commission, no formal complaints have been made.

It could be an interesting area for Elizabeth Broderick, the new Sex Discrimination Commissioner, to pursue because there is no reason to assume that local "gentlemen's clubs" such as Goldfingers are any more salubrious than Scores. The rationale that real business gets done in such places is laughable.

Kevin Rudd says he can't remember anything about the night, so that presumably includes any business that might have been discussed. Rupert Murdoch might have got the tax benefit but that's all he got. Unless he sees some value in one of his senior people enticing Rudd to a strip club and then another of them, the journalist Glenn Milne, "exposing" this event four years later, shortly before a federal election, to embarrass the Opposition Leader.

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