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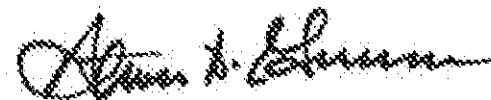
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CLERK OF THE COURT

Attorneys for Plaintiffs and Intervenor, T2

PARTNERS MANAGEMENT, LP, a Delaware

limited partnership, doing business as KASE

CAPITAL MANAGEMENT; T2 ACCREDITED

FUND, LP, a Delaware limited partnership, doing

business as KASE FUND; T2 QUALIFIED

FUND, LP, a Delaware limited partnership, doing

business as KASE QUALIFIED FUND; TILSON

OFFSHORE FUND, LTD, a Cayman Islands

exempted company; T2 PARTNERS

MANAGEMENT I, LLC, a Delaware limited

liability company, doing business as KASE

MANAGEMENT; T2 PARTNERS

MANAGEMENT GROUP, LLC, a Delaware

limited liability company, doing business as

KASE GROUP; JMG CAPITAL

MANAGEMENT, LLC, a Delaware limited

liability company; PACIFIC CAPITAL

MANAGEMENT, LLC, a Delaware limited

liability company,

Derivatively On Behalf of Reading International,  
Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

T2 PARTNERS MANAGEMENT, LP, a  
Delaware limited partnership, doing business

as KASE CAPITAL MANAGEMENT; T2

ACCREDITED FUND, LP, a Delaware

limited partnership, doing business as KASE

FUND; T2 QUALIFIED FUND, LP, a

Delaware limited partnership, doing business

as KASE QUALIFIED FUND; TILSON

OFFSHORE FUND, LTD, a Cayman Islands

exempted company; T2 PARTNERS

MANAGEMENT I, LLC, a Delaware limited

Case No. A-15-719860

Dept. No. XI

**VERIFIED SHAREHOLDER  
DERIVATIVE COMPLAINT**

**DEMAND FOR JURY TRIAL**

1 liability company, doing business as KASE  
2 MANAGEMENT; T2 PARTNERS  
3 MANAGEMENT GROUP, LLC, a Delaware  
4 limited liability company, doing business as  
5 KASE GROUP; JMG CAPITAL  
6 MANAGEMENT, LLC, a Delaware limited  
7 liability company; PACIFIC CAPITAL  
8 MANAGEMENT, LLC, a Delaware limited  
9 liability company; Derivatively On Behalf of  
10 Reading International, Inc.

11 Plaintiffs,

12 vs.

13 MARGARET COTTER, ELLEN COTTER,  
14 GUY ADAMS, EDWARD KANE,  
15 DOUGLAS McEACHERN, TIMOTHY  
16 STOREY, WILLIAM GOULD, AND DOES 1  
THROUGH 100, inclusive,

17 Defendants,

18 And,

19 READING INTERNATIONAL, INC., a  
20 Nevada corporation,

21 Nominal Defendant.

22 Plaintiffs, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing  
23 business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware  
24 limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware  
25 limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND,  
26 LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a  
27 Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS  
28 MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE  
GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company;  
PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company, derivatively  
On Behalf of Reading International, Inc. (hereinafter "Plaintiffs"), by and through their attorneys,  
individually and derivatively on behalf of Reading International, Inc. ("RDI" or the "Company")  
submit this shareholder derivative complaint (the "complaint") against the defendants named

1 herein based upon their personal knowledge as to those allegations concerning themselves and  
2 based upon information and belief as to all other allegations, based upon, among other things, the  
3 investigation made by their attorneys, the pleadings filed in this action, a review of the United  
4 States Securities and Exchange Commission ("SEC") filings, press releases, and other public  
5 records.

## 6 INTRODUCTION

7 1. This is a shareholder derivative action brought on behalf of Nominal Defendant  
8 RDI against members of its Board of Directors, which include MARGARET COTTER, ELLEN  
9 COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY  
10 and WILLIAM GOULD (hereinafter collectively referred to as the "Director Defendants"), by  
11 Plaintiffs, who are now, and at all relevant times herein have been shareholders of RDI.

12 2. Plaintiff T2 ACCREDITED FUND, L.P., is a Delaware limited partnership doing  
13 business as KASE CAPITAL, which owns 174,019 shares of Class A non-voting stock of RDI,  
14 with an estimated market value as of August 5, 2015 of \$2,110,850. Plaintiff T2 PARTNERS  
15 MANAGEMENT I, LLC., is Delaware limited liability company and general partner of Plaintiff,  
16 T2 ACCREDITED FUND, L.P.

17 3. Plaintiff T2 QUALIFIED FUND, L.P., is a Delaware limited partnership doing  
18 business as KASE QUALIFIED FUND, which owns 53,817 shares of Class A non-voting stock of  
19 RDI, with an estimated market value as of August 5, 2015 of \$652,800.21. Plaintiff T2  
20 PARTNERS MANAGEMENT I, LLC., is Delaware limited liability company and general partner  
21 of Plaintiff, T2 QUALIFIED FUND, L.P.

22 4. Plaintiff TILSON OFFSHORE FUND, Ltd., is an exempted company organized in  
23 the Cayman Islands and owns 291,406 shares of Class A non-voting stock of RDI, with an  
24 estimated market value as of August 5, 2015 of \$771,104.10.

25 5. Plaintiff T2 PARTNERS MANAGEMENT, L.P., is a Delaware limited partnership  
26 doing business as KASE CAPITAL MANAGEMENT, and is the investment manager of  
27 Plaintiffs, TILSON OFFSHORE FUND, Ltd., T2 ACCREDITED FUND, L.P., and T2  
28



1 QUALIFIED FUND, L.P. Whitney Tilson, a nationally known hedge fund manager, is a resident  
2 of the State of New York and is the managing member and CCO of all three of these Plaintiffs.

3 6. Plaintiff T2 PARTNERS MANAGEMENT GROUP, LLC., is a Delaware limited  
4 liability company and general partner of T2 PARTNERS MANAGEMENT, L.P.

5 7. Plaintiff JMG CAPITAL MANAGEMENT, LLC., is a limited liability company  
6 organized in the State of Delaware, which owns 10,000 shares of Class A non-voting stock of  
7 RDI, with an estimated market value as of August 5, 2015 of \$121,300.

8 8. Plaintiff PACIFIC CAPITAL MANAGEMENT, LLC., is a Delaware limited  
9 liability company, which owns 515,934 shares of Class A non-voting stock of RDI, with an  
10 estimated market value as of August 5, 2015 of \$6,258,279.40.

11 9. JONATHAN M. GLASER is the managing member of both JMG CAPITAL  
12 MANAGEMENT, LLC., and PACIFIC CAPITAL MANAGEMENT, LLC.

13 10. Nominal Defendant RDI is a Nevada corporation and, according to its public filings  
14 with the SEC, is an internationally diversified company principally focused on the development,  
15 ownership and operation of entertainment and real estate assets in the United States, Australia and  
16 New Zealand. RDI reportedly employs approximately 2,300 people and operates in two business  
17 segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real  
18 estate, including real estate development and the rental of retail, commercial and live theatre  
19 assets. The company manages world-wide cinemas in the United States, Australia and New  
20 Zealand. For the fiscal year ending March 31, 2015, RDI reported total operating revenue of  
21 \$60,585,000.

22 11. RDI has two classes of stock. Class A stock is held by the investing public, which  
23 holds no voting rights. As of May 6, 2015, there were 21,745,484 shares of Class A non-voting  
24 common stock (NASDAQ: RDI). The RDI non-voting shares of Class A stock represent 93% of  
25 the economics of the Company. Class B stock is the sole voting stock with respect to the election  
26 of directors. As of May 6, 2015, there were 1,580,590 shares of Class B voting common stock  
27 (NASDAQ: RDIB). Approximately 80% of the Class A stock is legally or beneficially owned by  
28 shareholders unrelated to Cotter family members. Approximately 70% of the Class B stock is

1 subject to disputes between Defendants Margaret Cotter and Ellen Cotter, on the one hand, and  
2 their brother James J. Cotter, Jr., on the other hand. These disputes involve trust and probate  
3 litigation, entitled, *In Re James J. Cotter, Living Trust, dated August 1, 2000*, Los Angeles  
4 Superior Court Case No. BP159755 and *In the Matter of the Estate of James J. Cotter, Sr.*, Clark  
5 County District Court Case No. P-14-082942-E (hereinafter referred to collectively as the "Trust  
6 and Estate Litigation").

7       12. Plaintiffs bring this derivative action to police the behavior of RDI's board of  
8 directors, who have breached their fiduciary duties of due care and loyalty to the shareholders by  
9 allowing (1) family disputes between directors Margaret and Ellen Cotter, on the one hand, and  
10 their brother, James J. Cotter, Jr., on the other hand, to spill over into the boardroom, infecting the  
11 corporate governance of this publicly-traded company, imperiling the immediate and long term  
12 prospects of the Company; (2) resulted in self-dealing by Cotter family members; and (3)  
13 corporate waste through excessive compensation for the directors and the payment of personal  
14 expenses of Cotter family members from the Company's treasury.

15       13. From between 2000 up until he resigned on or about August 7, 2014, James J.  
16 Cotter, Sr. was the CEO and Chairman of the Board of RDI. Based upon filings with the SEC,  
17 James J. Cotter, Sr. controlled approximately 70% of the Class B voting stock of RDI.  
18 Accordingly, James J. Cotter, Sr. unilaterally selected and elected the board of directors. Based  
19 upon the allegations contained in the complaint filed in this action by James J. Cotter, Jr. (JJC's  
20 Complaint), his father ran the company as he saw fit, "without meaningful oversight or input from  
21 the board of directors." JJC's Complaint further alleges that his father "did not seek directors that  
22 could add significant value but sought out friends to fill out the 'independent' member  
23 requirements." JJC's Complaint also alleges that in December of 2006, his father submitted a  
24 succession plan to the board, which entailed James Cotter, Jr. assuming his father's position as  
25 CEO and Chairman upon his father's retirement or death. According to JJC's Complaint, the board  
26 approved of his father's succession plan in December of 2006.

27       14. James J. Cotter, Jr. was appointed Vice-Chairman of the board in 2007. The RDI  
28 board appointed him president of RDI on or about June 1, 2013.

1           15.     On or about September 13, 2014, James J. Cotter, Sr. passed.

2           16.     According to JJC's Complaint, shortly after the passing of their father, James J.  
3 Cotter, Jr.'s sisters, Defendants Margaret and Ellen Cotter, initiated the Trust and Estate Litigation  
4 over who should control the RDI voting stock previously controlled by their father.

5           17.     JJC alleges that his sisters, Margaret and Ellen Cotter, conspired with directors  
6 Kane, Adams and McEachern to terminate him as the president and CEO of RDI, because he  
7 refused to acquiesce to threats to settle the Trust and Estate Litigation on terms demanded by his  
8 sisters. James J. Cotter, Jr. also alleges that on June 12, 2015, Defendants Ellen Cotter, Margaret  
9 Cotter, Adams, Kane and McEachern each voted to terminate him as President and CEO of RDI  
10 because he refused to accept his sisters' "take-it-or-leave-it" settlement offer made in the Trust and  
11 Estate Litigation.

12           18.     JJC's Complaint further alleges that outside directors, Margaret Cotter, Kane,  
13 Adams and McEachern, and inside director Ellen Cotter, breached their fiduciary duties owed to  
14 RDI and its shareholders by threatening, and later terminating him as the President and CEO of  
15 RDI, because he refused to accept his sisters' "take-it-or-leave-it" settlement offer in the Trust and  
16 Estate litigation.

17           19.     On or about August 3, 2015, James J. Cotter, Jr. filed a motion to expedite  
18 discovery and a motion for preliminary injunction in this action ("JJC's Motion"). JJC's Motion  
19 alleges that subsequent to the filing of his complaint on June 12, 2015, Defendants, Ellen Cotter,  
20 Margaret Cotter, Kane and Adams formed an "executive committee" of the board, and have frozen  
21 out the remaining three directors from all participation and communication with the board of  
22 directors of RDI. JJC's Motion claims that Defendants Ellen and Margaret Cotter, together with  
23 Kane and Adams, have effectively reduced the size of the board from eight members to four  
24 members, in violation of the Company's Bylaws.

25           20.     Although the Company would normally hold its annual meeting in May of 2015,  
26 the family disputes alleged herein and/or the current parties controlling the Company have  
27 prevented the Company from preparing and filing a proxy statement with the SEC and holding its  
28 annual meeting. The Company's last annual meeting was held nearly 15 months ago on May 15,

1 2014. The failure to hold its annual meeting in the near future jeopardizes the Company's  
2 continued listing on NASDAQ pursuant to NASDAQ's Continued Listing rule 5620(a), and  
3 therefore greatly imperils the Company's market valuation and its cost of capital.

4 21. Further, the failure to have truly independent directors puts at risk the Company's  
5 continued listing on NASDAQ pursuant to NASDAQ Continued Listing Rule 5605(b) similarly  
6 threatening the Company's market valuation and its cost of capital.

7 **DEMAND IS EXCUSED**

8 22. Demand upon the board of directors required by NRCP 23.1 is excused under  
9 *Shoen v. SAC Holding Corporation*, 137 P. 3d 1171, because the protection normally afforded  
10 directors under the business judgment rule is inapplicable to protect the Director Defendants  
11 herein. Specifically, a majority of the Director Defendants have put their own personal financial  
12 interests ahead of the public shareholders' interests in making the decision to fire James J. Cotter,  
13 Jr. as CEO and President of RDI, and/or were controlled and unduly influenced by directors  
14 Margaret and Ellen Cotter, who have a pecuniary interest in the outcome of the Trust and Estate  
15 litigation. The Trust and Estate Litigation is not the business of RDI, or its board of directors, and  
16 the decision on June 12, 2015 to fire James J. Cotter, Jr., because he refused to accept a settlement  
17 offer his sisters made to him in the unrelated Trust and Estate Litigation was not based upon James  
18 J. Cotter, Jr.'s performance as President and CEO of RDI. Since he became President and CEO,  
19 RDI's stock price had risen from \$8.17 per share to \$13.88 per share on the day he was fired. Since  
20 he was fired, RDI's stock price has dropped significantly to 11.78 per share as of July 31, 2015.

21 23. Further, as alleged more fully below, on or about November 13, 2014, two months  
22 after the passing of James J. Cotter, Sr., the Director Defendants voted to raise their annual  
23 directors' fees by 43% and gave each non-employee director additional compensation in the form  
24 of stock options and one-time cash compensation. Additionally, in or about March of 2015, the  
25 Directors Defendants approved payment to Defendants Kane, Adams, McEachern and Gould of an  
26 extra \$25,000 for the first six months of 2015. The Director Defendants also approved the  
27 payment of \$75,000 to Defendant Storey for the first six months of 2015. The Director  
28 Defendants promoted their own personal interests over the interests of the Company and its

1 shareholders by approving the above-described excessive compensation to themselves at a time  
2 when the Company's stock price had dramatically fallen and the corporate governance of the  
3 Company was out of control. These acts of wasting the corporate assets to promote their own  
4 personal financial interests further makes these Defendants "interested directors".

5 Edward Kane is an "Interested" Director:

6 24. As alleged in JJC's Complaint, Defendant Edward Kane was a life-long friend of  
7 James J. Cotter, Sr., and Defendants Margaret and Ellen Cotter refer to him as "Uncle Ed." James  
8 Cotter, Jr. alleges that based upon this quasi-familial intimate relationship, Defendant Kane sought  
9 a raise for Ellen Cotter shortly after her father passed, in order for Ellen Cotter to qualify for a loan  
10 to purchase a condominium in Laguna Beach, California. Cotter, Jr. alleges that Kane wrote a  
11 letter to Ellen Cotter's lender in order to help her qualify for her loan, claiming that he was the  
12 Chairman of the RDI Compensation Committee, which "anticipate[d] a total cash compensation  
13 increase of no less than 20%" for Ellen Cotter, when in fact he had no authority to do so and the  
14 study that had been commissioned to justify Ellen Cotters' pay increase failed to justify the  
15 increase. Further, James Cotter, Jr. alleges that on January 16, 2015, Kane sent him an email  
16 suggesting that Ellen Cotter be given the title she wanted and that Margaret Cotter be treated as a  
17 "co-equal with [a] new head of domestic real estate [and] [t]hat she and the new head will report to  
18 you and you will resolve any conflicts between them that they cannot resolve themselves [and]  
19 you will make a title for Margaret Cotter as a new employee of the Company...."

20 25. James Cotter, Jr. further alleges that Defendant Kane has made "rants to JJC about  
21 'The Godfather' and the Corleone family from that series of movies, even including a suggestion  
22 that termination of JJC would be analogous to the murder of someone disrespecting a Corleone  
23 family member."

24 26. Defendant Kane was clearly controlled and unduly influenced by Defendants Ellen  
25 Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as President and CEO  
26 of RDI.

27 27. Further, Defendant Kane is alleged to have committed corporate waste by voting  
28 for and receiving excessive compensation.

1           Guys Adams is an "Interested" Director:

2           28. James Cotter, Jr. further alleges that Adams' sworn testimony in his divorce  
3 proceedings indicated he lost approximately 70% of his investments in 2007-2008 and that he  
4 derives approximately 70% - 80% of his income from entities which Ellen and Margaret Cotter  
5 exercise control. Further, James Cotter, Jr. alleges that Ellen Cotter promised Adams he would be  
6 appointed CEO of RDI upon James J. Cotter's termination, which promise was made prior to  
7 Adams voting to fire Cotter, Jr.

8           29. James Cotter, Jr. also alleges that on or about May 2013, Adams entered into an  
9 agreement with James Cotter, Sr., whereby Adams received a carried interest in certain real estate  
10 projects and alleges that the decision on whether Adams' interests will be monetized and the extent  
11 to which they will be monetized rests with Ellen Cotter and Margaret Cotter, the administrators of  
12 the estate of James Cotter, Sr. Defendant Adams was clearly controlled and unduly influenced by  
13 Defendants Ellen Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as  
14 President and CEO of RDI.

15           30. Further, Defendant Adams is alleged to have committed corporate waste by voting  
16 for and receiving excessive compensation.

17           Margaret Cotter is an "Interested" Director:

18           31. As alleged in JJC's Complaint, Margaret Cotter is an outside director of RDI and is  
19 currently engaged in the Trust and Estate Litigation, whereby it is alleged she and her sister, Ellen,  
20 seek to invalidate James Cotter, Sr.'s trust document in order to obtain voting control of RDI's  
21 Class B stock sufficient to elect RDI's directors. James Cotter, Jr. alleges that Margaret Cotter,  
22 together with her sister, threatened to and then later did have him fired as President and CEO of  
23 RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by Margaret and  
24 Ellen Cotter in the Trust and Estate Litigation. Margaret Cotter was clearly "interested" in the  
25 decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

26           Ellen Cotter is an "Interested" Director:

27           32. As alleged in JJC's Complaint, Ellen Cotter is an inside director of RDI and is  
28 currently engaged in the Trust and Estate Litigation whereby it is alleged she and her sister,



1 Margaret, seek to invalidate James Cotter, Sr.'s trust document in order to obtain voting control of  
2 RDI's Class B stock sufficient to elect RDI's directors. James Cotter, Jr. alleges that Ellen Cotter,  
3 together with her sister, threatened to and then later did have him fired as President and CEO of  
4 RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by Margaret and  
5 Ellen Cotter in the Trust and Estate Litigation. Ellen Cotter was clearly "interested" in the  
6 decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

7 Ellen Cotter, Margaret Cotter, Edward Kane and Guy Adams Are Interested  
8 Directors Because They Have Illegally Reduced the Number of Directors from Eight  
9 to Four:

10 33. As alleged in JJC's Motion, Defendants Ellen and Margaret Cotter, together with  
11 Kane and Adams have formed an "Executive Committee" of the board, the practical effect of  
12 which has been to freeze out directors James J. Cotter, Jr., William Gould and Timothy Storey (the  
13 same directors who voted not to terminate James J. Cotter, Jr. as President and CEO of RDI), from  
14 any participation on the board of directors of the Company. Plaintiffs are informed and believe,  
15 and thereon allege that the Bylaws of the Company require eight directors. Further, NASDAQ's  
16 Continuing Listing Rule 5605(b) requires the Company's board of directors to have a majority of  
17 independent directors. By effectively reducing the number of directors from eight to four on an *ad*  
18 *hoc* basis, these Director Defendants have violated NASDAQ's Rule 5605(b) and jeopardized the  
19 Company's continued listing on that exchange. Further, these Defendants are clearly "interested  
20 directors" and any demand upon them to restore James J. Cotter, Jr. as the President and CEO of  
21 the Company, disgorge their excessive compensation, cease other manners of self-dealing and  
22 follow proper corporate governance practices would be futile.

23 **FIRST CAUSE OF ACTION**

24 **(Breach of Fiduciary Duty -- Against Director Defendants)**

25 34. Plaintiffs repeat and re-allege paragraphs 1 through 33, inclusive, of the complaint  
26 and incorporate them herein by this reference.

27 ///

28 ///

1           35. Each of the Director Defendants were directors of RDI at all relevant times alleged  
2 herein. As such, each owed fiduciary duties, including duties of due care and loyalty, to the  
3 Company and to Plaintiffs and other RDI shareholders.

4           36. The duty of due care owed by each Director Defendant required the directors to  
5 exercise that care that a reasonably prudent person in a similar position would use under similar  
6 circumstances. This duty of due care required the Director Defendants to not act with undue  
7 haste, a lack of board preparation or a failure of deliberation with respect to the merits of every  
8 business decision and to not take sides in a family dispute between directors.

9           37. The duty of loyalty owed by each Director Defendant requires directors to act in  
10 good faith and in the best interest of the Company and the shareholders and to refrain from acts  
11 which advance their own personal or financial interests over the interest of the Company and its  
12 shareholders.

13           38. By taking sides in a family dispute between Ellen and Margaret Cotter, on the one  
14 hand, against James J. Cotter, Jr., on the other hand, because James J. Cotter, Jr. refused to accept  
15 a "take-it-or-leave-it" settlement offer made by his sisters in the Trust and Estate Litigation, the  
16 Directors Defendants breached their duties of due care and loyalty owed to the Company,  
17 Plaintiffs and other RDI shareholders.

18           39. On or about June 12, 2015, the Director Defendants caused to be filed with the SEC  
19 a Form 8-K, which disclosed to the market that the Director Defendants had terminated the  
20 employment of James J. Cotter, Jr. as President and CEO of the Company, and that the Directors  
21 Defendants had appointed Ellen Cotter as Chairperson and CEO. That 8-K also disclosed to the  
22 market that on June 12, 2015 James J. Cotter, Jr. filed a lawsuit against the Director Defendants  
23 alleging that they had breached their fiduciary duties in terminating him. On June 12, 2015 RDI's  
24 Class A stock price was \$13.88 per share. Since the Form 8-K was filed, RDI's stock price has  
25 dropped dramatically to \$11.78 as of July 31, 2015.

26           40. Further, on or about November 13, 2014, two months after the passing of James J.  
27 Cotter, Sr., the Director Defendants voted to raise their annual directors' fees by 43% and gave  
28 each non-employee director additional compensation in the form of stock options and one-time



1 cash compensation. Additionally, in or about March of 2015, the Directors Defendants approved  
2 payment to Defendants Kane, Adams, McEachern and Gould of an extra \$25,000 for the first six  
3 months of 2015. The Director Defendants also approved the payment of \$75,000 to Defendant  
4 Storey for the first six months of 2015. The Director Defendants promoted their own personal  
5 interests over the interests of the Company and its shareholders by approving the above-described  
6 excessive compensation to themselves at a time when the Company's stock price had dramatically  
7 fallen and the corporate governance of the Company was out of control. Accordingly, the Director  
8 Defendants further breached their duties of due care and loyalty owed to the Company and its  
9 shareholders.

10 41. Further, Plaintiffs are informed and believe, and thereon allege that some time  
11 subsequent to the filing of JJC's Complaint, Defendants, Ellen Cotter, Margaret Cotter, Kane and  
12 Adams formed an ad hoc "Executive Committee", and have frozen out directors James J. Cotter,  
13 Jr., William Gould and Timothy Storey from any participation on the board of directors, thereby  
14 effectively reducing the number of directors from eight to four.

15 42. As a direct and proximate result of the breaches of fiduciary duties alleged herein,  
16 Company and its shareholders have suffered and continue to suffer damages.

17 43. Plaintiffs cannot ascertain at this time the full nature, extent or amount of damages  
18 suffered by the Plaintiffs and the Company, which are in excess of \$50,000. Plaintiffs will amend  
19 this complaint when the amount of damages is ascertained according to proof at the time of trial.

## 20 SECOND CAUSE OF ACTION

21 (Aiding and Abetting Breach of Fiduciary Duty --

22 Against Defendants Margaret Cotter and Ellen Cotter)

23 44. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint  
24 and incorporate them herein by this reference as though fully set forth herein.

25 45. As more fully alleged in JJC's Complaint, Defendants Margaret and Ellen Cotter  
26 solicited Defendants Kane, Adams and McEachern to threaten to fire James J. Cotter, Jr. as  
27 President and CEO of RDI during the few hours between the adjournment of the RDI board  
28 meeting on Friday, May 29, 2015 and the resumption of that board meeting at 6:00 p.m. that same

1 day if James J. Cotter, Jr, did not accept a "take-it-or-leave-it" settlement offer made by Ellen and  
2 Margaret Cotter in the Trust and Estate Litigation. Defendants Ellen and Margaret Cotter aided  
3 and abetted the Director Defendants to breach their fiduciary duties owed to the Company,  
4 Plaintiffs and the other RDI shareholders by firing James J. Cotter, Jr. as President and CEO of  
5 RDI on June 12, 2015 because he refused to accept a "take-it-or-leave-it" settlement offer made by  
6 Ellen and Margaret Cotter in the Trust and Estate Litigation.

7 46. Defendants Ellen and Margaret Cotter acted with knowledge of the fiduciary duties  
8 of the other Director Defendants. Ellen and Margaret Cotter acted with knowledge of the manner  
9 in which those fiduciary duties were breached, and aided and abetted and continue to aid and abet  
10 said breaches. Accordingly, Ellen and Margaret Cotter are liable for aiding and abetting those  
11 fiduciary breaches.

12 47. Further, Defendants Kane, Adams, and McEachern also aided and abetted the  
13 breach of fiduciary duties of each other by approving and ratifying the waste of corporate assets in  
14 the form of excessive compensation for themselves as alleged herein.

15 48. As a direct and proximate result of the acts and omissions of said defendants as  
16 described herein, the Company and its shareholders have suffered damages in excess of \$50,000.

17 49. Plaintiffs cannot ascertain at this time the full nature, extent or amount of damages  
18 suffered by virtue of the acts alleged herein. Plaintiffs will amend this complaint to set forth such  
19 damages when they are ascertained according to proof at the time of trial.

### 20 **THIRD CAUSE OF ACTION**

#### 21 **(Abuse of Control by Director Defendants)**

22 50. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint  
23 and incorporate them herein by this reference as though fully set for in full.

24 51. Director Defendants' misconduct alleged herein constituted an abuse of their  
25 ability to control and influence RDI, for which they are legally responsible.

26 52. As a direct and proximate result of the Director Defendants' abuse of control, RDI  
27 has suffered and continues to suffer substantial monetary damages, including damage to RDI's  
28

1 reputation and good will. Director Defendants are liable to the Company as a result of the  
2 misconduct alleged herein.

3 53. Plaintiffs have no adequate remedy at law.

#### 4 **FOURTH CAUSE OF ACTION**

##### 5 **(Gross Mismanagement by Director Defendants)**

6 54. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint  
7 and incorporate them herein by this reference as though fully set for in full.

8 55. By their actions alleged herein, Director Defendant, either directly or through  
9 aiding and abetting, abandoned and abdicated their responsibilities and fiduciary duties with  
10 regard to prudently managing the assets and business of RDI in a manner consistent with the  
11 operations of a publicly traded corporation.

12 56. As a direct and proximate result of Director Defendants' gross mismanagement and  
13 breaches of their fiduciary duties alleged herein, RDI has suffered substantial monetary damages,  
14 as well as damage to RDI's reputation and good will. Director Defendants are liable to the  
15 Company as a result of the misconduct alleged herein.

16 57. Plaintiffs have no adequate remedy at law.

#### 17 **FIFTH CAUSE OF ACTION**

##### 18 **(Corporate Waste by Director Defendants)**

19 58. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint  
20 and incorporate them herein by this reference as though fully set for in full.

21 59. Plaintiffs are informed and believe, and thereon allege that the Director Defendants  
22 caused to be filed with the SEC an amended 10-K filing on or about March 31, 2015, which  
23 disclosed that decedent James J. Cotter, Sr.'s Supplemental Retirement Plan ("SERP" aka "Golden  
24 Coffin") would reward his service for the previous 25 years (including predecessor companies and  
25 service for which he presumably had already been compensated), based upon a formula that would  
26 effectively continue his salary for 180 months (15 years!) after his death. Plaintiffs are informed  
27 and believe that under the terms of the revised SERP, the Company is obligated to pay to the  
28 estate of James J. Cotter, Sr. a monthly payment of \$56,944, which commenced October 1, 2014

1 for a period of 180 months, or the total sum of approximately \$10,249,920. Plaintiffs allege that  
2 this term of the SERP is excessive, unwarranted and constitutes corporate waste.

3 60. Further, on or about November 13, 2014, two months after the passing of James J.  
4 Cotter, Sr., the Director Defendants voted to raise their annual directors' fees by 43% and gave  
5 each non-employee director additional compensation in the form of stock options and one-time  
6 cash compensation. Additionally, on or about March of 2015, the Directors Defendants approved  
7 payment to Defendants Kane, Adams, McEachern and Gould of an extra \$25,000 for the first six  
8 months of 2015. The Director Defendants also approved the payment of \$75,000 to Defendant  
9 Storey for the first six months of 2015.

10 61. Plaintiffs are informed and believe and thereon allege that in 2014, the Director  
11 Defendants approved the reimbursement of Defendant Ellen Cotter the sum of \$50,000 for income  
12 taxes she incurred as a result of exercising stock options that were deemed to be non-qualified  
13 stock options for income tax purposes.

14 62. Plaintiffs are further informed and believe, and thereon allege that the Director  
15 Defendants approved payment of the expenses associated with the memorial of James J. Cotter,  
16 Sr., and the reception at the Bel Air Hotel in Los Angeles, California, which included payment of  
17 out-of-town guests dining and lodging at the Bel Air Hotel, payment of chartered bus  
18 transportation, etc. Such expenses were clearly of a personal nature to the Cotter family and were  
19 not a legitimate Company expense.

20 63. Plaintiffs are informed and believe, and thereon allege that the Director Defendants  
21 approved the shifting or elimination of performance thresholds to justify payment of bonuses to  
22 James J. Cotter, Sr., when the original performance thresholds were not achieved.

23 64. As a result of the improper conduct alleged herein, and by failing to properly  
24 consider the interests of the Company and its public shareholders, the Director Defendants have  
25 committed waste of corporate assets to the damage of the Company and its shareholders.

26 65. Plaintiffs have no adequate remedy at law.  
27  
28

1 PRAYER FOR RELIEF

2 WHEREFORE, Plaintiff, on his own behalf, and derivatively on behalf of RDI, prays for  
3 judgment as follows:

4 A. An award of monetary damages to Plaintiff, on behalf of RDI, against all Director  
5 Defendants and in favor of the Company for the amount of damages sustained by RDI as a result  
6 of the Director Defendants' breaches of fiduciary duties, abuse of control, gross mismanagement,  
7 and corporate waste, together with prejudgment interest thereon, in an amount to be proven at  
8 trial;

9 B. Equitable and injunctive relief, including but not limited to:

- 10 i) an order disbanding the "Executive Committee" and enjoining any action by  
11 any director to "freeze out" or otherwise restrict the participation of all eight  
12 directors in corporate decisions;
- 13 ii) an order reinstating James J. Cotter, Jr. as the President and CEO of RDI;
- 14 iii) an order appointing a temporary receiver to cause (a) a proxy statement be  
15 prepared and filed with the SEC; (b) to schedule and hold an annual shareholders'  
16 meeting; and (c) such further relief as the Court may deem necessary for the  
17 ongoing management and control of the Company;
- 18 iv) an order collapsing the Class A and B stock structure into a single class of  
19 voting stock such that the Cotter family can no longer abuse public shareholders by  
20 running RDI as a personal fiefdom and to prevent the Cotter family disputes  
21 between the Cotter-family Class B shareholders or the inequitable Cotter family  
22 control of the Company as a whole from further damaging the Company and the  
23 public shareholders;

24 ///

25 ///

26 ///

27 ///


28 ///

- 1 C. For attorney's fees and costs of suit herein; and  
2 D. For such other and further relief as the Court may deem just and proper.

3 DATED this 12<sup>th</sup> day of August, 2015.

4 ROBERTSON & ASSOCIATES, LLP

5  
6 By:

  
ALEXANDER ROBERTSON, IV  
Alexander Robertson, IV (Nevada Bar No. 8642)  
*arobertson@arobertsonlaw.com*  
32121 Lindero Canyon Road, Suite 200  
Westlake Village, CA 91361  
Telephone (818) 851-3850

10 Attorneys for Plaintiffs and Intervenor, T2  
11 PARTNERS MANAGEMENT, LP, a Delaware  
12 limited partnership, doing business as KASE  
13 CAPITAL MANAGEMENT; T2 ACCREDITED  
14 FUND, LP, a Delaware limited partnership, doing  
15 business as KASE FUND; T2 QUALIFIED  
16 FUND, LP, a Delaware limited partnership, doing  
17 business as KASE QUALIFIED FUND; TILSON  
18 OFFSHORE FUND, LTD, a Cayman Islands  
19 exempted company; T2 PARTNERS  
20 MANAGEMENT I, LLC, a Delaware limited  
21 liability company, doing business as KASE  
22 MANAGEMENT; T2 PARTNERS  
23 MANAGEMENT GROUP, LLC, a Delaware  
24 limited liability company, doing business as KASE  
25 GROUP; JMG CAPITAL MANAGEMENT,  
26 LLC, a Delaware limited liability company;  
27 PACIFIC CAPITAL MANAGEMENT, LLC, a  
28 Delaware limited liability company;

Derivatively On Behalf of Reading International,  
Inc.

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**CERTIFICATE OF SERVICE**

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 28<sup>th</sup> day of August, 2015, I served a true and correct copy of Plaintiffs-In-Intervention's **VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT; DEMAND FOR JURY TRIAL** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

**PLEASE SEE THE E-SERVICE MASTER LIST**

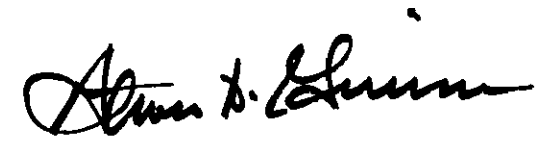
I declare under penalty of perjury that the foregoing is true and correct.

Dated: August 28, 2015

  
An employee of ROBERTSON & ASSOCIATES, LLP

# Tab 06





CLERK OF THE COURT

TRAN

DISTRICT COURT  
CLARK COUNTY, NEVADA  
\* \* \* \* \*

IN THE MATTER OF	.	
JAMES J. COTTER, Deceased	.	CASE NO. P-14-082942-E
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	.	
	.	DEPT. NO. XI
	.	
	.	<b>Transcript of</b>
	.	<b>Proceedings</b>
. . . . .	.	
<u>And related cases and parties</u>	.	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**HEARING ON READING INTERNATIONAL'S  
MOTION TO COMPEL ARBITRATION**

TUESDAY, SEPTEMBER 1, 2015

APPEARANCES:

AARON D. SHIPLEY, ESQ.  
MARK G. KRUM, ESQ.  
ALAN D. FREER, ESQ.  
HAROLD STANLEY JOHNSON, ESQ.  
MARSHALL SEARCY, ESQ.  
LANCE COBURN, ESQ.  
MARK E. FERRARIO, ESQ.

COURT RECORDER:

JILL HAWKINS  
District Court

TRANSCRIPTION BY:

FLORENCE HOYT  
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript  
produced by transcription service.

1 LAS VEGAS, NEVADA, TUESDAY, SEPTEMBER 1, 2015, 8:49 A.M.

2 (Court was called to order)

3 THE COURT: All right. Good morning. This is in  
4 the matter of James Cotter. Can everyone please state their  
5 appearances.

6 MR. FERRARIO: Good morning, Your Honor. Mark  
7 Ferrario for Reading.

8 MR. JOHNSON: Good morning, Your Honor. Stan  
9 Johnson and Marshall Searcy on behalf of Margaret Cotter,  
10 Ellen Cotter, Guy Adams, Edward Kane, and Douglas B. Eachern  
11 [sic].

12 MR. FREER: Alan Freer on behalf of the personal  
13 representatives of the estate.

14 MR. KRUM: Good morning, Your Honor. Mark Krum on  
15 behalf of the plaintiff in the derivative action.

16 MR. SHIPLEY: And Aaron Shipley, Bar Number 8258, on  
17 behalf of James J. Cotter, Jr., in the related probate matter.

18 THE COURT: Mr. Ferrario, this is your motion to  
19 compel arbitration.

20 MR. FERRARIO: Yes, it is, Your Honor. And we  
21 brought this motion a while back. And, as the Court knows,  
22 because we've been in front of you a number of times either in  
23 the probate proceeding or this proceeding, this case has taken  
24 a number of -- or these two cases have taken a number of  
25 twists and turns.

1           I think the issue before you today is really one  
2 that's pretty straightforward and easy for you to decide,  
3 because the arbitration that we wanted to compel when we filed  
4 the motion is now in process in California. James Jr. has  
5 filed pleadings in that proceeding. And, as we pointed out in  
6 our reply, because of how this has been handled, even his own  
7 camp has been somewhat confused as to where claims should be  
8 brought. They filed initially a very lengthy pleading with a  
9 number of counterclaims and then I think thought the better of  
10 it and then retracted it because of this motion pending in  
11 front of this Court.

12           But when we step back from all of the pleading and  
13 all the machinations what we have is really a very -- from my  
14 perspective a very simple matter to present to Your Honor, and  
15 that is any claims relating to James Jr.'s termination from  
16 the company should be forwarded or dealt with in arbitration.  
17 And any claims that he may have in this case relating to his  
18 termination from the company should be stayed, and that  
19 proceeding should be allowed to run its course. That's what  
20 he bargained for when he signed his employment agreement.  
21 And, as we've articulated in our pleadings, no amount of  
22 creative pleading or tap dancing around or ignoring that the  
23 agreement exists or not using the word "breach" in your  
24 opposition can get around that fact.

25           And so with that proceeding already underway in

1 California with James Jr. already participating in that  
2 proceeding, I think that this Court should compel that that  
3 proceeding go forward, that it run its course, and that any  
4 claims relating to his termination from the company be stayed  
5 until that process is allowed to reach its natural conclusion.

6 THE COURT: So your position is that, because there  
7 is an employment agreement --

8 MR. FERRARIO: Yes.

9 THE COURT: -- which has an arbitration provision --

10 MR. FERRARIO: Yes.

11 THE COURT: -- his rights as a shareholder are  
12 subsumed by that where one of the issues related to the  
13 shareholder claim is his employment.

14 MR. FERRARIO: Yes. Absolutely. I don't think you  
15 can --

16 THE COURT: I'm just trying to crystallize your  
17 argument.

18 MR. FERRARIO: I think you did it. And you can't  
19 cut it up. You can't come in here and say, I'm a shareholder  
20 and I'm suing. You can't do that. And actually the case that  
21 we cited in our reply stands for that. No amount of artful  
22 pleading can get around that.

23 And, Judge, really when you look at his complaint --  
24 and that's what we said initially, that if you look at his  
25 complaint and go to the relief that he's requesting, he's

1 requesting to be reinstated. The only way that can happen is  
2 for you to address what's going on with the employment  
3 agreement and the underlying grounds for his termination. You  
4 can't separate the two. And that's really what -- that's what  
5 we did. We looked at what he was seeking, and then we worked  
6 backward, kind of reverse engineered it. And I don't care how  
7 you cut it, that's all he wants to do. He wants to get back  
8 in and run the company. How can you do that without  
9 addressing whether or not his termination was appropriate?  
10 You can't. Either the agreement was breached and he's  
11 entitled to be reinstated, or it wasn't breached and he was  
12 properly terminated. It's literally that simple. And he  
13 can't cut himself up into shareholder, director, person  
14 covered by the employment agreement and somehow do an end run  
15 around that. There's no case that he's cited that even  
16 supports that. And we actually have a case in Nevada that is  
17 close to being on point where our court has said you can't  
18 creatively try to plead around an arbitration provision.

19 And so with that --

20 THE COURT: Well, people do it all the time.  
21 Sometimes they do it better than others.

22 MR. FERRARIO: I don't find this to be -- to hit the  
23 mark.

24 THE COURT: Okay. Thank you.

25 Mr. Krum.

1           MR. KRUM: Good morning, Your Honor. I assume  
2 you've read the papers.

3           THE COURT: Yes.

4           MR. KRUM: I ask, though, have you had an  
5 opportunity to look at the preliminary injunction papers?  
6 There's no reason for you to have done so.

7           THE COURT: I have not looked at the preliminary  
8 injunction papers.

9           MR. KRUM: Okay.

10          THE COURT: They're not scheduled for hearing until  
11 September 8th.

12          MR. KRUM: No. Your absolutely right. And the only  
13 reason I ask is because the characterization of the case as  
14 solely about Mr. Cotter's being terminated is incorrect. The  
15 preliminary injunction motion I filed covers several other  
16 board activities. The complaint in intervention does, as  
17 well.

18                 But let me just go over briefly what the point is.  
19 And the point is exactly as you summed it up, Mr. Cotter's  
20 rights as a shareholder, not circumscribed by employment  
21 agreement into which he entered in the summer of 2011 as  
22 president of the company. Indeed, paragraph 12 of the  
23 employment agreement expressly refers to him in other  
24 capacities, acknowledging that he may continue to be a  
25 director and may continue to be a shareholder.

1           So, look, this is a simple motion to compel. The  
2 question is what's the scope of the arbitration provision,  
3 what's the nature of the case. I spoke to those issues,  
4 you've read the arbitration provision. It's confined to the  
5 contract in which it is contained. The scope of this case, as  
6 the complaint makes clear even before you get to the  
7 preliminary injunction papers, is about actionable conduct by  
8 seven members of the RDI board of directors. RDI is named as  
9 a nominal defendant. No relief is sought against RDI. In  
10 fact, the case is brought in the stead of RDI, as is the  
11 complaint in intervention.

12           As we pointed out in our opposition, the Phillips v.  
13 Parker case is readily distinguishable. That's a case in  
14 which it was a close corporation, not a public company.  
15 That's a case in which the plaintiff had a single document  
16 upon which he predicated his claim to be a shareholder. That  
17 document was a contract that had an arbitration provision.  
18 Well, Mr. Cotter's standing as a shareholder has nothing to do  
19 with his employment agreement or standing as an officer.

20           And in terms of the relief, I'm just touching on the  
21 points that Mr. Ferrario raised, the complaint in  
22 intervention, the prayer, Vii, requests an order reinstating  
23 James J. Cotter as the president and CEO of RDI. So I ask  
24 rhetorically who's going to decide that. Is an arbitrator  
25 going to decide that issue while you decide it for the

1 complaint in intervention, or is the unstated assumption in  
2 the motion that the intervening plaintiffs likewise are bound  
3 by arbitration in an employment agreement to which they're not  
4 a party? So it's -- unless you have questions, Your Honor --  
5 I know you read the papers and you understand this, as your  
6 question reflects -- I'll sit down.

7 THE COURT: I don't have any questions.

8 MR. KRUM: Thanks.

9 THE COURT: Mr. Ferrario, anything else?

10 MR. FERRARIO: Very briefly, Your Honor. As Your  
11 Honor may recall when we were on the call dealing with  
12 discovery on the preliminary injunction Mr. Krum and Mr.  
13 Robertson struggled to identify a target that that injunction  
14 was aimed at. And this Court cut down dramatically their  
15 discovery request. And, to be honest with you, when you look  
16 at the pleadings here and again you strip away the I guess  
17 trading off of the complaint in intervention, Mr. Robertson is  
18 not here joining in this motion. He didn't join in -- he  
19 hasn't joined the opposition. And so pointing to that does  
20 not end the inquiry here. And playing back and forth, which  
21 is what these guys have done, doesn't end the inquiry.

22 The simple fact of the matter is James Jr. doesn't  
23 like the fact that he was terminated. That issue, whether or  
24 not his terminate was appropriate, is to be resolved in  
25 arbitration. That's what he bargained for, period. And



1 that's the orderly way for this to proceed. And he can raise  
2 all of the claims that he wants to raise here there as  
3 defenses. He could say that they were interested, he could  
4 say that, you know, the termination was tainted. Whatever he  
5 wants to say he can do it there. And then that will carry  
6 over here.

7 And that's what we bargained for as a company. And  
8 that doesn't throw this process on its head. It's the orderly  
9 way for the process to proceed. And then what we'll end up  
10 with is what I would consider to be a garden variety  
11 derivative claim, which is the subject of some other motions  
12 that have been filed regarding, you know, whether or not there  
13 should have been a demand on the board and things of that  
14 nature.

15 So I think when we step back and we look at how this  
16 case should proceed and what's already underway the  
17 arbitration should go forward, any claims relating to his  
18 termination should be stayed in this case until that process  
19 runs its course.

20 THE COURT: Thank you.

21 The motion is denied in Case Number A-719860. While  
22 the issue related to the employment is a factor that is  
23 important both to Mr. Cotter and to the intervenors, it does  
24 not preclude them from pursuing this litigation, rather than  
25 going through arbitration, for preservation of their rights as

1 shareholders.

2 Anything else?

3 MR. FERRARIO: Nope.

4 THE COURT: Have a nice day. 'Bye.

5 MR. KRUM: Thank you, Your Honor.

6 MR. FERRARIO: Thank you.

7 THE PROCEEDINGS CONCLUDED AT 9:00 A.M.

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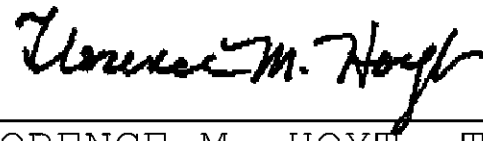
**CERTIFICATION**

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

**AFFIRMATION**

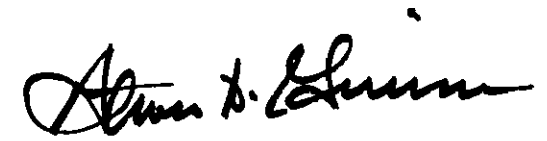
I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

**FLORENCE HOYT  
Las Vegas, Nevada 89146**

  
\_\_\_\_\_  
FLORENCE M. HOYT, TRANSCRIBER

\_\_\_\_\_  
DATE

# Tab 07



CLERK OF THE COURT

TRAN

DISTRICT COURT  
CLARK COUNTY, NEVADA  
\* \* \* \* \*

JAMES COTTER, JR.

Plaintiff

vs.

MARGARET COTTER, et al.

Defendants

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CASE NO. A-719860

DEPT. NO. XI

**Transcript of  
Proceedings**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**HEARING ON DEFENDANTS' MOTION TO DISMISS  
AND PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

THURSDAY, SEPTEMBER 10, 2015

APPEARANCES:

FOR THE PLAINTIFF:

MARK G. KRUM, ESQ.  
ALEX ROBERTSON, ESQ.

FOR THE DEFENDANTS:

DONALD A. LATTIN, ESQ.  
MICHAEL HUGHES, ESQ.  
MARSHALL SEARCY, ESQ.  
CHRISTOPHER TAYBACK, ESQ.  
MARK E. FERRARIO, ESQ.  
ALAN D. FREER, ESQ.

COURT RECORDER:

JILL HAWKINS  
District Court

TRANSCRIPTION BY:

FLORENCE HOYT  
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript  
produced by transcription service.

1 LAS VEGAS, NEVADA, THURSDAY, SEPTEMBER 10, 2015 9:03 A.M.

2 (Court was called to order)

3 THE COURT: Cotter versus Cotter.

4 All right. Starting with Mr. Robertson, please go  
5 across the room, identify yourself for purposes of my record.

6 MR. ROBERTSON: Good morning, Your Honor. Alex  
7 Robertson for the intervening plaintiffs.

8 MR. KRUM: Good morning, Your Honor. Mark Krum for  
9 plaintiff James J. Cotter, Jr.

10 MR. TAYBACK: Good morning, Your Honor. Christopher  
11 Tayback, pro hac vice pending. And I'm appearing on behalf of  
12 the moving directors.

13 THE COURT: Anybody have an objection to him  
14 speaking today?

15 MR. KRUM: No, Your Honor.

16 MR. SEARCY: Good morning, Your Honor. Marshall  
17 Searcy also here for the moving defendants, also pro hac vice  
18 pending.

19 THE COURT: Anybody have any objection if he speaks  
20 today?

21 MR. ROBERTSON: No, Your Honor.

22 MR. KRUM: No, Your Honor.

23 THE COURT: Okay.

24 MR. HUGHES: Michael Hughes of the law firm of Cohen  
25 & Johnson, Your Honor, on behalf of the moving defendants.

1 MR. FERRARIO: Mark Ferrario, Your Honor, for  
2 Reading, who joined in the motion that will be argued by --

3 THE COURT: Not you.

4 MR. FERRARIO: -- not me.

5 MR. FREER: Alan Freer on behalf of the personal  
6 representatives.

7 THE COURT: And who's on the telephone?

8 MR. LATTIN: Don Lattin, Your Honor, representing  
9 Timothy Storey and William Gould.

10 THE COURT: Thank you.

11 It's your motion.

12 MR. TAYBACK: Good morning, Your Honor. One thing I  
13 think we know from the complaint and really the gravamen of  
14 the complaint is that the plaintiff was fired, fired by the  
15 directors, by a majority of the non-Cotter family directors,  
16 under a process that was put in place by the plaintiff when he  
17 was a director saying that that is how a termination would  
18 have to happen, if it was going to happen, of a Cotter family  
19 member. That's what this case is about, and that's really  
20 what's pled.

21 What that's not is it's not adequate for a  
22 derivative complaint. And that's really for three separate  
23 reasons. The first is that it does not satisfy the pre-filing  
24 demand requirement. And there's no dispute that that wasn't  
25 made. The question, the question as framed by the complaint

1 is whether or not it adequately alleges disinterest of the  
2 directors or a lack of disinterest by a majority of the  
3 directors. Second, it doesn't plead around the business  
4 judgment rule. And, third, it hasn't pleaded damages to the  
5 class. And that really relates to the fourth point, which is  
6 that the plaintiff, this plaintiff, is not an adequate  
7 plaintiff for this case, for a derivative case. And I'm going  
8 to address those really in turn fairly briefly, given Your  
9 Honor's time constraints.

10           The first is if you look at the cases, the seminal  
11 cases that talk about when a demand is deemed futile based on  
12 the lack of disinterest by directors, the allegations in this  
13 complaint fall squarely within the cases. Things like they  
14 have a business relationship with some of the principal  
15 directors, the principal directors own a large controlling  
16 share, those are issues that were decided and not deemed  
17 sufficient to plead disinterest. If you look at the Martha  
18 Stewart case or you look at the Wynn case, those fall squarely  
19 within that, and that's really all the allegations against  
20 people like Mr. McEachern, Mr. Kane, Mr. Adams --

21           THE COURT: But don't you want to look at the Schoen  
22 case because we actually have Nevada law on it?

23           MR. TAYBACK: And I have looked at the Schoen case.

24           THE COURT: Okay.

25           MR. TAYBACK: And the Schoen case says that it's the



1 plaintiff's burden to plead and overcome the presumption of  
2 the business judgment rule that shows that the majority of  
3 those directors are disinterested. And simply saying that  
4 they have a social relationship, that is not sufficient. It's  
5 not sufficient there, and it's not sufficient in any other  
6 case. You have to show that they acted in their own self  
7 interest. And there's nothing that pleads that either  
8 Margaret or Ellen Cotter or, frankly, Mr. Adams or Mr.  
9 McEachern or Mr. Kane did that. Simply keeping your status as  
10 a director is not sufficient. Simply saying that one  
11 perceives, as alleged in this complaint, perceives that the  
12 board is having difficulty getting along with, that the  
13 parties can't get along. In fact, that falls squarely within  
14 the business judgment rule, and that's exactly what took place  
15 in that Disney case out of Delaware, which is persuasive  
16 authority, though not Nevada authority.

17           The point really is whether that satisfies the  
18 requirement, which is a high burden in a derivative case, for  
19 saying that a demand on this board would be futile. The fact  
20 is it wouldn't be futile. It was a divided board in any  
21 event.

22           The second point that I want to make is that this  
23 plaintiff is not only an inadequate representative of this  
24 class, but he's an unnecessary representative. And I say that  
25 second point because I think it's worth highlighting. There's

1 some references in the opposition to the fact that there's a  
2 subsequent complaint in intervention filed by what are called  
3 the T2 plaintiffs.

4 THE COURT: Mr. Robertson's clients.

5 MR. TAYBACK: Yes. And that motion -- that  
6 complaint -- that complaint isn't at issue. There's no motion  
7 pending on that complaint as of yet. It's not due for a  
8 period of time. But the point is that whether Mr. Cotter is  
9 an adequate representative is highlighted by the fact that  
10 what he's seeking is different than what the T2 plaintiffs  
11 really are seeking. They have a complaint that addresses  
12 conduct that occurred at the corporation while the plaintiff  
13 was a director, while the plaintiff was the CEO. And when you  
14 evaluate the question of whether or not Mr. Cotter, the  
15 plaintiff, is an adequate representative you look not only at  
16 one kind of damages, what he's seeking to regain or restore to  
17 the corporation, which in his case frankly is not anything.  
18 It's really his job that he's seeking to have reinstated. And  
19 there's speculative arguments at best about what impact that  
20 would have on shareholders. But that's different than what  
21 the real gravamen of a derivative complaint is.

22 The real problem is that you don't need to have Mr.  
23 Cotter raise this derivative complaint, because T2 is there.  
24 They would be an adequate plaintiff. At least they're not  
25 saddled with the burden that Mr. Cotter has of having a

1 personal self interest, having parallel litigation, having an  
2 agenda other than the benefit of shareholders. And that's the  
3 criteria. That's really what the criteria boils down to for  
4 determining whether a plaintiff is an adequate plaintiff for a  
5 derivative claim.

6 With that I will reserve the balance of my time, if  
7 I can.

8 THE COURT: Yes.

9 MR. TAYBACK: Thank you.

10 THE COURT: Mr. Krum.

11 MR. KRUM: Good morning, Your Honor. Thank you.

12 Please indulge me. I've broken my glasses, and so the ones  
13 I've purchased from Walgreens I can see to read, but I can't  
14 see you.

15 THE COURT: I'm still up here. I'm in a blur.

16 MR. KRUM: Well, I can, but not the way I'd like to.

17 The argument just proffered is like the argument  
18 made in the moving papers, including that it contains  
19 mischaracterizations of the allegations of my complaint and  
20 also contains mischaracterizations of the allegations of the  
21 intervening complaint. We've addressed those issues in our  
22 opposition. I don't intend to repeat that. What I do want to  
23 do is speak to a few things that I think their reply papers  
24 highlight in a rather telling way.

25 This is a derivative case, and therefore when day's

1 ended why the sun rises in the east there's going to be a  
2 motion to dismiss challenging the adequacy of allegations  
3 pleading demand futility. We have those. We've briefed  
4 those. They were just argued, and I may speak to them  
5 briefly. We spoke to them at length in the opposition.

6 In this case the defendants set about the day after  
7 this case was filed of creating a arbitration, which is a  
8 contrived dispute. First they use that as a basis for a  
9 motion to compel arbitration, which you denied. Now it's a  
10 principal basis for their adequacy argument.

11 We spoke to the eight or so considerations in our  
12 opposition brief, almost all of which were ignored in the  
13 moving papers and the reply brief, and purposefully so, I  
14 submit. So I'm going to talk about what the reply brief tells  
15 us. It starts out with an argument that isn't about demand  
16 futility and it is not about adequacy. It's about pleading  
17 damages. Well, I respectfully submit, Your Honor, that's a  
18 telling, telling point, that they didn't start with one of the  
19 two principal bases of their motion, one of which is what is  
20 argued in every case of this nature. And that argument, of  
21 course, is simply wrong as a matter of law. It suggests that  
22 you must plead some sort of money damages. Well, obviously in  
23 a court in equity that's not the case.

24 So I'm going to go back to one of my favorite cases  
25 by virtue of what I think is a lovely quote. "An equitable

1 action does not become permissible simply because it is  
2 legally possible. That's Schnell v. Cris-Craft. We cited  
3 that in the opposition to the motion to compel arbitration.  
4 That's a case in which the defendant board of directors  
5 changed something about the annual meeting and they did so in  
6 what they contended was in compliance with Delaware law. The  
7 court found that they did so for the purpose of  
8 disenfranchising shareholders and the effect of doing so and  
9 granted injunctive relief.

10 Well, of course, that's the nature of the relief  
11 sought by our complaint, not simply with respect to the  
12 termination of the plaintiff, but also with respect to the  
13 ongoing dismantling of the fundamental corporate governance  
14 structures to the company. As you know, they've effectively  
15 replaced the board of directors with a four-member executive  
16 committee comprised of, not surprisingly, Ellen Cotter,  
17 Margaret Cotter, Ed Kane, and Guy Adams. And what we'll learn  
18 in discovery is that has effectively supplanted the board of  
19 the directors on a going forward basis. And what does that  
20 mean? That means directors Gould and Storey, who weren't with  
21 the program, are excluded from functioning as board members,  
22 as is my client.

23 So, in any event -- and then the last thing on that  
24 particular point, the case they cite doesn't say anything at  
25 all about monetary damages. It's just a general proposition

1 that you need to have causation between the complaint of  
2 conduct and the relief you seek.

3 Now, the argument today started with a misstatement  
4 that the complaint alleges that the plaintiff was terminated  
5 pursuant to a process. In point of fact the complaint alleges  
6 that the process in existence was preempted and aborted so  
7 that it wouldn't come to fruition, and he was then terminated  
8 before it came to fruition. Perhaps Counsel's referring to  
9 something different, which is in paragraph 43 of our  
10 complaint. It recites that at a January 15th, 2015, meeting  
11 the what I'll call the non-Cotter members of the board of  
12 directors reached -- resolved with the three Cotters  
13 abstaining that any of the three of them could be terminated  
14 only upon a majority vote of the non-Cotter directors. And  
15 the only reasons I mention that is perhaps that's what he's  
16 thinking of and why he misspoke. And that shows you that as  
17 of January every member of that board knew that there was a  
18 conflict such that none of the Cotters could properly vote  
19 with respect to the employment of the other Cotters. Those  
20 people made that determination, and it's in the complaint.

21 With respect to Kane and Adams and McEachern we go  
22 through that in extensive detail. And unless you want me to  
23 speak to some of that, I won't.

24 THE COURT: I don't need you to.

25 MR. KRUM: And on the adequacy, we've covered that

1 in extensive detail. So unless you have questions --

2 THE COURT: Can you talk to me about the derivative  
3 nature of the damages that you've alleged, if any.

4 MR. KRUM: Sure. Well, as I said a moment ago, Your  
5 Honor, I expect that that will change over the course of  
6 discovery, because the scheme that was the subject matter of  
7 the complaint is ongoing. Recall, it started with an effort  
8 to pressure my client to reach a resolution of a trust in a  
9 state litigation that would entail, among other things,  
10 effectively ceding control of the Class B voting stock and the  
11 company to Ellen and Margaret Cotter. When the five outside  
12 -- when the three outside directors, McEachern, Kane, and  
13 Adams, together with Ellen and Margaret, gave him ultimatum  
14 over a period of -- repeatedly over a period of three weeks,  
15 which ultimatums were followed with take-it-or-leave-it  
16 demands, they weren't acting to further the interests of the  
17 company, they were acting to further the interests of  
18 themselves and Ellen and Margaret, and they've continued to do  
19 so since we filed the complaint.

20 To answer your question, Your Honor -- this is not  
21 in the complaint, because it postdates the complaint; I could  
22 put it in the complaint, but that doesn't change anything --  
23 they have formed an executive committee comprised of the four  
24 people I mentioned, they've given to that executive committee  
25 the full power of the board. That conduct, Your Honor, is in

1 derogation of historical practices of the company. To be  
2 perfectly clear, the company has always had an executive  
3 committee, and every SEC disclosure says we have an executive  
4 committee with the full powers of the board, it's never, ever,  
5 ever done anything. So now it does everything. And do you  
6 know what they've disclosed about that? Nothing. Not one  
7 word. Not an 8K, nothing. And I guarantee you that won't be  
8 in their proxy statement, either.

9           So the answer to the question, Your Honor, it's in  
10 the nature of restoring the full function of the fundamental  
11 corporate governance entity, the board of directors, which has  
12 been preempted by these people as part of their scheme to  
13 secure and exercise and cement control. And the other part  
14 today is to require them to make curative disclosures. The  
15 range of the disclosures weren't confined to what I described,  
16 but what I'm addressing is what's ongoing. This is not --  
17 they depict this as a one off employment decision. But if you  
18 look at our preliminary injunction motion, you look at the  
19 intervening complaint, both of which postdate the complaint,  
20 you can see that the's not the case. What transpired is  
21 exactly what I said, a scheme to secure control, entrench  
22 themselves, and misuse their position as directors to further  
23 their own interests in derogation of the interests of the  
24 company and a derogation of the fiduciary obligations to all  
25 shareholders.



1           So the injunctive relief, Your Honor, is going to be  
2 entirely of an equitable nature unless we get into  
3 particulars. And we may. We raise some monetary items in our  
4 complaint, moneys paid to Ellen Cotter that weren't paid to  
5 others, \$50,000 supposedly to reimburse her. The intervening  
6 complaint has a little more focus on that kind of thing, as  
7 well as a couple additional items that, contrary to what was  
8 represented to you, did not occur when my client was CEO of  
9 the company. So they may have some monetary issues. I don't  
10 know whether we will.

11           THE COURT: So why do I need two derivative claims?

12           MR. KRUM: Well, I suggest you look back at the  
13 Mayer [phonetic] case. That's a case in which the court found  
14 that the plaintiff, who was similarly situated to my  
15 plaintiff, was uniquely qualified. Basically what happens is  
16 the court assessed whether there would be any value added, and  
17 the court found there would be substantial value added because  
18 the plaintiff was uniquely qualified by virtue of his  
19 familiarity with the company and the issues and so forth. And  
20 as a practical matter, neither as a matter of law nor as a  
21 matter of logic does it follow that if there are two  
22 plaintiffs, two derivative plaintiffs with overlapping claims  
23 that one is unnecessary. They cite no authority for that,  
24 it's logically fallacious and I can tell you exactly what  
25 that's about. As a practical matter it's a simple divide-and-

1 conquer strategy, if we can get rid of Cotter and Krum then  
2 all we have to do is do some pabulum standard settlement and  
3 maybe these investor plaintiffs will go away. I'm not  
4 suggesting they will, but, look, this isn't an argument  
5 predicated upon any legal authority or any logic. It's  
6 argument predicated upon an end game as to avoid the merits of  
7 this case. And the answer is any procedural impediment we can  
8 raise such that we won't ever have to get to the merits let's  
9 give it a try. We saw that with the motion to compel  
10 arbitration. But to answer that question, there's no law for  
11 that. You know, if we had exactly different claims, they'd  
12 say what they said in the reply brief. We don't have exactly  
13 different claims. We have overlapping claims, some the same,  
14 some different. And that may evolve to be perfectly clear.  
15 As I hope my comments have made clear, I'm focused on the  
16 governance aspect of this. But what they would say is what  
17 they said in the reply brief.

18 THE COURT: You get to sit down now. Thanks.

19 MR. KRUM: Thank you.

20 THE COURT: Any wrap-up? You have a couple minutes,  
21 I think.

22 MR. TAYBACK: Your Honor, the question's damages to  
23 shareholders, not damages to this plaintiff. And that Energy  
24 Tech case out of Texas --

25 THE COURT: I have cases, derivative cases all the

1 time where the only damages being sought by the clearly  
2 adequately plaintiffs are injunctive relief.

3 MR. TAYBACK: It's not a question of monetary  
4 damages, it's damages that affect the shareholders.

5 THE COURT: I understand what you're saying. But  
6 it's --

7 MR. TAYBACK: And I will say that the Energy Tech  
8 case falls squarely within these kind of facts. And that's  
9 contrary to what I think was just described as the Mayer case,  
10 where that -- the proposition in the Mayer case was the fact  
11 that an individual shareholder has other litigation against a  
12 director doesn't preclude them per se from being a shareholder  
13 in a derivative case. But that didn't decide the issue as to  
14 whether a derivative case was appropriate or proper. In fact,  
15 in that case it didn't involve a terminated employee seeking  
16 his own reinstatement. That is what this case is about.  
17 That's what this case, not the T2 case, that's what this case  
18 is about. And that's why this case is different and, frankly,  
19 superfluous unnecessary to the decision of whatever issues  
20 might affect shareholders. That's for a different plaintiff  
21 on a different day that doesn't have this agenda that is  
22 singular to this plaintiff.

23 THE COURT: Thank you.

24 The motion is granted in part. It is granted as to  
25 the damages aspect, which need to be more particularly pled

1 for derivative purposes, as opposed to direct benefits to the  
2 plaintiff. The plaintiff has adequately alleged demand  
3 futility and interestedness.

4 I need to set a Rule 16 conference with you. I'm  
5 thinking of October 21st.

6 MR. TAYBACK: Your Honor, may I grab a calendar?

7 THE COURT: Hold on a second.

8 Is that a Wednesday, Dulce, October --

9 THE CLERK: Yes.

10 THE COURT: Oh. That's because I have the 2016  
11 calendar out. Hold on a second.

12 I'm really thinking October 23rd.

13 MR. KRUM: Your Honor, may I put this in a broader  
14 timetable context we need to address?

15 THE COURT: No. Because I'm going to ask that  
16 question in a minute.

17 MR. KRUM: Well --

18 THE COURT: So I'm thinking of doing the Rule 16  
19 conference on this Business Court case on October 23rd. Then  
20 I'm going to ask you some more questions in a minute and tell  
21 you a couple other answers you're not going to like.

22 MR. KRUM: Fine.

23 THE COURT: Okay. So, Dan, issue an order for  
24 October 23rd.

25 With respect to the motion to dismiss that's

1 scheduled for October 13th, for some reason the Clerk's Office  
2 set you on Department 29's calendar and not on my calendar.  
3 Since you're on my calendar, it's 8:30. So please be here at  
4 8:30, and make sure your documents come to me, not to  
5 Department 29.

6 With respect to the manage for preliminary  
7 injunction, it's like pulling teeth dealing with you guys.  
8 What have we got to do to get you tell me what the date is  
9 that we're going to do the preliminary injunction hearing?

10 MR. KRUM: Your Honor, what we've -- what it is with  
11 which we're struggling is when will be able to do what we need  
12 to do, first, get the documents produced and reviewed; second,  
13 take the depositions; third, do the briefing. And we have had  
14 calls on a weekly basis with respect to this, so counsel have  
15 not been diligent. Mr. Coburn has borne the laboring oar.

16 THE COURT: No, you've been diligent.

17 MR. KRUM: Yeah. I think the answer is we should  
18 pick a date far enough out that we think we can meet it. And  
19 that's probably going to be, in my estimation, the week before  
20 Thanksgiving. I'd suggest the 19th. And the reason for that,  
21 Your Honor, is when I proposed a schedule in my motion to  
22 expedite and set the hearing the schedule contemplated  
23 documents would be produced by today, the depositions would  
24 commence 10 days or so hence, and then we'd have briefing and  
25 we'd have a hearing the first week of November. The documents

1 haven't been produced as to the company. I can't speak to the  
2 individuals, I think they're at least some of them well along.  
3 But as to the company there still remains a lot of work to do  
4 is what I'm told. I don't think we're going to have time to  
5 do what we need to do to have a hearing any earlier than the  
6 week before Thanksgiving.

7 THE COURT: Okay. Then on October 21st [sic] when  
8 we're here for the Rule 16 conference we will talk about  
9 scheduling your preliminary injunction hearing.

10 MR. KRUM: 23rd; right?

11 THE COURT: 23rd, yes. The Friday of that week.  
12 What day is it, Dulce?

13 THE CLERK: The 23rd.

14 MR. KRUM: 23rd.

15 THE COURT: The day that Dan puts on the order that  
16 you get we're going to talk about scheduling your preliminary  
17 injunction hearing and where you are on the expedited  
18 discovery that I granted a month or so ago.

19 MR. KRUM: Thank you, Your Honor.

20 THE COURT: Anything else? Have a lovely day.

21 THE PROCEEDINGS CONCLUDED AT 9:25 A.M.

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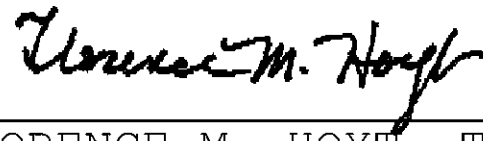
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I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

**AFFIRMATION**

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

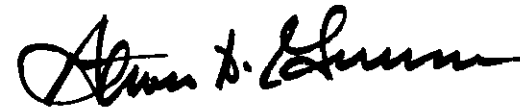
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Las Vegas, Nevada 89146**

  
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DATE

# Tab 08





CLERK OF THE COURT

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10 *James J. Cotter, Jr.*

11 DISTRICT COURT

12 CLARK COUNTY, NEVADA

13 JAMES J. COTTER, JR., derivatively on behalf  
14 of Reading International, Inc.,

15 Plaintiff,

16 v.

17 MARGARET COTTER, ELLEN COTTER,  
18 GUY ADAMS, EDWARD KANE, DOUGLAS  
19 McEACHERN, TIMOTHY STOREY,  
20 WILLIAM GOULD, and DOES 1 through 100,  
21 inclusive,

22 Defendants.

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Nominal Defendant.

CASE NO. A-15-719860-B  
DEPT. NO. XI

CASE NO. P-14-082942-E  
DEPT. NO. XI

*Jointly administered*

**FIRST AMENDED VERIFIED  
COMPLAINT**

**[Business Court Requested: [EDCR 1.61]**

**[Exempt From Arbitration: declaratory  
relief requested; action in equity]**

1 For his derivative complaint herein, plaintiff James J. Cotter, Jr. hereby alleges the  
2 following:

3 **NATURE OF THE CASE**

4 1. This action arises from the intentional misconduct of a majority of the board of  
5 directors of Reading International, Inc. ("RDI" or the "Company"), including individuals who  
6 comprise a majority of the outside directors of RDI, which is a public company. In particular and  
7 without limitation, outside directors Edward Kane ("Kane"), Guy Adams ("Adams") and Douglas  
8 McEachern ("McEachern"), together with director Ellen Cotter ("EC") and "outside" director  
9 Margaret Cotter ("MC"), have acted to wrongfully seize control of RDI, to perpetuate that control  
10 and to fundamentally change and dismantle the corporate governance structures of RDI, all to  
11 protect and further their personal financial and other interests, in purposeful derogation of their  
12 fiduciary obligations as directors of RDI.

13 2. These director defendants first threatened James J. Cotter, Jr. ("JJC" or "Plaintiff")  
14 with termination as President and Chief Executive Officer ("CEO") of RDI in order to pressure  
15 him to resolve trust and estate litigation with EC and MC and to cede control of RDI to them.

16 3. Next, when JJC failed to succumb to those threats, these director defendants  
17 undertook a purported boardroom coup, precipitously removing JJC as President and CEO of RDI.  
18 These directors did so without undertaking any semblance of a process to warrant making any  
19 decision regarding the status of JJC (or anyone) as President and CEO, and did so in the face of  
20 express admonitions by outside directors Timothy Storey ("Storey") and William Gould ("Gould")  
21 that the directors had failed to undertake any process that would warrant making any decision  
22 about the status of the President and CEO of RDI, much less the decision to remove JJC as  
23 President and CEO of RDI. For example, Gould warned the others that, because they had  
24 undertaken no process to warrant even making such a decision, they all could be subject to  
25 liability. Also by way of example, Storey called the lack of process and planned coup a "kangaroo  
26 court," and warned the outside directors that, "as directors we can't just do what a shareholder [,  
27 meaning EC and MC,] asks." Not only did these five director defendants precipitously terminate  
28 JJC as President and CEO of RDI without undertaking any process, they purposefully pre-empted

1 and aborted an ongoing and incomplete process that they had put in place only approximately two  
2 months earlier.

3 4. What each of Kane, Adams and McEachern did was to choose sides in family  
4 disputes between EC and MC, on one hand, and JJC, on the other hand, which disputes included  
5 certain trust and estate litigation commenced by EC and MC against JJC following the passing of  
6 their father, James J. Cotter, Sr. ("JJC, Sr."), in September 2014, as well as disputes about control  
7 of RDI and whether EC and MC would report to their "little brother," who succeeded JJC, Sr. as  
8 CEO of RDI, or to anyone, as a practical matter.

9 5. EC and MC have at all times acted purposefully to protect and further their own  
10 personal financial and other interests to the detriment of RDI and all of its shareholders other than  
11 them, including through their pervasive and persistent self-dealing and misuse of RDI resources,  
12 including as alleged herein. They regularly sought, and often received, money, benefits, titles,  
13 positions and/or promotions they would not have received but for their status as potential  
14 controlling shareholders.

15 6. Defendant Kane, who has a decade's long *quasi*-familial relationship with EC and  
16 MC, who call him "Uncle Ed," simply and admittedly picked sides in a family dispute,  
17 contemporaneously seizing the opportunity to protect and advance his own personal and financial  
18 interests, as well. Defendant McEachern did the same. Defendant Adams did so as well. Adams  
19 is financially dependent on Cotter family businesses and deals that EC and MC control.

20 7. Since wrongfully seizing control of RDI, each of EC, MC, Kane, Adams and  
21 McEachern have engaged in a systematic misuse of the corporate machinery and dismantling of  
22 the corporate governance structures of RDI. They have acted to preserve and perpetuate their  
23 control of RDI. They have acted to further their own financial and other interests, in purposeful  
24 derogation of their fiduciary duties to RDI and its shareholders.

25 8. Among other things, those five defendants have withheld and manipulated minutes  
26 of Board of Directors meetings and have withheld and manipulated board agendas and meetings.  
27 These defendants, together with defendant Gould, have created and/or approved fictional Board  
28

1 minutes. They each did so in an effort to conceal their fiduciary breaches and to attempt to avoid  
2 liability for such breaches.

3 9. EC, MC, Kane, Adams and McEachern have acted to entrench themselves, for their  
4 own financial advantage. For example, they effectively eliminated Plaintiff, Storey and Gould as  
5 functioning members of RDI's Board of Directors. Among other things, they have done so by a  
6 purported executive committee of RDI's Board of Directors. The executive committee ("EC  
7 Committee") has been populated by EC, MC, Kane and Adams. The EC Committee purportedly  
8 possesses the full authority of RDI's full Board of Directors. Gould has acquiesced to if not  
9 cooperated with, the ongoing self-dealing of these five defendants, who effectively have removed  
10 Storey as a director and have added to the Board persons expected to be loyal to EC and MC by  
11 virtue of pre-existing personal friendships.

12 10. Plaintiff is informed and believes that, on September 17, 2015, the night before  
13 counsel for EC and MC told the Court in the accompanying Nevada probate action that the estate  
14 of their deceased father (the "Estate") could not distribute stock to the Trust (defined herein), its  
15 sole beneficiary, because of liquidity and tax issues, EC and MC acted to exercise an option held  
16 by the Estate, of which they are executors, to acquire 100,000 shares of RDI class B voting stock.  
17 Plaintiff is informed and believes that EC and MC took such actions because it is their  
18 understanding that, absent the exercise of the option for the Estate to acquire 100,000 shares of  
19 RDI class B voting stock which EC and MC will purport to vote as executors of the Estate, EC  
20 and MC lacked sufficient votes to control the 2015 ASM and, in effect, unilaterally elect as RDI  
21 directors whomever they choose. Plaintiff is informed and believes that on or about September  
22 21, 2015, Kane and Adams, purporting to act as directors and as members of the Compensation  
23 Committee, authorized the request of EC and MC that the Estate be allowed to use liquid class A  
24 RDI stock to exercise the option to acquire the 100,000 shares. Kane and Adams did so in  
25 derogation of the interests of RDI, which received no benefit from receiving class A stock (rather  
26 than cash), which merely reduced the float of such stock. Plaintiff is informed and believes that  
27 Kane and Adams also did so without requiring EC and MC as executors of the Estate to produce  
28 documentation establishing the Estate's entitlement to exercise such option, which documentation

1 may not exist. The third director who was a member of the Compensation Committee, Timothy  
2 Storey, was unable to attend such supposed meeting of the Compensation Committee because it  
3 was called with too little notice.

4 11. EC on or about August 3, 2015 acted to add a person who is a close personal friend  
5 of hers to the RDI Board of Directors, claiming that he possessed real estate expertise that would  
6 add value to the Board. Prior to that date, there had been no discussion by the Board of adding  
7 another director to the Board, although EC had raised the person with the EC Committee, which  
8 rubber-stamped her suggestion. After Plaintiff disclosed that, in addition to being a close personal  
9 friend of EC, the person EC proposed to add to the RDI Board of Directors previously had done  
10 business with and caused harm to RDI, EC effectively withdrew that nomination, reporting that  
11 the candidate decided to withdraw it given pending litigation.

12 12. EC on or about October 5, 2015 proposed adding a different individual to the RDI  
13 Board of Directors, and all individual defendants other than Storey (and Plaintiff) agreed to the  
14 request of EC to do so. Although EC proposed the candidate to the Board two days before the  
15 Board meeting, directors Kane, McEachern and Adams had met the candidate weeks before. That  
16 person, Judy Coddling, is a very close and long-standing friend of the mother of the Cotters. Ms.  
17 Coddling, though apparently qualified in the field of education, has no expertise in either of RDI's  
18 principal business segments, cinema operations and real estate development, and likewise brings  
19 no corporate governance or financial expertise that would add value to the RDI Board of  
20 Directors. Plaintiff is informed and believes that Ms. Coddling was selected because she is  
21 expected to be loyal to EC and MC. It has been reported in the Los Angeles Times that Ms.  
22 Coddling's activities relating to her employer's alleged violations of the public bidding laws to  
23 secure a contract with L.A. Unified School District (LAUSD) to provide iPads to schools is  
24 currently under scrutiny in a federal criminal investigation, and another source reports that her  
25 employer would be dismissing her from such position on account of her alleged activity.

26 13. On October 5, 2015, EC and MC announced to the full RDI Board of Directors that  
27 they determined to have a so-called nominating committee comprised of Kane, Adams and  
28 McEachern propose the slate of persons to be nominees to be recommended by the Board at RDI's

1 2015 ASM, which has been set for November 10, 2015. EC and MC determined that Storey  
2 would not be nominated to stand for reelection as a director at the 2015 ASM. Plaintiff is  
3 informed and believes that this decision was made in part because Storey has insisted that the  
4 Board of Directors act to protect and further the interests of all shareholders, not just EC and MC.  
5 Plaintiff also is informed and believes that Kane, Adams and McEachern, purporting to act as the  
6 referenced nominating committee, agreed to and implemented the decision of EC and MC to not  
7 nominate Storey to stand for reelection as a director at the 2015 ASM. Plaintiff is further  
8 informed and believes that Adams and McEachern pressured Storey to “retire” because EC and  
9 MC asked them to do so. Plaintiff is informed and believes that Storey’s “resignation” was sought  
10 so that the nominating committee could propose a college friend of MC, who also is the husband  
11 of MC’s best personal friend, to fill Storey’s newly vacated Board position.

12 14. The supposed nominating committee, acting at the direction and requests of EC and  
13 MC, then selected Michael Wrotniak (“Wrotniak”) to replace Storey. Wrotniak does not have  
14 expertise in either of RDI’s business segments, cinema operations and real estate development.  
15 Nor does he possess expertise in corporate governance. Nor does he possess expertise in any other  
16 matter that would be of value to RDI as a public company. Plaintiff is informed and believes that  
17 Wrotniak was chosen because MC and EC expect him to be loyal to them.

18 15. McEachern, Adams and Kane, purporting to act as a newly formed nominating  
19 committee for the RDI Board of Directors with respect to the slate of persons to be nominated by  
20 the Company as directors for election at the 2015 ASM, effectively chose Wrotniak rather than  
21 another candidate. McEachern and Adams interviewed a candidate who has served as a chief  
22 financial officer of a multi-billion dollar public real estate services and investment company, who  
23 has experience dealing with Wall Street and who has experience in real estate development and  
24 had no ties to any of the Cotters. That candidate, who was suggested by Plaintiff, expressed  
25 interest in serving as a director of RDI.

26 16. As an integral part of their scheme to seize control of RDI and to perpetuate their  
27 control of RDI to further their personal financial and other interests, EC and MC systematically  
28 have failed to make timely and accurate disclosures and SEC filings they are required to make,

1 and systematically have made materially misleading if not inaccurate disclosures, including as  
2 alleged herein. EC and MC also have caused the Company to make materially misleading if not  
3 inaccurate disclosures, including but not limited to in the Proxy Statement issued by the Company  
4 on or about October 20, 2015 for the 2015 Annual Shareholders Meeting scheduled for November  
5 10, 2015, including as alleged herein. Plaintiff is informed and believes that one or more of the  
6 other individual defendants, other than Storey, have actively assisted in or knowingly acquiesced  
7 to this conduct.

### 8 PARTIES

9 17. Plaintiff James J. Cotter, Jr. (JJC) is and at all times relevant hereto was a  
10 shareholder of RDI. JJC also has been a director of RDI since on or about March 21, 2002.  
11 Involved in RDI management since mid-2005, JJC was appointed Vice Chairman of the RDI  
12 board of directors in 2007 and President of RDI on or about June 1, 2013. He was appointed CEO  
13 by the RDI Board on or about August 7, 2014, immediately after JJC, Sr. resigned from that  
14 position. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC  
15 and EC. JJC at times relevant hereto has owned RDI stock, and owns 858,897 shares of RDI  
16 Class A non-voting stock (including 50,000 shares subject to stock options) and is co-trustee and  
17 beneficiary of the James J. Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"),  
18 which owns 2,115,539 shares of RDI Class A (non-voting) stock and 1,023,888 shares of RDI  
19 Class B (voting) stock, as well as options to acquire 100,000 additional shares of RDI Class B  
20 (voting) stock, which options apparently have been exercised. The Trust became irrevocable upon  
21 the passing of JJC, Sr. on September 13, 2014.

22 18. Defendant Margaret Cotter (MC) is and at all times relevant hereto was an  
23 "outside" director of RDI. MC is engaged in trust and estate litigation against JJC, by which she  
24 seeks, among other things, to invalidate a trust document as part of an overall effort by MC and  
25 EC to, among other things, procure control of RDI class B stock sufficient to elect RDI's directors.  
26 MC became a director of RDI on or about September 27, 2002. MC is the owner and President of  
27 OBI, LLC, a company that provides theater management services to live theaters indirectly owned  
28 by RDI through Liberty Theatres, of which MC is President. MC also sought to oversee

1 development of real estate in New York owned directly or indirectly by RDI. She did so  
2 notwithstanding the fact that she had no experience or expertise in doing so. She did so  
3 notwithstanding the fact that she is unqualified to do so. MC opposed the hiring of a senior  
4 executive to work on the development of real estate owned by RDI. In particular, she successfully  
5 ended the Company's ongoing search for such an executive. She did so as part of an ongoing  
6 effort to secure employment with the Company.

7 19. Defendant Ellen Cotter (EC) is and at all times relevant hereto was a director of  
8 RDI. EC is engaged in trust and estate litigation against JJC, by which she seeks, among other  
9 things, to invalidate a trust document as part of an overall effort by MC and EC to, among other  
10 things, procure control of RDI class B voting stock sufficient to elect RDI's directors. She  
11 became a director of RDI on or about March 13, 2013. EC is the senior executive at RDI  
12 responsible for the day-to-day operations of its domestic cinema operations. Those cinema  
13 operations consistently have failed to match, much less exceed, the financial results of comparable  
14 and peer group cinema operations.

15 20. Defendant Edward Kane (Kane) is and at all times relevant hereto was an outside  
16 director of RDI. Kane has been a director of RDI since approximately October 15, 2009. By  
17 Kane's own admission, he was made a director of RDI because he was a friend of JJC, Sr., the  
18 now deceased father of JJC, EC and MC. By Kane's own admission, he neither had nor has skills  
19 or expertise to add value as a director of RDI. Kane has sided with EC and MC in their family  
20 disputes with Plaintiff, launching vicious *ad hominem* attacks against those such as Gould who  
21 have expressed unfavorable opinions relating to either or both MC and EC, and lecturing JJC  
22 about how he (Kane) is implementing Corleone ("Godfather") style family justice in dealing with  
23 JJC. Nevertheless, Kane has acknowledged that JJC is the person most qualified to be CEO of  
24 RDI. Kane sold all of the RDI options he then owned on or about May 27, 2014.

25 21. Defendant Guy Adams (Adams) is and at all times relevant hereto was an outside  
26 director of RDI. Adams became a director of RDI on or about January 14, 2014. A majority if not  
27 almost all of Adams' income is paid to him by Cotter family businesses over which EC and MC  
28 exercise control. For that reason, among others, Adams is financially dependent on EC and MC



1 and does not qualify as an independent director of RDI. For those reasons and others, including  
2 that Adams has a financial interest in assets controlled directly or indirectly by EC and/or MC,  
3 Adams was and is not a disinterested director for the purposes of any decision to terminate JJC as  
4 President and CEO of RDI or any other decision of interest to EC and/or MC. Adams sold all of  
5 the RDI options he owned on or about March 26, 2015.

6 22. Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was  
7 an outside director of RDI. McEachern became a director of RDI on or about May 17, 2012.  
8 McEachern acted to protect and preserve his personal interests, and chose the side of EC and MC  
9 in their family disputes with JJC, including by agreeing as an RDI director to threaten and to  
10 terminate JJC as President and CEO of RDI, and thereafter by misusing his position as a director  
11 to protect and further the personal interests of EC and MC, as well as his own, purposefully acting  
12 in ways he knew were detrimental to RDI and its public shareholders.

13 23. Defendant Timothy Storey (Storey) was at all times relevant hereto up until  
14 October 11, 2015 an outside director of RDI. Storey became a director of RDI on or about  
15 December 28, 2011. He has served as the sole outside director of RDI's wholly-owned New  
16 Zealand subsidiary since 2006. Storey has served as Chairman of the Board of DNZ Property  
17 Fund Limited, a billion dollar commercial property investment fund based in New Zealand and  
18 listed on the New Zealand Stock Exchange, since 2009. Prior to the being elected Chairman of  
19 DNZ Property Fund Limited, Storey was a partner in Bell Gully (one of the largest law firms in  
20 New Zealand). Storey was appointed the representative or ombudsman of the five outside  
21 directors in or about March 2015, for the purpose of assisting JJC as CEO in dealing with his  
22 sisters, EC and MC, and for the purpose of assessing how the siblings functioned and reporting to  
23 the Board and recommending what, if anything, the Board should do regarding any of them. This  
24 occurred because, among other things, EC and MC resisted, if not refused, to interact with JJC as  
25 CEO and, as to MC, she refused altogether to have any substantive discussions with JJC with  
26 respect to the business she supervised, live theaters, and the real estate development opportunities  
27 in New York City that she sought to supervise without oversight or assistance.

28 24. Defendant William Gould (Gould) is and at all times relevant hereto was an outside

1 director of RDI. Gould was appointed a director on or about October 15, 2004. Gould is a name  
2 partner at the Los Angeles law firm of TroyGould, PC.

3 25. Nominal defendant Reading International, Inc. (RDI) is a Nevada corporation and  
4 is, according to its public filings with the United States Securities and Exchange Commission (the  
5 "SEC"), an internationally diversified company principally focused on the development,  
6 ownership and operation of entertainment and real estate assets in the United States, Australia and  
7 New Zealand. The company operates in two business segments, namely, cinema exhibition,  
8 through approximately 58 multiplex cinemas, and real estate, including real estate development  
9 and the rental of retail, commercial and live theater assets. The company manages world-wide  
10 cinemas in the United States, Australia and New Zealand. RDI has two classes of stock, Class A  
11 stock held by the investing public, which stock exercises no voting rights, and Class B stock,  
12 which is the sole voting stock with respect to the election of directors. An overwhelming majority  
13 (approximately eighty percent (80%)) of the Class A stock is legally and/or beneficially owned by  
14 shareholders unrelated to JJC, EC and MC. Approximately seventy percent (70%) of the Class B  
15 stock is subject to disputes and pending trust and estate litigation in California between EC and  
16 MC, on one hand, and JJC, on the other hand, and a probate action in Nevada. Of the class B  
17 stock, approximately forty-four percent (44%) is held in the name of the Trust. RDI is named only  
18 as a nominal defendant in this derivative action.

19 26. The true names and capacities, whether individual, corporate, associate or  
20 otherwise, of Defendants named and identified herein as Does 1 through 100, inclusive, are  
21 currently unknown to Plaintiff. Plaintiff, therefore, sues said Defendants by such fictitious names  
22 and will amend his Complaint to show their true names and capacities upon ascertaining the same.  
23 Upon information and belief, each of the Defendants sued herein as Doe has some responsibility  
24 for the damages arising as a result of the matters herein alleged.

### 25 **ALLEGATIONS COMMON TO ALL CLAIMS**

#### 26 **General Background**

27 27. Since approximately 2000, and until he resigned as Chairman and CEO of RDI on  
28 or about August 7, 2014 due to health reasons, James J. Cotter, Sr. (JJC, Sr.) was the CEO and

1 Chairman of the Board of Directors of RDI. Additionally, JJC, Sr. through the Trust (according to  
2 RDI filings with the SEC, among other things) controlled approximately seventy percent (70%) of  
3 the Class B voting stock of RDI. As such, JJC, Sr. unilaterally selected and elected the board of  
4 directors.

5 28. For all intents and purposes, JJC, Sr., ran the Company as he saw fit, without  
6 meaningful oversight or input from the board of directors. According to Kane, JJC, Sr. "did not  
7 seek directors that could add significant value but sought out friends to fill out the 'independent'  
8 member requirements." Kane himself acted as if his job as a director was to protect and further  
9 the interests of his life-long friend, JJC, Sr., not to protect and further the interests of RDI and its  
10 shareholders. With the passing of JJC, Sr., Kane also acknowledged that it was "time to change  
11 this approach and appoint individuals that could offer solid advice and counsel, such as some  
12 NYC real estate people and/or NYC people with political know-how that we might need if we are  
13 to develop our valuable assets there."

14 29. Recognizing JJC, Sr.'s control of the Company, the board asked that he provide  
15 them with a succession plan. He did so in or about December 2006, and the RDI board  
16 implemented it. The succession plan was to have JJC assume JJC, Sr.'s position when JJC, Sr.  
17 retired or passed, as the case may be.

18 30. Since 2005, JJC was involved in most RDI executive management meetings and  
19 privy to most significant internal senior management memos. JJC was appointed Vice Chairman  
20 of the RDI board in 2007. The RDI board appointed JJC President of RDI on or about June 1,  
21 2013, which responsibilities he filled without objection by the RDI board of directors.

22 31. On or about September 13, 2014, JJC, Sr. passed.

23 32. Soon thereafter, trust and estate litigation was commenced by his daughters, MC  
24 and EC, including against JJC, which litigation involved the issue of whether MC or JJC, or both,  
25 should control the RDI voting stock previously controlled by JJC, Sr., among other things.

26 33. As President and CEO of RDI, JJC alienated his sisters because he acted to protect  
27 and further the interests of RDI and all of its shareholders, repeatedly rebuffing the efforts of MC  
28 and EC to advance their own interests, as well as efforts by Kane, Adams and McEachern to

1 protect and further the interests of MC and EC, as well as their own interests, all to the detriment  
2 of the Company and its other shareholders. For example, JJC questioned and/or rejected purported  
3 expenses EC and MC sought to have RDI pay. In one instance, EC attempted to charge RDI for  
4 an expensive Thanksgiving dinner with her mother, sister and sister's children, which effort  
5 Plaintiff rejected, angering EC. In another instance, MC attempted to charge RDI for certain  
6 expenses of her father's funeral. JJC insisted that RDI employ an executive qualified to direct  
7 RDI's real estate business, which MC resisted. MC wanted to direct RDI's real estate businesses.  
8 However, she is unqualified to do so. She wanted to do so in order to be employed by RDI and to  
9 secure lucrative compensation and/or benefits she otherwise would not receive.

10 34. Frustrated by Plaintiff's apparent refusal as President and CEO to accede to their  
11 demands for titles, positions, promotions, employment contracts and money from RDI, and with  
12 MC believing she was in jeopardy of having her lucrative consulting arrangement to manage live  
13 theater operations terminated due to the Orpheum Theatre debacle described herein, MC and EC  
14 agreed to act together and acted to protect and advance their personal interests by seizing and  
15 acting to perpetuate control of RDI. To that end, MC and EC next secured the agreement of  
16 defendants Kane, Adams and McEachern to choose sides in their family dispute with JJC, and to  
17 act in derogation of their fiduciary obligations and the interests of RDI and all RDI stockholders,  
18 to threaten Plaintiff and then, when the threat failed, to stage a boardroom coup by firing Plaintiff  
19 as President and CEO of RDI and to thereafter act to perpetuate their control of RDI.

20 **EC and MC Act To Further Their Own Interests; Kane Assists**

21 35. Soon after JJC, Sr. passed, EC sought an employment agreement and a promotion  
22 from Chief Operating Officer of RDI's Domestic Cinema Operations to head of its worldwide  
23 cinema division (including Australian and New Zealand Cinema Operations). EC also sought an  
24 employment agreement. Plaintiff is informed and believes that EC did so in part because she was  
25 fearful that JJC, acting to protect and further the interests of the Company, would fire her,  
26 notwithstanding the fact that he had never expressed any intention of doing so.

27 36. Soon after JJC, Sr. passed, EC also sought a raise. The claimed impetus for the  
28 requested raise was to qualify for a loan on a Laguna Beach, California condominium. EC sought

1 it in part because EC understood that Kane would get it for her.

2 37. Kane, who has a decade's long quasi-familial relationship with each of MC and  
3 EC, who call him "Uncle Ed," acted to ensure that EC would obtain the loan she sought, described  
4 above.

5 38. To that end, Kane, purporting to act as chairman of the RDI Compensation  
6 Committee, without authority or approval from the RDI Compensation Committee, on RDI  
7 letterhead wrote EC's lender and represented that the Committee "anticipate[d] a total cash  
8 compensation increase of no less than 20%" for EC "effective no later than January 1, 2015."  
9 Despite JJC pointing out that sending such a letter to EC's bank was inappropriate, EC executed  
10 the letter on behalf of Kane.

11 39. Shortly thereafter, Kane acknowledged to RDI board members that the study that  
12 had been commissioned and expected to justify EC's pay increase, actually failed to do so.

13 40. Also, in October 2014, Kane prompted the RDI board to provide EC a "bonus" of  
14 \$50,000, on account of a supposed error by the Company in connection with the issuance of RDI  
15 stock options EC had exercised in 2013. No other similarly situated RDI executive received such  
16 a "bonus," which was tantamount to a gift or other unearned compensation given to EC from the  
17 coffers of RDI.

#### 18 **The Outside Directors Act To Further Their Own Interests**

19 41. Separately, commencing shortly after JJC, Sr.'s death on September 13, 2014,  
20 Kane began pressing Plaintiff as President and CEO to recommend to the RDI board, and thereby  
21 effectively approve, increases in directors' fees and consideration paid to Kane and other outside  
22 board members.

23 42. Kane and the other outside directors were successful in increasing their  
24 compensation. On or about November 13, 2014, the RDI board raised annual directors' fees by  
25 approximately forty-three percent (43%) and gave each nonemployee director additional  
26 compensation in the form of stock options and a one-time cash compensation.

#### 27 **MC And EC Bring Cotter Family Disputes To RDI's Boardroom**

28 43. Notwithstanding the fact that Plaintiff had been President of RDI since 2013,

1 notwithstanding the fact that JJC, Sr. and the RDI board had implemented a succession plan  
2 pursuant to which Plaintiff would succeed JJC, Sr. as CEO of RDI, and notwithstanding that JJC,  
3 Sr.'s testamentary disposition memorialized to EC and MC his intention that JJC serve as  
4 President of RDI, MC and EC resisted and sought to avoid reporting to JJC. EC and MC involved  
5 certain directors in their disputes with JJC soon after JJC became CEO of RDI.

6 44. In the fourth quarter of 2014, MC undertook to enlist Kane to undermine Plaintiff.  
7 During that time frame she confidentially requested of Kane that she be made co-CEO of RDI.

8 45. During that time frame, Plaintiff in furtherance of his responsibilities as CEO of  
9 RDI sought to engage in substantive communications with MC about the live theater business for  
10 which she was responsible. MC flatly refused to have substantive communications with Plaintiff  
11 about such matters.

12 46. Plaintiff also brought to the attention of Kane and other directors the difficulties  
13 created by MC and EC, including in particular but not limited to MC's abject refusal to  
14 communicate with Plaintiff about the businesses for which she either had or claimed she should  
15 have responsibility, meaning the live theater business, and two highly valuable real estate assets in  
16 New York City which MC was not qualified to manage or lead without expert or qualified  
17 assistance she refused to accept, including by consistently resisting hiring a qualified executive.

18 **Kane Acts To Protect EC And MC**

19 47. In or about January 2015, Kane acted to protect and further the interests of EC and  
20 MC, in derogation of his fiduciary obligations.

21 48. By way of email dated January 16, 2015, Kane communicated to Plaintiff a  
22 suggestion to the effect that EC be given the title she wants, that MC be treated as a "co-equal with  
23 [a] new head of domestic real estate [and] [t]hat she and the new head will report to you and you  
24 will resolve any conflicts between them that they cannot resolve themselves [and] you will make a  
25 title for MC as a new employee of the Company . . . ."

26 **MC And EC Prompt The Outside Directors To Participate In Family Disputes**

27 49. The outside board members, faced with the personal disputes MC and EC had with  
28 JJC, including the pending trust and estate litigation, took steps to protect and enhance their

1 personal interests.

2 50. The RDI board of directors on January 15, 2015 determined to purchase a directors  
3 and officers insurance policy (which it never had before) with a limit of \$10 million. At the time,  
4 they also determined that stock option grants to individual directors made on or about November  
5 13, 2014 would vest immediately and further determined that January 15, 2015 would be the date  
6 on which to establish the stock price for option purposes.

7 51. In a private session of the outside directors on January 15, 2015, they discussed and  
8 agreed upon a course of action put forth by EC and MC which initially was proposed to be the first  
9 two paragraphs quoted below, but after discussion became all three. They resolved and approved,  
10 with Plaintiff, EC and MC abstaining, as follows:

11 "The CEO [JJC,] cannot terminate the employment of Ellen Cotter unless  
12 a majority of the independent directors concur with the CEO's recommendation to  
13 terminate Ellen Cotter;

14 The CEO [JJC,] cannot terminate the existing Theater Management  
15 Agreement of Ms. Margaret Cotter unless a majority of the independent directors  
16 concurs with the CEO's recommendations to terminate such Theater Management  
17 Agreement; and

18 The CEO [JJC,] cannot be terminated without the approval of the  
19 majority of the independent directors."

#### 20 **JJC Succeeds As President And CEO; MC And EC Continue To Object**

21 52. Plaintiff's work as CEO was recognized as successful by the stock market. RDI  
22 stock was trading at \$8.17 per share when Plaintiff became CEO but, by approximately the end of  
23 2014, had traded as high as \$13.26 per share and, in the Spring of 2015, traded at over \$14.45 per  
24 share.

25 53. One analyst described the successes of JJC as President and CEO as follows:

#### 26 **Management Catalysts**

27 RDI has historically suffered from a control discount. The dual class  
28 structure created a situation where the Cotter family owned approx. 30%  
of outstanding shares, but 70% of class B voting stock. James Cotter Sr.,  
the longtime CEO, made little effort to promote the company and was  
slow to monetize assets and unlock the value even though he did acquire  
assets smartly and did a good job of operating the business. Over the past  
two years, asset monetization has moved ahead and seems to be a sign of  
things to come. In early August, James Cotter, Sr., resigned from serving  
as the Company's Chairman and CEO and recently passed away. Cotter's  
son Jim has taken over the CEO position. We think that Jim has already

1           been a positive influence in terms of value realization during the last year.  
2           We believe that Jim was instrumental in pushing not only the sales of  
3           important Australian assets, but also the share buyback. He is also seeking  
4           other ways to increase value (e.g. considering ways to further monetize the  
5           Angelika brand). We expect the stock will move much closer to fair value  
6           once definitive announcements are made around the New York City assets  
7           and other smaller asset monetization announcements in the next 12  
8           months. The two New York assets discussed have appreciated  
9           significantly in recent years and are a part of the value here. It is also  
10          worth noting that RDI also owns other valuable, underutilized real estate  
11          (including Minetta Lane Theater, Orpheum Theater, Royal George in  
12          Chicago, etc.) that could ultimately be redeveloped and create incremental  
13          value for shareholders.

14           54.     After meeting JJC in person in October 2014, one large stockholder commented, "I  
15           came away from our meeting with a firm view that you care about shareholders and that both you  
16           and us will be nicely rewarded over time...I intend to remain a long-term partner. I am confident  
17           that if you continue to buy back stock and the investment community begins to believe that you, as  
18           a leader, will act in the best interests of shareholders, the stock price will be considerably higher."  
19           The stock price did move considerably higher.

20           55.     JJC's success in fact began as early as June 1, 2013, when he was appointed  
21           President of RDI. After JJC, Sr. was diagnosed with prostate cancer in early 2013, JJC, Sr. turned  
22           over more responsibility to JJC, as JJC, Sr. was battling prostate cancer. On June 1, 2013, the  
23           stock price was only \$6.08 per share.

24           56.     JJC's success as President and CEO of RDI continues to be recognized by the stock  
25           market. On May 31, 2015, The Street Ratings upgraded their recommendation of RDI to a "buy"  
26           or "purchase." On June 4, 2015, RDI Class A stock traded in the public marketplace as high as  
27           \$14.45 per share.

28           57.     MC and EC objected to Plaintiff's on-going, successful efforts as President and  
29           CEO of RDI which, though in the best interests of all RDI shareholders, including the public non-  
30           Cotter family shareholders, were viewed by MC and EC as not in their personal interests because,  
31           among other things, they preferred that the price at which RDI class A stock traded artificially  
32           depressed. MC and EC continued to voice objections to JJC communicating with shareholders.

33           58.     By their actions and statements, including but not limited to their demands



1 additional compensation and for employment agreements, and their complaint that Plaintiff had  
2 acted in the interests of all RDI shareholders rather than in their particular interests, MC and EC  
3 made clear that their personal interests were paramount, and that they would act to protect and  
4 further their personal interests, to the detriment of the interests of RDI and its other shareholders.

5 **JJC Complies With Board Processes, MC And EC Prompt The Termination of Such**  
6 **Processes**

7 59. By March 2015, the efforts of EC and MC to promote their own interests, in  
8 derogation of the interests of the Company, compelled the non-Cotter members of the RDI board  
9 of directors to act.

10 60. In March 2015, the non-Cotter directors appointed lead director Gould and director  
11 Storey as an independent committee, with Storey functioning as their representative or  
12 ombudsman to work with JJC as CEO, including by acting as a facilitator with EC and MC.

13 61. On behalf of the non-Cotter directors, Gould advised MC and EC and Plaintiff that  
14 the process they had put in place, involving director Storey as ombudsman, would continue  
15 through June 2015, at which time an assessment would be made of the situation, including in  
16 particular the extent to which each of the three of them had cooperated in the process and had  
17 undertaken to improve their working relationships and to sustain improved working conditions.

18 62. From that point forward, Plaintiff worked with director Storey in the manner Storey  
19 on behalf of the non-Cotter directors had requested.

20 63. However, MC and EC did not, including as otherwise averred herein. Instead, they  
21 continued to act to preserve and further their own personal and financial interests, to the detriment  
22 of RDI and its shareholders and refused to do certain things requested by Plaintiff, which Storey  
23 had agreed were in the best interests of RDI.

24 64. Thus, although MC for months had resisted even having substantive discussions  
25 with Plaintiff about the live theater business operations for which she was responsible, and  
26 although MC for months had failed and refused to produce even the most rudimentary of business  
27 plans, she nevertheless pushed to be provided an employment agreement with RDI. For example,  
28 on May 4, 2015, by which time the Orpheum theater debacle had come to light, and by which time

1 she had provided no business plan whatsoever, notwithstanding requests from Plaintiff and from  
2 director Storey that she do so, and notwithstanding that she refused to have any substantive  
3 discussions with Plaintiff about the live theater business operations, she emailed Plaintiff, stating  
4 “any idea when this employment agreement of mine that you have been working on for months  
5 will be presented?”

### 6 **The Outside Directors Demand More Money**

7 65. In the same time frame, the non-Cotter directors were seeking additional  
8 compensation. In particular, Kane pushed Plaintiff to provide all non-Cotter directors other than  
9 director Storey an extra \$25,000 for the first six months of 2015, with the understanding “that at  
10 year-end we will be asking for an additional payment.”

11 66. With respect to director Storey, who resides in New Zealand and had taken no  
12 fewer than a half dozen trips to Los Angeles in furtherance of his role as the representative or  
13 ombudsman of the non-Cotter directors in interfacing with Plaintiff, on the one hand, and MC and  
14 EC, respectively, on the other hand, Kane’s proposal was that Storey receive an additional \$75,000  
15 for the first six months of 2015, in recognition of the time and effort Storey was expending as the  
16 representative or ombudsman for the non-Cotter directors.

17 67. Plaintiff advised Kane that he had some reservations about the additional  
18 compensation Kane proposed providing to the non-Cotter directors.

19 68. While Plaintiff did as director Storey requested, MC and EC pursued their own  
20 personal interests, in derogation of the interests of RDI and its shareholders. Among other things,  
21 EC had her personal lawyers copied on internal RDI correspondence and present on telephone  
22 calls with RDI outside counsel and executives, including the CFO and the General Counsel, about  
23 which Plaintiff as CEO was not notified, so as to protect and further the interests of EC and MC.

### 24 **MC’s Orpheum Theatre Debacle Puts Her In Jeopardy**

25 69. On or about May 18, 2015, Plaintiff took MC to task, observing that she had been  
26 promising him a business plan for eight months but still had not delivered one.

27 70. RDI’s proxy statement filed with the SEC in connection with the annual meeting of  
28 RDI stockholders that occurred in 2014 described MC’s role in relevant part as “the President of

1 Liberty Theatres, the subsidiary through which we own our live theaters. [MC] manages the real  
2 estate which houses each of four live theaters [including the one which is the principle source of  
3 revenue, the Orpheum Theatre,] [and as such] secures leases, manages tenancies, oversees  
4 maintenance and regulatory compliance on the properties. . . .”

5 71. MC’s diligence and candor, or lack of one or both, have been called into question  
6 by her handling of the relationship with the Stomp Producers. The Stomp Producers, the tenant at  
7 the RDI owned Orpheum Theatre and the source of a majority of RDI’s live theater revenues, gave  
8 notice on April 23, 2015 of termination of the lease for cause. MC had prior notice of alleged  
9 problems of the nature upon which Stomp based its purported termination of the lease for cause.  
10 Nevertheless, MC allegedly failed to handle the business for which she was responsible, whether  
11 by addressing the alleged problems, by developing a constructive working relationship with the  
12 Stomp Producers or otherwise.

13 72. MC had been aware of the alleged issues raised by the Stomp Producers for  
14 months. In particular, by email and correspondence dated February 6, 2015, the Stomp producers  
15 wrote to MC and complained “about the maintenance and upkeep of the Orpheum Theatre.” They  
16 further stated in their February 6, 2015 letter to MC as follows:

17 “Nothing in this letter is new to you as we and our employees have been in almost  
18 constant contact about recurring problems at the theater, but there is now an  
19 urgent need to attend to this matter on an immediate and comprehensive, rather  
than piecemeal, bases . . . .”

20 73. MC failed to disclose the February 6, 2015 letter or the substance of it or that the  
21 Stomp Producers told MC on April 9, 2015 that they were going to vacate the theater or even the  
22 situation with the Stomp Producers generally to Plaintiff or, Plaintiff is informed, to any outside  
23 member of the RDI board of directors. In other words, she concealed the fact that she was facing a  
24 serious business challenge, whether real or contrived by the Stomp Producers, and in doing so  
25 breached her fiduciary obligations as a director. In so acting, she also undertook to deceive  
26 Plaintiff and the non-Cotter members of RDI’s board into providing her an employment contract  
27 with respect to the very matters as to which she was then accused of being grossly negligent,  
28 among other things.

1           74.     Upon learning of the Stomp Producer's notice to terminate, director Gould stated an  
2 assessment to the effect that MC's handling of the situation (independent of the merits or lack of  
3 merits of the claims of the Stomp Producers), including not notifying anyone about the threat of  
4 the Company losing a material portion of its live theater business income, could be grounds for  
5 termination.

6                           **Kane Acts To Protect MC**

7           75.     Concerned that MC was at risk to be terminated for cause, director (Uncle Ed) Kane  
8 took actions to protect his quasi-family, MC and EC. Together they launched the scheme to extort  
9 JJC or, failing that, to terminate him as President and CEO and seize control of RDI, enlisting the  
10 assistance and cooperation of directors Adams and McEachern, both of whom acted to preserve  
11 and further their own personal and financial interests.

12           76.     Kane's quasi-familial relationship and visceral support of MC and EC has been  
13 evidenced by, among other things, stunning *ad hominem* invectives directed at directors Gould and  
14 Storey, as well as by rants to JJC about "The Godfather" and the Corleone family from that series  
15 of movies, even including a suggestion that termination of JJC would be analogous to the murder  
16 of someone disrespecting a Corleone family member.

17                           **Adams Is Beholden To MC And EC**

18           77.     The efforts of MC and EC, together with their protector and benefactor, (Uncle Ed)  
19 Kane, to threaten and later depose JJC as President and CEO, provided a perfect opportunity for  
20 Adams to protect his own personal (including professional) and financial interests.

21           78.     Prior to 2007 or 2008, when (according to Adams' own sworn testimony in a recent  
22 divorce proceeding) his business of investing monies he raised privately failed after he lost  
23 approximately seventy percent (70%) of the monies invested with him, Adams was active as a  
24 small time shareholder activist who purchased small stakes in public companies, agitated for  
25 change in the boardroom, secured a position as director, generated a quick and short term profit  
26 through the process and then promptly resigned, to search for the next public company victim.  
27 Since that time, Adams has been unsuccessful in reviving that business and, for all intents and  
28 purposes, has been unemployed.

1           79.     EC led Adams to believe that he would be appointed CEO of RDI upon termination  
2 of JJC.   Simply holding that position would be of value to Adams, including in reviving his  
3 business of investing in public companies, agitating for change in the composition of the board or  
4 otherwise at the company, cashing out and moving on.   Adams for that reason supported  
5 terminating JJC.   After JJC had been terminated, it was EC rather than Adams (who previously  
6 was identified to become CEO) who was appointed interim CEO of RDI.

7           80.     Separately, Adams is beholden to EC and MC because, among other things, he is  
8 financially dependent on monies paid to him by the Cotter family businesses EC and MC control.  
9 Based on information provided by Adams in sworn statements in a recent divorce proceeding, it  
10 appears that amounts paid to him by Cotter entities over which EC and MC exercise control or  
11 claim to exercise control amounted to over half (50%) of Adam's (claimed approximate \$90,000)  
12 income in 2013, at a minimum, and possibly amounted to over eighty percent (80%) of that  
13 income.

14           81.     Additionally, Plaintiff is informed and believes and thereon alleges that on or about  
15 May 2013, Adams entered into an agreement with JJC, Sr. whereby Adams received, among other  
16 things, a carried interest in certain real estate projects, including one by the name of Shadow View.  
17 Plaintiff is further informed and believes and thereon alleges that the value of Adams' carried  
18 interest in Shadow View, including whether it will be monetized and the extent to which it will be  
19 monetized for the benefit of Adams, is contended by MC and EC to be the responsibility of the  
20 estate of JJC, Sr., of which MC and EC presently are the executors.

21           82.     Thus, Adams' personal and financial interests are dependent on his financial  
22 benefactors, MC and EC.   Practically, Adams has little choice if any but to accommodate and  
23 advance the personal interests of MC and EC, including by helping them seize, consolidate and  
24 perpetuate their control of RDI, including as alleged herein.

25           83.     For such reasons, Adams is not independent generally, and not disinterested with  
26 respect to the disputes between MC and EC, on one hand, and JJC on the other, much less with  
27 respect to the decision to fire JJC.

28           84.     In or about March 26, 2015, Adams sold all RDI options he had, including options

1 he had been granted only a few months earlier. He has never owned any RDI shares. Today,  
2 Adams holds no RDI stock or options. Notably, he failed to disclose that he owned RDI options in  
3 his divorce proceedings.

4 85. The other non-Cotter board members know of, and previously had reason to  
5 suspect, that Adams suffers from debilitating and disqualifying personal (and professional) and  
6 financial interests, both generally and particularly regarding the vote to remove JJC as President  
7 and CEO and to replace JJC as CEO with Adams. Among other things and without limitation,  
8 when Adams joined the RDI board of directors on or about January 14, 2014, he was asked  
9 whether he would be an independent director and, more particularly, about his financial dealings  
10 with the Cotter family and Cotter family entities. Although Adams acknowledged that he had such  
11 financial relationships with the Cotter family and/or the Cotter family controlled businesses, he  
12 declined to particularize the relationships or disclose the particulars regarding the financial aspects  
13 of them, and instead claimed the monies he was being paid were "*de minimus*."

14 **Defendants Other Than Storey And Gould Threaten Plaintiff With Termination If He Fails**  
15 **to Resolve Disputes With EC and MC on Terms Unilaterally Set By Them**

16 86. On Tuesday, May 19, 2015, EC distributed a purported agenda for an RDI board of  
17 directors meeting scheduled to commence not quite 48 hours later, at 11:15 a.m., on Thursday,  
18 May 21, 2015. The first action item on the agenda was entitled "Status of President and CEO[.]"  
19 which in fact was the agenda item to raise an issue previously never discussed by RDI's Board of  
20 Directors, namely, termination of JJC as President and CEO of RDI.

21 87. Prior to May 19, 2015, acting in concert with MC and EC, Adams, Kane and  
22 McEachern had agreed to vote to seize control of RDI and, if necessary to do so, to terminate JJC  
23 as President and CEO of RDI.

24 88. In the face of objections by directors Gould and Storey that the non-Cotter directors  
25 had not undertaken an appropriate process to make any decision regarding whether or not to  
26 terminate the President and CEO of RDI, and a request that the outside directors meet before the  
27 scheduled May 21 meeting, Kane provided a visceral response to the effect that the outside  
28 directors did not need to meet, tacitly acknowledging the planned coup and admitting that even the

1 pretense of process would not be undertaken because "the die is cast."

2 89. In furtherance of their self-serving scheme, EC and Adams previously had hired  
3 counsel ostensibly representing RDI, Akin Gump, and had that counsel attend the May 21 board  
4 meeting at which the first agenda item was termination of JJC as President and CEO.

5 90. Counsel for JJC appeared at the meeting and explained, among other things, that (i)  
6 the non-Cotter directors had not engaged in any process that would satisfy any measure of their  
7 fiduciary obligations to even make a decision with respect to whether to terminate JJC as President  
8 or CEO, and that (ii) Adams not only was not disinterested with respect to the decision, he was so  
9 interested that he was clearly and indisputably conflicted, that Kane too clearly was interested  
10 under Nevada law and that McEachern also appeared interested. JJC's counsel effectively made  
11 these comments on the way out of the room, after the board had voted (by 5 to 3) to allow the  
12 lawyers hired by EC and Adams to stay, but to not allow JJC's lawyer to attend even for agenda  
13 item one.

14 91. Adams, bristling at the prospect of others being dissuaded from terminating JJC and  
15 then selecting Adams to replace JJC as CEO, directed that the two security officers waiting outside  
16 the boardroom be called to physically remove JJC's attorney from the premises. Of course, Adams  
17 lacked authority to do so.

18 92. For his part, Kane simply directed personal invective at JJC's attorney, just as Kane  
19 had done previously toward directors Storey and Gould when each of them expressed views that  
20 were in the estimation of Kane contrary to the interests of MC, EC or both, as well as to Kane's  
21 intent on rendering punitive consequences.

22 93. Faced with a clear record that the non-Cotter directors had failed to undertake any  
23 process, much less an appropriate process, to make a decision regarding whether to terminate JJC  
24 as President and CEO, Adams solicited JJC to have an impromptu discussion about his  
25 performance. Recognizing that Adams' solicitation was nothing more than a disingenuous, after-  
26 the-fact effort to fabricate a record of process and diligence where none existed, JJC demurred. Of  
27 course, JJC also had reason to do so in view of the fact that the non-Cotter directors previously had  
28 put in place a process (described above) that was to play out through the end of June, at least,

1 which process had not been completed, meaning that the non-Cotter directors' decision to  
2 terminate JJC as President and CEO was in derogation of, and pre-empted, their own processes.

3 94. EC, MC, Kane, Adams and McEachern then determined to adjourn the May 21,  
4 2015 board meeting to May 29, 2015, to afford them an opportunity to further attempt to pressure  
5 JJC to cede control of RDI to them.

6 95. Thus, on Wednesday, May 27, 2015, Texas attorney Harry Susman, one of the  
7 lawyers representing MC and EC in the trust and estate litigation, transmitted to Adam Streisand,  
8 an attorney representing JJC in the trust and estate litigation, a document outlining terms to which  
9 JJC was required to agree to avoid the threatened termination. The proposal was communicated as  
10 effectively a "take-it or leave-it" proposal and was accompanied by a deadline of 9:00 a.m. on  
11 Friday, May 29 to accept the proposal.

12 96. Also on May 27, 2015, EC emailed RDI directors a "reminder" "that the board  
13 meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The board  
14 meeting will begin at **11:00 a.m. at our Los Angeles office.**"

15 97. By the foregoing actions, among others, MC and EC made clear that accepting their  
16 take-it or leave-it settlement proposal was what JJC had to do to avoid being fired as President and  
17 CEO of RDI.

18 98. Also on May 28, 2015, approximately one day after EC and MC's lawyer  
19 transmitted the "take-it or leave-it" global settlement proposal and one day before the RDI board  
20 was to reconvene to execute on their threat to terminate JJC as President and CEO of RDI, Kane  
21 told JJC to accept the take-it or leave-it offer to "end all of the litigation and ill feelings." Among  
22 other things, by email on May 28, 2015, Kane stated as follow to JJC:

23 "I have not seen the [take it or leave it settlement] proposal. I understand  
24 that it would leave you with your title, which is very important to you and  
25 which you told me was essential to any settlement . . . if it is take-it or  
26 leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, . . . if we can  
end all of the litigation and ill feelings, -- and their offer to keep you as  
CEO as a major concession -- . . ."

27 99. On Friday, May 29, before the RDI board of directors meeting reconvened, EC and  
28 MC met with JJC and told him that the document that had been conveyed by attorney Susman on



1 their behalf two days earlier was a take-it or leave-it offer and that, if JJC did not accept it, the RDI  
2 board would terminate him as President and CEO. JJC attempted to discuss proposed changes  
3 with them, to which EC and MC responded that they would accept no changes. They repeated that  
4 if JJC did not accept the agreement as proposed, JJC would be terminated as President and CEO of  
5 RDI.

6 100. Director Gould shortly thereafter came to JJC's office and said that the majority of  
7 the non-Cotter board members were prepared to vote to terminate him and that the supposed board  
8 meeting was about to commence.

9 101. JJC entered the conference room where the supposed meeting was to occur. The  
10 supposed meeting was commenced and Adams made a motion to terminate JJC as President and  
11 CEO.

12 102. JJC observed that Adams was not independent or disinterested, pointing out that a  
13 substantial portion of his income came from Cotter entities, as evidenced by sworn testimony  
14 Adams had given in his divorce proceeding. JJC invited Adams to prove otherwise, to which  
15 Adams responded that he did not have to do so. Others inquired of Adams' financial relationship  
16 to Cotter entities, but Adams declined to provide substantive responses to those queries.

17 103. Director Gould opined that it was not the role of the RDI board of directors to  
18 intercede in the personal disputes between EC and MC, on the one hand, and JJC, on the other  
19 hand, nor to tip the balance of power in those disputes. He further observed that the board should  
20 attempt to maintain the status quo until the courts resolved the trust and estate litigation, and added  
21 that he thought JJC had done a good job.

22 104. Kane offered more personal invective directed to JJC, including comments to the  
23 effect that he thought that JJC had "\*\*\*\*ed Margaret over with the changes . . . made to the estate"  
24 and that JJC "does not have people skills especially with his two sisters . . ."

25 105. Next, the five outside directors asked JJC to leave the conference room so that they  
26 could talk with EC and MC. Plaintiff is informed and believes that one or more of Kane, Adams  
27 and McEachern conferred with EC and MC about whether to proceed to terminate JJC as President  
28 and CEO or to continue to attempt to pressure him to resolve his disputes with EC and MC on

1 terms acceptable to them.

2 106. Next, at or about 2:30 p.m., JJC was advised that the supposed RDI board meeting  
3 would be adjourned until at or about 6:00 p.m. that evening. JJC also was told that he had until the  
4 supposed meeting reconvened that evening to strike a deal with EC and MC, failing which he  
5 would be terminated as President and CEO of RDI when the supposed meeting reconvened.

6 107. The supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015,  
7 at which time EC reported that she and MC had reached an agreement in principal with JJC. EC  
8 read to the RDI Board of Directors portions of the document attorney Susman had transmitted to  
9 attorney Streisand on May 27, 2015 that concerned RDI, including one that provided for an  
10 executive committee of the Board of Directors which, she indicated, would be comprised of EC,  
11 MC, JJC and Adams, who would be Chairman. EC concluded that, while no definitive agreement  
12 had been reached, EC and MC would have one of their lawyers provide documentation to counsel  
13 for JJC.

14 108. On Wednesday, June 3, 2015, attorney Susman on behalf of EC and MC  
15 transmitted a new document to one of JJC's trust and estate attorney Streisand. The document  
16 contained new terms previously not discussed, much less agreed, by the parties.

17 109. On Friday, June 5, 2015, attorney Susman left a message for attorney Streisand, the  
18 sum and substance of which was that he (Susman) was awaiting word that JJC had agreed to all of  
19 the terms in the document. By that message, attorney Susman implied that the document was, like  
20 a prior document he had transmitted, a "take-it or leave-it" proposal.

21 110. On June 8, 2015, JJC advised EC and MC that he could not accept their take-it or  
22 leave-it document. MC responded that she would advise the RDI board of directors, referencing  
23 the on-going, explicit threat to have JJC terminated as President and CEO of RDI if he failed to  
24 agree to a global settlement (including of all trust and estate litigation matters) satisfactory to EC  
25 and MC.

26 111. On June 9, 2015, in furtherance of important ongoing RDI business, JJC asked for a  
27 response from MC with respect to a senior executive candidate to oversee RDI's United States real  
28 estate, which candidate had been endorsed by senior executives at RDI. MC consistently has

1 resisted employing such a person, apparently fearing that someone qualified might undermine her  
2 efforts to manage RDI's valuable U.S. real estate holdings. In response to JJC's email, she called  
3 him and said, among other things, "you were supposed to be terminated but for a global settlement  
4 . . . bye . . . bye."

5 112. On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board  
6 members (and RDI's general counsel) stating, among other things, that "we would like to  
7 reconvene the Meeting that was adjourned on Friday, May 29<sup>th</sup>, at approximately 6:15 p.m. (Los  
8 Angeles time.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00*  
9 *a.m. (Los Angeles time)* . . ." The email purported to further "confirm [] our meeting of the Board  
10 of Directors on Thursday, June 18<sup>th</sup> . . . We will be distributing Agenda and Board package for this  
11 Meeting at the end of this week . . ."

12 113. On Friday, June 12, 2015, the supposed RDI board of directors meeting of May 29,  
13 2015 supposedly was reconvened. The sole agenda item carried over from May 21, 2015 was the  
14 termination of JJC as President and CEO of RDI. All other agenda items were deferred until the  
15 next regularly scheduled board meeting six days later, on June 18, 2015. Following through on  
16 their prior threat to terminate JJC if he did not resolve all disputes with EC and MC (on terms  
17 satisfactory to them), EC, MC, Adams, Kane and McEachern each voted to terminate JJC.  
18 McEachern made one last effort to pressure JJC, inviting him to resign rather than be terminated.  
19 Storey and Gould voted against terminating JJC as President and CEO. EC was elected interim  
20 CEO with the intention expressed of initiating immediately a search for a new President and CEO.

21 114. Separately, EC has been empowered to select the search firm to conduct a search  
22 for a supposed new CEO. With such unfettered power, she will select a firm and direct it to  
23 present candidates who she can be assured will possess unwavering fealty to EC and MC, without  
24 regard to the interests of RDI and its other shareholders, if she allows it to proceed at all opting  
25 instead to remain CEO.

26 115. Additionally, and notwithstanding the fact that both directors and senior executive  
27 officers at RDI have agreed that the Company needs to hire an executive with the requisite real  
28 estate experience to advise the Company with respect to its material real estate holdings in New

1 York, and notwithstanding the fact that at least one candidate acceptable to all but MC (and  
2 thereafter EC and the directors beholden to them) had been identified, no person was offered such  
3 a position and, as a practical matter, the search for such a person to fill such a position has been  
4 terminated, all to ensure that MC retains control of those activities, which she is unqualified to  
5 direct without the advice and assistance of an executive with the requisite real estate experience.

6 **EC and Others Pressure Plaintiff In An Effort to Force Him to Abandon This Action**

7 116. EC, with the active assistance or knowing acquiescence of MC, Kane, Adams,  
8 McEachern and Gould, has taken actions to pressure Plaintiff to abandon this action and cede  
9 control of RDI to them. EC did so, Plaintiff is informed and believes, without previously  
10 informing, much less seeking the approval of director Storey. The actions taken to pressure  
11 Plaintiff include immediately terminating his access to his RDI email account and to RDI's offices  
12 and concocting new *ad hoc* "policies" and/or "practices" designed to bring financial pressure to  
13 bear on Plaintiff (such as impairing his ability to exercise RDI options and to sell or borrow against  
14 RDI stock in a manner consistent with RDI's historical practices).

15 117. After the purported termination of Plaintiff on or about June 12, 2015, on EC's  
16 recommendation, the RDI Board had approved a new so-called insider trading policy. Plaintiff  
17 was told that Akin Gump developed it. Plaintiff is informed and believes that this supposed  
18 policy was created to impair his ability to generate liquidity through the sale of or borrowing  
19 against RDI stock, the principal source of Plaintiff's net worth. Given the extremely limited  
20 holdings in RDI stock by any director, officer or employee of RDI other than Plaintiff, this  
21 supposed policy enables EC to control the disposition of such shares through the imposition of  
22 supposed blackout periods, which she has effectively done, preventing JJC from selling a single  
23 share since his purported termination. Kane and McEachern, who purportedly oversee  
24 compensation related and related party matters, each have agreed to and cooperated in efforts to  
25 prevent Plaintiff from exercising RDI options and selling RDI shares.

26 118. In an effort to pressure Plaintiff to abandon this action, and to secure his resignation  
27 from the RDI Board of Directors, EC on June 15, 2015 transmitted a letter the Plaintiff in which  
28 she claimed that the employment agreement entered into by him as an executive (over a decade

1 after he became a director) required him to resign as a director upon his termination as an officer.  
2 That letter claimed that his failure to do so constituted a breach of the referenced employment  
3 agreement and threatened to terminate payments and benefits to Plaintiff if he did not resign  
4 within 30 days of his termination. Shortly thereafter, the Company terminated the health and  
5 medical benefits the Company provides to him, his wife and his three children and since has  
6 terminated payments.

7 **EC, MC, Kane and Adams Act to Entrench Themselves By Manipulating RDI's Corporate**  
8 **Machinery**

9 119. Subsequent to terminating Plaintiff, EC, MC, Kane and Adams acted to limit if not  
10 eliminate the participation in governance of RDI of JJC and directors Storey and Gould. To that  
11 end, a previously inactive executive committee of the RDI Board of Directors has been activated  
12 (i.e., the "EC Committee"). It has been repopulated so that EC, MC, Kane and Adams are its only  
13 members. The full authority of the RDI Board of Directors purportedly now is held by the EC  
14 Committee.

15 120. By such actions, EC, MC, Kane and Adams have impaired if not eviscerated the  
16 functioning of RDI's Board of Directors, effectively replacing it with the EC Committee.

17 121. Other fundamental corporate governance practices and protections at RDI have  
18 been altered, circumscribed or eliminated. EC, with the active assistance and/or knowing  
19 cooperation of MC, Kane and Adams, manipulated and reduced the flow of information to JJC,  
20 Gould and Storey as RDI directors, including by failing to timely distribute drafts of prior RDI  
21 board of directors meeting minutes, by failing to provide board packages sufficiently in advance of  
22 board meetings such that board matters were, to the knowledge of JJC, Storey and Gould,  
23 impromptu actions (which had been addressed previously by EC, MC, Kane and Adams), and by  
24 failing to timely deliver reports requested by director Storey and promised by EC.

25 122. EC, with the active assistance and/or knowing cooperation of MC, Kane, Adams,  
26 McEachern and Gould, has caused RDI to disseminate materially misleading if not inaccurate  
27 information to its public shareholders. They have done so in an effort to delay if not avoid  
28 discovery of the actions of EC, MC, Kane, Adams and McEachern, and to avoid being held

1 accountable for those actions, whether by way of derivative action or otherwise. Among other  
2 things, these defendants caused RDI to disseminate the following press release(s) and/or SEC  
3 filings, each of which was misleading if not inaccurate by omission, commission or both:

- 4 a. RDI on June 15, 2015 issued a press release stating that its board of directors  
5 “has appointed [EC] as interim President and [CEO], succeeding [JJC] . . . .”  
6 This press release was misleading because, among other things, it failed to  
7 address the circumstances of the purported termination of JJC as President and  
8 CEO, much less disclose that he purportedly had been terminated, much less  
9 that the purported termination was without cause, or even that JJC had filed this  
10 action;
- 11 b. On or about June 18, 2015, RDI filed with the SEC a Form 8-K which was  
12 materially misleading if not inaccurate in several respects, including that it  
13 stated that JJC was “required to tender his resignation as a director of [RDI]  
14 immediately upon termination of his employment [, that he had not done so and  
15 that RDI] considers such refusal as a material breach of [the] employment  
16 agreement [] and has given [JJC] thirty (30) days in which to resign . . . .” The  
17 employment agreement in question, which is an exhibit to the Form 10-Q for  
18 period ending June 30, 2013 filed by RDI with the SEC, on its face not only  
19 does not require JJC to resign as a director in the event that he is terminated as  
20 an executive officer, but on its face contemplates that he may continue to serve  
21 as a director, which position he in fact held for many years prior to becoming  
22 an officer and entering into the subject employment agreement. Separately, the  
23 employment agreement contains a thirty (30) day cure provision with respect to  
24 breaches of the agreement which may constitute a basis for termination of JJC  
25 for cause, which defendants do not claim occurred here. Therefore, the  
26 characterization in the Form 8-K of what the Company has done for thirty (30)  
27 days is misleading both as to what the employment agreement provides and  
28 what the Company has done, which in fact is to assert that JJC is breach of an  
agreement which the Company purports to have terminated previously.  
Additionally, the Form 8-K is materially misleading in describing this action;
- c. RDI has failed to file a Form 8-K with respect to the EC Committee, which is a  
development that materially deviates from the prior practices of RDI and RDI’s  
SEC disclosures with respect to those practices.
- d. On or about October 13, 2015, RDI filed with the SEC a Form 8-K which was  
materially misleading if not inaccurate. In particular, the description in that  
Form 8-K of defendant Storey “retir[ing]” from the RDI Board of Directors is  
misleading if not inaccurate. As alleged herein, Plaintiff is informed and  
believes that Mr. Storey had been told that he would not be nominated to stand  
for reelection and that he effectively was forced to resign as a director. The  
Form 8-K also is misleading if not inaccurate insofar as its descriptions of new  
board members Judy Coddington and Michael Wrotniak suggest that their  
respective experiences described in the Form 8-K, such as Coddington having  
experience in the field of education and/or Wrotniak having “considerable

1 experience in international business, including foreign exchange risk  
2 mitigation,” were the reasons those two persons were made Directors of RDI.  
3 The Form 8-K also is misleading if not inaccurate with respect to those two  
4 persons being made directors RDI because it fails to disclose their respective  
5 personal relationships with Cotter family members. As alleged herein, Coddington  
6 is a personal friend of Mary Cotter and Wrotniak and/or his wife are personal  
7 friends of MC.

8  
9  
10 **EC, MC, Kane, Adams and McEachern Manipulate the Corporate Machinery of RDI in An**  
11 **Effort to Control the Election of Directors at the 2015 Annual Shareholders Meeting**

12 123. Approximately forty four percent (44%) of the class B voting stock of RDI is held  
13 in the name of the James J. Cotter Living Trust, which became irrevocable upon JJC, Sr.’s death  
14 on September 13, 2014 (the “Trust”).

15 124. Who has authority to vote the RDI class B voting stock held in the name of the  
16 Trust is a subject of dispute in the California trust and estate litigation between EC and MC, on  
17 one hand, and JJC, on the other hand.

18 125. Plaintiff is informed and believes that, unless EC, MC and JJC as co-trustees of the  
19 Trust all agree and provide a unanimous direction to the Company as required under Section  
20 15620 of the California Probate Code, RDI cannot properly count any vote of those shares in  
21 connection with the 2015 RDI Annual Shareholders Meeting (“ASM”).

22 126. Plaintiff is informed and believes that EC and MC are aware of the foregoing  
23 regarding whether the RDI class B voting stock held in the name of the Trust properly can be  
24 counted at or in connection with RDI’s 2015 ASM.

25 127. Plaintiff is informed and believes that EC and MC agreed to act and have taken  
26 actions to increase the number of RDI class B shares they can vote at RDI’s 2015 ASM in order to  
27 attempt to control that vote without including the class B voting stock held in the name of the  
28 Trust.

a. On or about April 17, EC and MC exercised options to acquire 50,000 and  
35,100 shares of RDI class B shares, respectively.

b. On or about September 17, 2015, EC and MC, acting as executors of the  
estate of JJC, Sr., exercised an option to acquire 100,000 shares of RDI  
class B voting stock. Despite claiming a need to preserve assets of the  
Estate, EC and MC utilized liquid RDI class A shares to pay for the  
exercise of the Estate’s option to acquire these illiquid RDI class B shares.

1  
2 128. In or about June 12, 2015, Plaintiff was told by RDI that the prior practice of  
3 allowing the Compensation Committee of RDI's full Board of Directors to approve the exercise of  
4 options had been changed to require that each member of the Board of Directors approve any  
5 exercise of options by any director. Plaintiff is informed and believes that this was in furtherance  
6 of the efforts of EC and others to bring financial pressure to bear on Plaintiff.

7 129. Thus, when Plaintiff on or about June 5 and July 2 sought to exercise two separate  
8 tranches of RDI options, his request to do so was delayed for a period of four weeks in each case  
9 from the time he gave notice of his election to exercise such options. This was due to the  
10 supposed new practice of requiring all directors to approve a director's exercise of options and the  
11 supposed delay in getting all directors to sign such consent.

12 130. However, that purported new practice later was reversed or abandoned. Plaintiff is  
13 informed and believes that that was because EC and MC, purporting to act as executors of the  
14 Estate of JJC, Sr., intended to seek to exercise an option to have the Estate acquire 100,000 shares  
15 of class B voting stocks (which they did, as alleged herein).

16 131. EC and MC feared that JJC as an RDI director would refuse to consent to the  
17 exercise of this option controlled by EC and MC as executors of the Estate of JJC, Sr.

18 132. Two of three members of the Compensation Committee are Adams and Kane.  
19 Plaintiff is informed and believes that on or about September 21, 2015, Kane and Adams,  
20 purporting to act as directors and as members of the Compensation Committee, authorized the  
21 request of EC and MC that the Estate be allowed to use liquid class A stock to exercise the option  
22 to acquire the 100,000 shares using shares of RDI class A stock. Kane and Adams did so in  
23 derogation of the interests of RDI, which received no benefit from receiving class A stock (rather  
24 than cash), which merely reduced the float of such stock. Plaintiff is informed and believes that  
25 Kane and Adams also did so without requiring EC and MC as executors of the Estate to produce  
26 documentation establishing the Estate's entitlement to exercise such option, which documentation  
27 may not exist. The third director who is a member of the Compensation Committee, Timothy  
28 Storey, was unable to attend the supposed meeting of the Compensation Committee because it was  
called with too little notice.



1           133. Plaintiff is informed and believes that EC and MC took such actions because it is  
2 their understanding that, absent the exercise of the option for the Estate to acquire 100,000 shares  
3 of RDI class B voting stock which EC and MC will purport to vote as executors of the Estate, EC  
4 and MC lacked sufficient votes to control the 2015 ASM and, in effect, unilaterally elect as RDI  
5 directors whomever they choose.

6           **EC And MC Systematically Mislead RDI Shareholders, Including By Failing To Make**  
7           **Disclosures Required By The Federal Securities Laws And By Making Misleading**  
8           **Disclosures.**

9           134. On or about September 24, 2014, MC and EC filed a Schedule 13D with the United  
10 States Securities and Exchange Commission (the "SEC"). In that 13D, each of MC and EC  
11 indicated that they were not a member of a 13D group and each excluded any and all RDI shares  
12 not owned by them, including shares owned by the Trust and shares held by the Estate, from the  
13 shares each reported as beneficially owned and/or shares subject to shared voting power.

14           135. On or about December 22, 2014, EC and MC were appointed in the accompanying  
15 Nevada probate action to act as co-executors of the Estate. Plaintiff is informed and believes that  
16 they commenced the Nevada probate action at least in part to exercise control as executors of  
17 certain Company class B voting stock. As alleged herein, EC and MC have used their positions as  
18 executors of the Estate for the purpose of attempting to secure and retain control of the  
19 membership or composition of the RDI Board of Directors.

20           136. On or about January 9, 2015, MC and EC filed an amendment to the schedule 13D  
21 they filed on or about September 24, 2014 (the "13D1"). The 13D1 for the first time identified the  
22 two of them as a 13D group. The 13D1 also was filed for the Estate, but it expressly indicates that  
23 the RDI class B voting stock held by the Estate was not stock with respect to which either MC or  
24 EC had shared voting power.

25           137. On or about April 16, 2015, EC exercised one or more options to acquire 50,000  
26 shares of RDI class B voting stock. She was allowed to do so by using RDI class A non-voting  
27 stock rather than cash. That provided no benefit to RDI. EC did not file the required Form 4  
28 disclosure with the SEC regarding that acquisition of class B voting stock until on or about  
October 9, 2015, three days after the record date of October 6 set for the 2015 ASM.

1           138. On or about April 17, 2015, MC exercised options to acquire a total of 35,100  
2 shares of RDI class B voting stock. She was allowed to do so by using RDI class A non-voting  
3 stock rather than cash. That provided no benefit to RDI. MC did not file the required Form 4  
4 disclosure with the SEC regarding that acquisition of class B voting stock until on or about  
5 October 9, 2015, three days after the record date of October 6.

6           139. Plaintiff is informed and believes that in or before April 2015, MC and EC agreed  
7 that they would exercise shared voting power of the RDI class B voting stock held in the name of  
8 the Estate together with RDI class B voting stock held individually by each of them, such that EC  
9 and MC together with the Estate were members of a group for the purposes of Schedule 13D.

10           140. On or about October 9, 2015, EC and MC filed an amended 13D (the "13D2"). The  
11 13D2 disclosed for the first time that EC and MC together with the Estate were members of a  
12 group for the purposes of Schedule 13D. Plaintiff is informed and believes that EC and MC  
13 purposefully failed to disclose the prior existence of this 13D group until such time as they had  
14 exercised an option held by the Estate to acquire an additional 100,000 shares of RDI class B  
15 voting stock and until after the October 6 record date had passed, as part of their scheme to  
16 attempt to control over fifty percent (50%) of the class B voting stock (not including such stock  
17 held in the name of the Trust) before the record date for the 2015 ASM. They acquired the  
18 100,000 shares on or about September 21, 2015.

19           141. The 13D2 filed on or about October 9, 2015 also states that the Trust "is also a  
20 member of the group with the Estate, Margaret Cotter and Ellen Cotter" and says that the "Trust  
21 has separately filed a report on Schedule 13D on the date hereof." The 13D2 also states that MC  
22 and EC have shared voting power with both the Estate and the Trust.

23           142. On or about October 9, 2015, EC and MC caused the Trust to file a Schedule 13D.  
24 That Schedule 13D, like the 13D2, states that the Trust is a member of a group for the purposes of  
25 Schedule 13D with the Estate, MC and EC. In response to all these late filings as well as others  
26 made by the Company, one institutional holder asked the Board, "Why does this board and  
27 management choose to continue to be serial abusers of the securities laws?"  
28

143. Contrary to what the Schedule 13D filed for the Trust on or about October 9 and the 13D2 imply, EC and MC do not control the shares held in the name of the Trust for voting purposes, shared or otherwise. Plaintiff is informed and believes that such statements made in these two schedule 13Ds (and in the Company's Proxy Statement for the 2015 ASM) are intended by EC and MC (and by Kane, Adams and McEachern) to mislead other holders of RDI class B voting stock in anticipation of and in connection with the 2015 ASM.

144. Thus, EC and MC systematically have manipulated their disclosure of actual and claimed ownership and control of RDI class B voting stock for the purposes of misleading RDI shareholders and facilitating their scheme to seize control of RDI and perpetuate their control of RDI. All such actions were purposefully taken by them in derogation of their fiduciary obligations, including the duty of disclosure.

145. Plaintiff is informed and believes that each of Kane, Adams and McEachern were party to this scheme. Kane and Adams acted to facilitate this scheme, acting as directors and members of the Compensation Committee to effectuate the acquisition by the Estate of 100,000 shares of class B voting stock, including as alleged herein.

## **EC, MC, Kane, Adams and McEachern Act to Stack the Board With Others Loyal to EC and MC**

146. EC, MC, Kane, Adams and McEachern have acted to add to the RDI Board of Directors individuals who share a singular qualification, namely, long-standing friendships with EC, MC and/or their mother.

147. On or about August 1, 2015, a couple days before a RDI board meeting, EC as Chairman of the Board included on a Board of Directors agenda an item not previously discussed, proposing to add to RDI's Board an individual purported to have needed and sought after real estate development experience. The nomination was proposed to the Board with little notice to the Board so that the Board would be unable to vet the qualifications and suitability of the candidate to RDI's Board. EC has known this individual over twelve years and has a close, personal relationship with him, his wife and child, even being referred to as the young child's aunt. Additionally, that individual previously had done business with RDI in a manner that caused harm

1 to RDI. When Plaintiff objected based on these factors, EC realized that she could not add to the  
2 Board someone who had done harm to RDI previously and effectively withdrew that nomination,  
3 reporting that her nominee had withdrawn it.

4 148. On or about October 3, also a few days before a board meeting (similarly allowing  
5 no time to vet the qualifications and suitability of the candidate to RDI's Board), EC proffered  
6 another director candidate, Judy Coddington. Though apparently experienced in the field of  
7 education, Ms. Coddington has no experience in either of RDI's two principal business segments,  
8 cinema operations and real estate development. Ms. Coddington also has no experience as a director  
9 of a public company.

10 149. However, Ms. Coddington maintains a long standing, close personal friendship with  
11 Mary Cotter, the mother of EC, MC and Plaintiff. Mary Cotter has chosen the side of EC and MC  
12 in the family disputes between EC and MC, on one hand, and JJC, on the other hand. EC and MC  
13 both currently reside with Mary Cotter, at least when in metropolitan Los Angeles.

14 150. EC, together with Adams, McEachern and Kane, pushed to have Ms. Coddington  
15 added to RDI's Board in advance of the ASM. On October 5, Ms. Coddington was made a director  
16 on an impromptu basis, after only minutes of supposed deliberation by the Board. Each of  
17 defendants other than Storey (and Plaintiff) acquiesced to EC's request and voted to add this  
18 person to the Board. Plaintiff is informed and believes that Gould did so as part of an ongoing  
19 effort to atone for not previously siding with EC and MC in their disputes with Plaintiff, in  
20 furtherance of his attempt to preserve his position as a director. While Gould asked why such  
21 appointment needed to be "slammed down" at that meeting and said that more time was needed to  
22 allow the Nominating Committee to vet Ms. Coddington's qualifications, he approved the  
23 appointment, effectively acknowledging that he was abdicating his responsibilities in order to  
24 accommodate EC and MC on the critical subject of Board membership. After Ms. Coddington's  
25 appointment to RDI's Board of Directors was disclosed, one of RDI's institutional shareholders  
26 expressed his disbelief over the appointment of someone with no relevant experience and whose  
27 activity relating to her employer's alleged violations of the public bidding laws to secure a  
28 contract with L.A. Unified School District (LAUSD) to provide iPads to schools was under

1 scrutiny in a federal criminal investigation. Notwithstanding that Ms. Coddington's central role in  
2 Pearson's relationship with LAUSD was publicly reported in the Los Angeles Times within the  
3 last year, none of Adams, McEachern or Kane were aware of, or at least disclosed to the Board  
4 their knowledge of, Ms. Coddington's involvement in such alleged criminal activity prior to  
5 recommending her.

6 151. On October 5, 2015, EC and MC announced to the full RDI Board of Directors that  
7 they determined to have a so-called nominating committee comprised of Kane, Adams and  
8 McEachern propose a board slate of nominees for the RDI's 2015 ASM, which has been set for  
9 November 10, 2015. RDI's counsel indicated that EC and MC's personal lawyer recommended  
10 that EC and MC not be involved in the nominating process and that the Board form a nominating  
11 committee for optical reasons, given EC and MC's role as executors of the Estate and trustees of  
12 the Trust.

13 152. Plaintiff is informed and believes that EC and MC previously had determined that  
14 director Storey would not be nominated to stand for reelection. Plaintiff is further informed and  
15 believes that, prior to the appointment of such nominating committee, each member of the so-  
16 called nominating committee had agreed to execute the decision of EC and MC to not nominate  
17 director Storey to be reelected.

18 153. Plaintiff is informed and believes that the insistence of director Storey that RDI  
19 directors act in the interest of all shareholders, not just EC and MC, and his efforts to do so,  
20 account in part for the decision and agreement of EC, MC, Kane, Adams and McEachern to not  
21 nominate director Storey to stand for reelection at the 2015 ASM.

22 154. Plaintiff is informed and believes that the supposed nominating committee, or at  
23 least one or more of McEachern, Adams and Kane purporting to act in that capacity, pressured  
24 Storey to resign as a director offering him inducements to resign that they were not authorized to  
25 provide.

26 155. The supposed nominating committee, acting at the direction and requests of EC and  
27 MC, then selected Michael Wrotniak, who was a candidate about whom EC provided information  
28 to the full Board only a couple days before the Board meeting, to replace Storey.

1           156. Wrotniak does not have expertise in either of RDI's business segments, cinema  
2 operations and real estate development. Nor does he possess expertise in corporate governance.  
3 Nor does he possess expertise in any other matter that would be of value to RDI as a public  
4 company.

5           157. However, Wrotniak is the husband of MC's best friend. He was chosen because  
6 MC and EC expect unwavering loyalty from him.

7           158. The supposed nominating committee selected Wrotniak, notwithstanding the fact  
8 that a senior executive with chief financial officer experience at a public, multi-billion dollar real  
9 estate services and investment company, experience with Wall Street and years of experience in  
10 the real estate industry, expressed a willingness to serve on RDI's Board of Directors. That  
11 candidate had been suggested by Plaintiff and had no ties to any of the Cotters.

12           159. By the foregoing actions, EC, MC, Kane, Adams and McEachern each have  
13 continued to misuse the corporate machinery of RDI to further the personal financial and other  
14 interests of each and all of them, including in particular to attempt to rig the vote at the 2015  
15 ASM, to entrench and perpetuate themselves in exclusive control of RDI.

16           160. Thus, at all times relevant hereto, EC and MC, together with Kane, Adams and  
17 McEachern, have acted and continue to act, to protect and further their own personal and financial  
18 interests, and knowingly have done so to the detriment of RDI and all of its shareholders,  
19 including through their pervasive and ongoing misuse and dismantling of RDI's corporate  
20 governance machinery and structures and their systematic dissemination to RDI shareholders of  
21 materially misleading if not inaccurate information, by both commission and omission. For his  
22 part, Gould has acceded to and approved certain such conduct, and has done so in derogation of  
23 his fiduciary duties.

24           161. On or about October 20, 2015, the Company issued its Proxy Statement for the  
25 2015 ASM scheduled for November 10, 2015. The Proxy Statement is materially misleading if not  
26 inaccurate in a number of respects, including the following:

- 1 a. It states (at page 10) that, under Nevada law, EC and MC, as two of three  
2 trustees of the Trust, have the power to vote all of the RDI class B voting stock  
3 held in the name of the Trust on the books and records of the Company;
- 4 b. It states (at page 10) that EC and MC together have the power to vote  
5 71.9% of a class B voting stock entitled to vote for directors at the 2015 ASM;
- 6 c. It states (at pages 10 and 11) that the Company is a controlled company  
7 under NASDAQ listing rules;
- 8 d. It states (at page 11) that EC has been appointed as interim President and  
9 CEO and that the Board has established an Executive Search Committee comprised  
10 of EC, MC, Adams, Gould and McEachern which, it says, "will consider both  
11 internal and external candidates." Plaintiff is informed and believes that the  
12 undisclosed plan is to make EC President and CEO after conducting a search the  
13 purpose of which is to create the misimpression of a bona fide process;
- 14 e. It states (on page 12) that the "Special Nominating Committee and the  
15 Board accordingly considered the views of (EC and MC) with respect to the 2015  
16 Director nominees," when in fact the Special Nominating Committee and every  
17 member of the Board other than Plaintiff acted as each understood EC and MC  
18 desired;
- 19 f. It states (on page 12) that Plaintiff "vot[ed] against each of the  
20 recommended nominees (including himself)," which is inaccurate;
- 21 g. It describes (on page 15) historical business experience of defendant  
22 Adams, as if that experience is the reason he is a director and id nominated for  
23 reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC  
24 and MC, and fails to disclose Adams' financial dependence on companies and deals  
25 controlled by EC and MC;
- 26 h. It describes (at page 15) professional experience of Judy Coddin in the  
27 field of education as if that were the reason she was made a director and is  
28

1 nominated for reelection, but fails to disclose her personal relationship with Mary  
2 Cotter, the mother of EC and MC;

3 i. It describes (at pages 15-16) the role of MC with respect to the Company's  
4 live theatre operations, and says that she "heads up the re-development process  
5 with respect to these properties and our Cinemas 1, 2 & 3," but fails to disclose that  
6 MC successfully has ended the search by the Company for an experienced real  
7 estate executive to lead its real estate development efforts. Among the reasons MC  
8 has done so is to create a purported basis for seeking and securing and for which  
9 she will receive an employment agreement with the Company;

10 j. It describes (at page 16) certain professional experience of Kane, including  
11 experience from 1987 and 1988, but fails to disclose his historical and ongoing  
12 quasi-familial relationship with EC and MC;

13 k. It describes (at page 16) certain professional experience of Wrotniak, as if  
14 that were the reason he was made a director and is nominated for reelection, but  
15 fails to disclose the close personal relationship he and his wife have with MC.

#### 16 **RDI Is Injured**

17 162. When the individual defendants' complained of conduct became publicly known  
18 and disseminated, the price at which RDI stock traded dropped, resulting in monetary damages to  
19 RDI and to RDI stockholders. One or more directors or officers of RDI observed at or about the  
20 time that this had occurred. Those damages are estimated to be in excess of \$40 million. When  
21 the actions of the individual defendants (other than Storey) to stack the RDI Board became  
22 publicly known, RDI stock prices dropped again.

23 163. The individual defendants' complained of conduct has resulted in injury to and  
24 impairment of RDI's reputation and goodwill. The consequences of such damage include  
25 diminished ability to attract and retain qualified senior executives, increased costs if able to do so,  
26 an impaired ability to effectuate transactions that may involve use of Company stock as  
27 consideration, diminished willingness of institutional investors to buy and to hold RDI stock and  
28 other impairment of and increased costs to conduct fundamental aspects of RDI's business.



1 164. The individual defendants' complained of conduct effectively has eliminated  
2 important rights of shareholders, including the right to be timely informed of material  
3 developments, the right to not be misled, the right to rely on timely and accurate SEC filings and  
4 the right to have elections for directors that are not manipulated and not rigged.

5 165. Certain of the individual defendants' complained of conduct has literally cost RDI  
6 money, meaning has caused monetary damages to RDI, including for example what amounted to a  
7 gift of \$50,000 to EC.

8 **Demand Is Excused**

9 166. Insofar as any or all of the claims made herein are derivative in nature, demand  
10 upon the RDI board is excused because, among other things, each of the individuals named as  
11 defendants herein comprising seven of eight board members (and, counting Plaintiff, eight of  
12 eight) and comprising five of five outside directors, are unable to exercise independent and  
13 disinterested business judgment in responding to a demand, and because the actions giving rise to  
14 this action, namely, the threat to terminate JJC and the subsequent actions to do so when he refused  
15 to be pressured into settling trust and estate litigation with EC and MC on terms satisfactory to  
16 them, were not *bona fide* business decisions undertaken honestly and in good faith in the best  
17 interests of RDI, much less the product of a valid exercise of business judgment.

18 167. In that respect, all of the RDI board members named as defendants herein would be  
19 materially affected, either to their benefit or detriment, by a decision of the RDI board with respect  
20 to any demand, and would be so affected in a manner not shared by the Company or its  
21 stockholders, including for the reasons alleged herein.

22 168. Additionally, each of the five outside directors is and would be unable to exercise  
23 independent and disinterested business judgment responding to a demand because, among other  
24 things, doing so would entail assessing their own liability, including possibly to the Company.  
25 The same is true particularly with respect to a majority of the outside directors, meaning Adams,  
26 Kane and McEachern, each of whom lack independence generally and, more particularly with  
27 respect to the decision to pick sides in a family dispute and terminate Plaintiff as President and  
28 CEO of RDI, lack disinterestedness, including for the reasons alleged herein, including but not

1 limited to Adams' financial dependence on companies controlled or claimed to be controlled by  
2 EC and MC, Kane's quasi-familial relationship with EC and MC and McEachern's decision to  
3 protect and pursue his own personal and financial interest which, Plaintiff is informed and  
4 believes, is based upon McEachern's erroneous expectation that EC and MC ultimately will  
5 prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling  
6 McEachern's fate as a director.

7 169. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and  
8 McEachern lack disinterestedness and independence because each has affirmatively chosen,  
9 without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI,  
10 to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand,  
11 and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like  
12 MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI.

### 13 **FIRST CAUSE OF ACTION**

#### 14 **(For Breach of Fiduciary Duty – Against All Defendants)**

15 170. Plaintiff repeats and realleges paragraphs 1 through 169, inclusive, of this complaint  
16 and incorporates them herein by this reference as though set forth in full.

17 171. Each of defendants Kane, Adams, McEachern, Storey and Gould at all times  
18 relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary  
19 duties of care, candor, good faith and loyalty, to the Company, to Plaintiff and to other RDI  
20 shareholders.

21 172. The duty of care owed by each of these defendants entails, among other things, an  
22 obligation to exercise the requisite degree of care in the process of decision making as a director  
23 and to act on an informed basis.

24 173. The duty of care further requires, among other things, that these directors do not act  
25 with undue haste, a lack of board preparation or a failure of deliberation with respect to the merits  
26 of any and every supposed business decision.

27 174. By the conduct described herein, including in particular but not limited to the  
28 failure to engage in any process to assess the skills and performance of Plaintiff as President or as

1 CEO in connection with the decision to threaten to terminate and to terminate him, and including  
2 but not limited to the conduct herein that amounted to pre-empting any process of doing so and  
3 preventing any *bona fide* deliberations with respect to such decision, each of defendants Kane,  
4 Adams, McEachern, Storey and Gould have breach their fiduciary obligations, including in  
5 particular their fiduciary duty of care.

6 175. As a direct and proximate result of the acts and omissions of said defendants as  
7 described herein, Plaintiff and the Company and its other shareholders have suffered injury and  
8 continue to suffer injury as alleged herein.

9 176. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages,  
10 which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants.  
11 Plaintiff will amend this complaint and set forth said damages when they are ascertained,  
12 according to proof at trial.

## 13 SECOND CAUSE OF ACTION

### 14 (Breach of Fiduciary Duty – Against MC, EC, Adams, Kane, McEachern and Gould)

15 177. Plaintiff repeats and realleges paragraphs 1 through 169, inclusive, of this complaint  
16 and incorporates them herein by this reference as though set forth in full.

17 178. Each of defendants Kane, Adams, McEachern, Storey and Gould at all times  
18 relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary  
19 duties of care, candor and loyalty, to the Company, to Plaintiff and to other RDI shareholders.

20 179. The duty of loyalty includes the obligation to not use their positions of control of  
21 the Company, including in particular as directors, to further their own personal or financial  
22 interests or the personal or financial interests of another of them to the detriment of the interests of  
23 the Company and its shareholders.

24 180. By the conduct described herein, each of these defendants have undertaken to  
25 further their own interests or the interests of another of them, to the direct, immediate and ongoing  
26 detriment of the Company, Plaintiff and each of its other shareholders.

27 181. By reason of the foregoing, each of MC, EC, Adams, Kane, McEachern and Gould  
28 have breached their fiduciary obligations, and in particular their fiduciary duties of good faith,

loyalty and candor, to the Company and to Plaintiff and all other shareholders of the Company.

182. As a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

183. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

### THIRD CAUSE OF ACTION

#### (Aiding and Abetting Breach of Fiduciary Duty – Against MC and EC)

184. Plaintiff repeats and realleges paragraphs 1 through 169, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

185. Insofar as any or all of Defendants contend that the decision to terminate Plaintiff as CEO and President was made based upon a vote of the non-Cotter directors, and independent of the fact that such vote was legally ineffectual, the fiduciary breaches alleged above were solicited and aided and abetted by MC and EC.

186. As alleged more fully herein, EC and MC had solicited and assisted the actionable conduct of defendants Kane, Adams and McEachern, including in particular but not limited to the threat by the three of them to terminate JJC as President and CEO of RDI if, in the few hours between the adjournment of the supposed RDI board meeting on Friday, May 29, 2015 the presumption of that supposed meeting at or about 6:00 p.m. that evening, JJC did not reach a global settlement agreement with EC and MC, meaning agree to their take-it or leave-it agreement or any other such agreement they would demand he accept.

187. EC and MC further solicited and aided and abetted the decisions and actions of defendants Adams, Kane and McEachern to terminate JJC as President and CEO of RDI.

188. EC and MC further prompted and aided and abetted the fiduciary breaches of Storey and Gould.

189. Each of EC and MC have acted with knowledge of the fiduciary obligations of the

1 five outside directors. Each of EC and MC have acted with knowledge of the manner in which  
2 those fiduciary obligations were breached, and aided and abetted and continue to aide and abed  
3 said breaches. Accordingly, each of EC and MC are liable for aiding and abetting those fiduciary  
4 breaches.

5 190. As a direct and proximate result of the acts and omissions of said defendants as  
6 described herein, Plaintiff and the Company and its other shareholders have suffered injury and  
7 continue to suffer injury as alleged herein.

8 191. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages,  
9 which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants.  
10 Plaintiff will amend this complaint and set forth said damages when they are ascertained,  
11 according to proof at trial.

#### 12 **Irreparable Harm**

13 192. As a result of the ongoing acts of Defendants, the Company, Plaintiff and other RDI  
14 shareholders have suffered and will continue to suffer immediate and ongoing irreparable injury  
15 for which no adequate remedy at law exists, including as alleged herein. Accordingly, Plaintiff is  
16 entitled to temporary, preliminary and permanent injunctive relief restraining Defendants, and each  
17 of them, from continuing their course of conduct and undertaking further actions in derogation of  
18 their fiduciary obligations, and to an order and judgment finding that the actions undertaken to date  
19 to threaten JJC with termination and thereafter terminate JJC as President and CEO of RDI, as well  
20 as their actions undertaken in furtherance of the self-dealing and entrenchment scheme alleged  
21 herein, are legally ineffectual and of no force and effect, will be enjoined, or both.

22 193. In particular, unless such injunctive relief is granted, Plaintiff, the Company and  
23 other shareholders will suffer irreparable harm for which no adequate remedy at law exists.

#### 24 **PRAYER FOR RELIEF**

25 **WHEREFORE**, Plaintiff prays for judgment against Defendants and each of them, jointly  
26 and severally, as follows:

27 1. For relief restraining and enjoining Defendants from taking further action to  
28 effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of

1 RDI;

2 2. For a determination that the purported termination of Plaintiff as President and  
3 CEO of RDI was legally ineffectual and is of no force and effect;

4 3. For entry of an order that:

5 a. Finds that that three or more of EC, MC, Kane, Adams and/or McEachern  
6 lacked the requisite disinterestedness and/or lacked independence and/or failed to  
7 act with the requisite disinterestedness and/or independence in voting (and  
8 purporting to act as) directors of RDI to remove Plaintiff as President and CEO of  
9 RDI, finds that such action is voidable and declares such action void and legally  
10 ineffectual, such that Plaintiff is restored to the positions of President and CEO of  
11 RDI (unless and until such time as he resigns or is removed by way of proper and  
12 legally enforceable procedure);

13 b. Enjoins the individual defendants and each of them, and their agents, from  
14 any and all actions to circumvent, impair the function of or render ineffective RDI's  
15 full Board of Directors, including in particular but not limited to any and all actions  
16 to (i) delay the delivery of draft minutes of RDI Board of Directors meetings and/or  
17 cause minutes to be edited or revised to suit the litigation purposes of any or all of  
18 EC, MC, Kane, Adams and McEachern, (ii) cause the failure or untimely delivery  
19 of agendas and materials to be used at RDI Board of Directors meetings, (iii) cause  
20 minutes of RDI Board of Directors meeting to be inaccurate, misleading or  
21 incomplete, and (iv) cause the EC Committee or any other committee of the Board  
22 of Directors (other than its audit and compensation committees in the ordinary  
23 course of business) to take any actions, to make any decisions or to otherwise act or  
24 fail to act in place or in lieu of the full Board of Directors with respect to any and  
25 all decisions of the type or nature that can be made by RDI's Board of Directors  
26 (rather than by its senior executives);

27 c. Directs RDI and the individual defendants to make such corrective  
28 disclosures as are determined by the Court to be appropriate, with such disclosures

1 required to be made in advance of RDI's 2015 ASM or, alternatively, orders that  
2 the 2015 ASM to be postponed pending such corrective disclosures;

3 d. Enjoins the individual defendants and each of them, and their agents, from  
4 manipulating the 2015 ASM, including by entering an order sterilizing or voiding  
5 any vote they cast at or in connection with the 2015 ASM of the 100,000 shares of  
6 class B voting stock that were the subject of an option purportedly exercised in or  
7 about September 2015; and

8 e. Requires that nominees for RDI's Board of Directors have *bona fide*  
9 qualifications to serve on the board of a public company engaged in RDI's two  
10 principal business segments, cinemas and real estate development.

11 4. For judgment against each of the Defendants for breach of their respective fiduciary  
12 obligations;

13 5. For actual and compensatory damages incurred by RDI and against each of  
14 Defendants other than Storey in an amount according to proof at trial;

15 6. For costs of suit herein; and

16 7. For such other and further relief as the Court may deem just and proper.

17 DATED this 22nd day of October, 2015.

18 LEWIS ROCA ROTHGERBER LLP

19  
20 /s/ Mark G. Krum

21 Mark G. Krum (Nevada Bar No. 10913)  
22 3993 Howard Hughes Pkwy, Suite 600  
23 Las Vegas, NV 89169-5958

24 Attorneys for Plaintiff  
25 *James J. Cotter, Jr.*  
26  
27  
28

**CERTIFICATE OF SERVICE**

I, Annette Jaramillo, declare as follows:

I am over the age of eighteen years and not a party to the within entitled action. I am a legal assistant acting at the direction of Lewis Roca Rothgerber LLP, 3993 Howard Hughes Parkway, Suite 600, Las Vegas, Nevada 89169.

On October 22, 2015, I served the attached:

• **JAMES J. COTTER, JR.'S FIRST AMENDED VERIFIED COMPLAINT**

on the interested parties in said action, as follows:

Mark E. Ferrario, Esq.  
Leslie S. Godfrey, Esq.  
Lance Coburn, Esq.  
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*Attorneys for Reading International, Inc.*

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Marshall M. Searcy, Esq.  
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*Derivatively on behalf of Reading  
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*Derivatively on behalf of Reading  
International, Inc.*

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Suite 600  
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**LEWIS ROCA  
ROTHGERBER**



1 and caused to be served via the Court's E-Filing System DAP/Wiznet, on all interested parties in  
2 the above-referenced matter. The date and time of the electronic service is in place of the date and  
3 place of deposit in the mail.

4  
5 DATED this 22nd day of October, 2015.

6 /s/ Annette Jaramillo  
7 An Employee of Lewis Roca Rothgerber LLP  
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**VERIFICATION OF JAMES J. COTTER, JR. OF FIRST AMENDED VERIFIED**  
**COMPLAINT**

I, James J. Cotter Jr., declare as follows:

1. I am over the age of eighteen (18) years and competent to testify to the matters set forth herein. Pursuant to all applicable laws, I swear as follows:

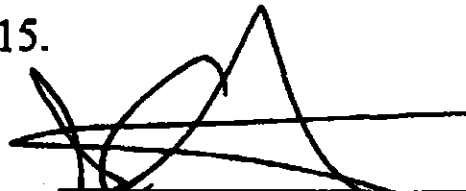
2. As a shareholder of Reading International, Inc. ("RDI"), I am plaintiff in the above-captioned action.

3. As stated in the First Amended Verified Complaint (the "First Amended Complaint"), I am and at all times relevant to this action have been a shareholder of nominal defendant RDI.

4. I have read the First Amended Complaint and am familiar with the contents thereof. The factual allegations therein are true based upon my personal knowledge, except for those matters set forth upon information and belief, which I believe to be true, as well.

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 22<sup>nd</sup> day of October, 2015.

  
\_\_\_\_\_  
JAMES J. COTTER, JR.

# Tab 09

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## REGISTER OF ACTIONS

CASE NO. A-15-719860-B

James Cotter, Jr., Plaintiff(s) vs. Margaret Cotter, Defendant(s)

§  
§  
§  
§  
§  
§

Case Type: **NRS Chapters 78-89**

Date Filed: **06/12/2015**

Location: **Department 11**

Cross-Reference Case **A719860**

Number:

### RELATED CASE INFORMATION

#### Related Cases

P-14-082942-E (Coordinated - Certain Matters)

### PARTY INFORMATION

Defendant	Adams, Guy	Lead Attorneys Harold Stanley Johnson
Defendant	Cotter, Ellen	Harold Stanley Johnson
Defendant	Cotter, Margaret	Harold Stanley Johnson
Defendant	Gould, William	Donald A. Lattin
Defendant	Kane, Edward	Harold Stanley Johnson
Defendant	McEachern, Douglas	Harold Stanley Johnson
Defendant	Storey, Timothy	Donald A. Lattin
Intervenor	JMG Capital Management LLC	Alexander Robertson IV
Intervenor	Pacific Capital Management LLC	Alexander Robertson IV
Intervenor Plaintiff	T2 Accredited Fund LP <i>Doing Business As</i> Kase Fund	Alexander Robertson IV <i>Retained</i>
Intervenor Plaintiff	T2 Partners Management Group LLC <i>Doing Business As</i> Kase Group	Alexander Robertson IV <i>Retained</i>
Intervenor Plaintiff	T2 Partners Management LP <i>Doing Business As</i> Kase Capital Management	Alexander Robertson IV <i>Retained</i> 818-851-3850(W)
Intervenor Plaintiff	T2 Qualified Fund LP <i>Doing Business As</i> Kase Qualified Fund	Alexander Robertson IV <i>Retained</i>
Intervenor Plaintiff	T2Partners Management I, LLC <i>Doing Business As</i> Kase Management	Alexander Robertson IV <i>Retained</i>
Intervenor Plaintiff	Tilson Offshore Fund Ltd	

**000232**

Alexander Robertson IV

Other      Reading International, Inc

Mark E. Ferrario, ESQ

Plaintiff      Cotter, James J, Jr.

Mark G. Krum

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EVENTS & ORDERS OF THE COURT

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01/19/2016 | **All Pending Motions** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)**Minutes**

01/19/2016 8:30 AM

- NOMINAL DEFENDANT REDAING INTERNATIONAL, INC.'S MOTION TO DISMISS JAMES COTTER, JR.'S FIRST AMENDED COMPLAINT...DEFENDANTS MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, AND DOUGLAS MCEACHERN'S MOTION TO DISMISS FIRST AMENDED COMPLAINT Also present: Attorney Aaron Shipley for James J. Cotter, Jr. Mr. Robertson participated by telephone. NOMINAL DEFENDANT REDAING INTERNATIONAL, INC.'S MOTION TO DISMISS JAMES COTTER, JR.'S FIRST AMENDED COMPLAINT: Following arguments by Mr. Searcy and Mr. Krum, COURT ORDERED, Motion DENIED. DEFENDANTS MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, AND DOUGLAS MCEACHERN'S MOTION TO DISMISS FIRST AMENDED COMPLAINT: Following arguments by Mr. Ferrario and Mr. Krum, COURT ORDERED, Motion DENIED at this stage because it is a motion to dismiss standard; counsel can renew it as a motion for summary judgment.

[Parties Present](#)[Return to Register of Actions](#)**000233**

# Tab 10

  
CLERK OF THE COURT

1 **FAC**  
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8 Attorneys for Attorneys for Plaintiffs and  
9 Intervenors, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
business as KASE MANAGEMENT; T2  
15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,  
19 Derivatively On Behalf of Reading International,  
Inc.

20

21

DISTRICT COURT

22

CLARK COUNTY, NEVADA

23 JAMES J. COTTER, JR., individually and  
24 derivative on behalf of Reading International,  
Inc.,

25

Plaintiff,

26

v.

27

MARGARET COTTER, ELLEN COTTER,  
GUY ADAMS, EDWARD KANE,

28

DOUGLAS McEACHERN, TIMOTHY

Case No. A-15-719860-B  
[Coordinated with P-14-082942-E]  
Dept. No.: XI

**BUSINESS COURT**

**T2 PLAINTIFFS' FIRST AMENDED  
COMPLAINT**

**JURY TRIAL DEMANDED**

1 STOREY, WILLIAM GOULD, JUDY  
2 CODDING, MICHAEL WROTNIAK, and  
3 DOES 1 through 100, inclusive,  
4  
5 Defendants,  
6  
7 and  
8  
9 READING INTERNATIONAL, INC., a  
10 Nevada corporation,  
11  
12 Nominal Defendant.  
13  
14 T2 PARTNERS MANAGEMENT, LP, a  
15 Delaware limited partnership, doing business  
16 as KASE CAPITAL MANAGEMENT; et al.,  
17  
18 Plaintiffs,  
19  
20 vs.  
21  
22 MARGARET COTTER, ELLEN COTTER,  
23 GUY ADAMS, EDWARD KANE,  
24 DOUGLAS McEACHERN, WILLIAM  
25 GOULD, JUDY CODDING, MICHAEL  
26 WROTNIAK, CRAIG TOMPKINS, and  
27 DOES 1 THROUGH 100, inclusive,  
28 Defendants,  
And,  
READING INTERNATIONAL, INC., a  
Nevada corporation,  
Nominal Defendant.

Plaintiffs, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing  
business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware  
limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware  
limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND,  
LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a  
Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS  
MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE  
GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company;



1 PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company, derivatively  
2 On Behalf of Reading International, Inc. (hereinafter "Plaintiffs"), by and through their attorneys,  
3 individually and derivatively on behalf of Reading International, Inc. ("RDI" or the "Company")  
4 submit this first amended shareholder derivative complaint (the "FAC") against the defendants  
5 named herein based upon their personal knowledge as to those allegations concerning themselves  
6 and based upon information and belief as to all other allegations, based upon, among other things,  
7 the investigation made by their attorneys, the pleadings filed in this action, a review of the United  
8 States Securities and Exchange Commission ("SEC") filings, press releases, and other public  
9 records.

### 10 INTRODUCTION

11 1. This is a shareholder derivative action brought on behalf of Nominal Defendant  
12 RDI against members of its Board of Directors, which include MARGARET COTTER, ELLEN  
13 COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD,  
14 JUDY CODDING, MICHAEL WROTONIAK and CRAIG TOMPKINS (hereinafter collectively  
15 referred to as the "Defendants"), by Plaintiffs, who are now, and at all relevant times herein have  
16 been shareholders of RDI.

17 2. Plaintiff T2 ACCREDITED FUND, L.P., is a Delaware limited partnership doing  
18 business as KASE CAPITAL, which owns 174,019 shares of Class A non-voting stock of RDI,  
19 with an estimated market value as of August 5, 2015 of \$2,110,850. Plaintiff T2 PARTNERS  
20 MANAGEMENT I, LLC., is Delaware limited liability company and general partner of Plaintiff,  
21 T2 ACCREDITED FUND, L.P.

22 3. Plaintiff T2 QUALIFIED FUND, L.P., is a Delaware limited partnership doing  
23 business as KASE QUALIFIED FUND, which owns 53,817 shares of Class A non-voting stock of  
24 RDI, with an estimated market value as of August 5, 2015 of \$652,800.21. Plaintiff T2  
25 PARTNERS MANAGEMENT I, LLC., is Delaware limited liability company and general partner  
26 of Plaintiff, T2 QUALIFIED FUND, L.P.

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1           4.       Plaintiff TILSON OFFSHORE FUND, Ltd., is an exempted company organized in  
2 the Cayman Islands and owns 291,406 shares of Class A non-voting stock of RDI, with an  
3 estimated market value as of August 5, 2015 of \$771,104.10.

4           5.       Plaintiff T2 PARTNERS MANAGEMENT, L.P., is a Delaware limited partnership  
5 doing business as KASE CAPITAL MANAGEMENT, and is the investment manager of  
6 Plaintiffs, TILSON OFFSHORE FUND, Ltd., T2 ACCREDITED FUND, L.P., and T2  
7 QUALIFIED FUND, L.P. Whitney Tilson, a nationally known hedge fund manager, is a resident  
8 of the State of New York and is the managing member and CCO of all three of these Plaintiffs.  
9 These three Plaintiffs are hereinafter referred to collectively as the "T2 Plaintiffs". The T2  
10 Plaintiffs have owned RDI Class A shares since October of 2014.

11           6.       Plaintiff T2 PARTNERS MANAGEMENT GROUP, LLC., is a Delaware limited  
12 liability company and general partner of T2 PARTNERS MANAGEMENT, L.P.

13           7.       Plaintiff JMG CAPITAL MANAGEMENT, LLC., is a limited liability company  
14 organized in the State of Delaware, which owns 10,000 shares of Class A non-voting stock of  
15 RDI, with an estimated market value as of August 5, 2015 of \$121,300.

16           8.       Plaintiff PACIFIC CAPITAL MANAGEMENT, LLC., is a Delaware limited  
17 liability company, which owns 515,934 shares of Class A non-voting stock of RDI, with an  
18 estimated market value as of August 5, 2015 of \$6,258,279.40.

19           9.       JONATHAN M. GLASER is the managing member of both JMG CAPITAL  
20 MANAGEMENT, LLC., and PACIFIC CAPITAL MANAGEMENT, LLC. The Plaintiffs which  
21 Mr. Glaser manages have owned RDI Class A shares since 2008.

22           10.      Nominal Defendant RDI is a Nevada corporation and, according to its public filings  
23 with the SEC, is an internationally diversified company principally focused on the development,  
24 ownership and operation of entertainment and real estate assets in the United States, Australia and  
25 New Zealand. RDI reportedly employs approximately 2,300 people and operates in two business  
26 segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real  
27 estate, including real estate development and the rental of retail, commercial and live theatre  
28 assets. The company manages world-wide cinemas in the United States, Australia and New

1 Zealand. For the fiscal year ending March 31, 2015, RDI reported total operating revenue of  
2 \$60,585,000.

3 11. RDI has two classes of stock. Class A stock is held by the investing public, which  
4 holds no voting rights. As of May 6, 2015, there were 21,745,484 shares of Class A non-voting  
5 common stock (NASDAQ: RDI). The RDI non-voting shares of Class A stock represent 93% of  
6 the economics of the Company. Class B stock is the sole voting stock with respect to the election  
7 of directors. As of May 6, 2015, there were 1,580,590 shares of Class B voting common stock  
8 (NASDAQ: RDIB). Approximately 80% of the Class A stock is legally or beneficially owned by  
9 shareholders unrelated to Cotter family members. Approximately 70% of the Class B stock is  
10 subject to disputes between Defendants Margaret Cotter and Ellen Cotter, on the one hand, and  
11 their brother James J. Cotter, Jr., on the other hand. These disputes involve trust and estate  
12 litigation, entitled, In Re James J. Cotter, Living Trust, dated August 1, 2000, Los Angeles  
13 Superior Court Case No. BP159755 and In the Matter of the Estate of James J. Cotter, Sr., Clark  
14 County District Court Case No. P-14-082942-E (hereinafter referred to collectively as the "Trust  
15 and Estate Litigation").

16 12. From between 2000 up until he resigned on or about August 7, 2014, James J.  
17 Cotter, Sr. was the CEO and Chairman of the Board of RDI. Based upon RDI's Proxy Statement  
18 Schedule 14A filed with the SEC, James J. Cotter, Sr. controlled approximately 70.4% of the  
19 Class B voting stock of RDI as of April 17, 2014. During his lifetime, James J. Cotter, Sr.  
20 unilaterally selected and elected the directors to the board, all of whom were family friends or  
21 confidants of James Cotter, Sr. During James Cotter, Sr.'s tenure as CEO and Chairman of the  
22 Board, he ran the company as he saw fit with no meaningful oversight or input from the board of  
23 directors and with little regard for proper corporate governance typical of a publicly traded  
24 company.

25 13. On or about January 16, 2009, James Cotter, Sr. authored a memo to the Chairman  
26 of RDI's Compensation Committee, confirming his recommendation made to the Board several  
27 years earlier that his son, James Cotter, Jr. be his successor as CEO of RDI.

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1           14.     James J. Cotter, Jr. was appointed Vice-Chairman of the board in 2007. The RDI  
2 board appointed him president of RDI on or about June 1, 2013.

3           15.     On or about September 13, 2014, James J. Cotter, Sr. passed away.

4           16.     On or about December 12, 2000, James Cotter, Sr. created the James J. Cotter  
5 Living Trust ("Trust") and also executed an Assignment, in which all of James Cotter, Sr.'s assets  
6 were transferred to the Trust.

7           17.     On or about July 28, 2000, James Cotter, Sr. acquired 327,808 shares of Class B  
8 voting stock in RDI as part of RDI's merger with Citadel Holding Corporation and Craig  
9 Corporation. On or about August 1, 2000, James Cotter, Sr. assigned all of his personal assets to  
10 himself as trustee of the Trust.

11          18.     Between December 6, 2005 until his death, every SEC Form 4 filed James Cotter,  
12 Sr. stated that the 327,808 shares of Class B stock referenced above, along with certain Class A  
13 stock, were owned by the Trust. Additionally, RDI's Proxy Statement Schedule 14A filed with the  
14 SEC on April 25, 2014 states that 1,123,888 Class B shares beneficially owned by James Cotter,  
15 Sr., (which included the 327,808 Class B shares referenced above as well as 100,000 shares of  
16 Class B stock subject to stock options) was "owned by the James J. Cotter Living Trust, of which  
17 Mr. Cotter, Sr. is the sole trustee."

18          19.     James Cotter, Sr. executed amendments to the Trust, including a 2013 Amendment,  
19 dated June 5, 2013 ("2013 Amendment"). The 2013 Amendment provided that upon his death, the  
20 voting stock of RDI would be distributed to a separate trust called the "RDI Voting Trust"  
21 ("Voting Trust") for the benefit of James Cotter, Sr.'s grandchildren. Margaret and James Cotter,  
22 Jr. have children, but Ellen Cotter does not. This amendment also appointed Margaret Cotter as  
23 the sole trustee of the Voting Trust. Thus, under the terms of the 2013 Amendment, Margaret  
24 Cotter would control RDI through approximately 70.4% of the Class B voting stock. The 2013  
25 Amendment also appointed Margaret and Ellen Cotter as co-trustees of the Trust after James  
26 Cotter, Sr.'s death.

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1           20.     On or about June 19, 2014, James Cotter, Sr. executed an amendment to the Trust  
2 while in a hospital room with Margaret and James Cotter, Jr. also present ("2014 Amendment").  
3 The 2014 Amendment provided that both James Cotter, Jr. and Margaret Cotter were co-trustees  
4 of the Voting Trust instead of Margaret being the sole trustee. Additionally, the 2014 Amendment  
5 provided that if Margaret and James Cotter, Jr. could not agree in their capacities as co-trustees of  
6 the Voting Trust, voting control over RDI's stock would alternate every year between the two  
7 siblings. Further, the 2014 Amendment added James Cotter, Jr. as a co-trustee of the Trust along  
8 with both of his sisters.

9           21.     On or about August 1, 2014, James Cotter, Sr. resigned as trustee of his Trust, and  
10 James Cotter, Jr., Margaret Cotter and Ellen Cotter to over as successor co-trustees of the Trust.

11           22.     In July 2014, James Cotter, Jr. discovered that while the majority of his father's  
12 shares of RDI stock had been transferred to the Trust, certain share certificates remained in the  
13 name of his father on the Company's books and records. This fact was contradicted by all of the  
14 SEC filings made by his father and RDI between 2005 until that date. In order to correct this  
15 discrepancy, James Cotter, Sr. executed an Assignment of Stock, dated July 20, 2014, which  
16 assigned all of his interest in certain Class A stock, and the 327, 808 shares of Class B stock  
17 referenced above. Following execution of that Assignment, James Cotter, Jr. presented share  
18 certificate number B0005 for 327,808 shares of Class B voting stock to RDI and requested these  
19 shares be transferred to the Trust. RDI thereafter requested Compushare, RDI's transfer agent, to  
20 transfer the 327,808 Class B shares into the name of the Trust. However, at the time of James  
21 Cotter, Sr.'s death, this transfer has not yet been finalized.

22           23.     On February 5, 2015, Ellen and Margaret Cotter filed a Petition for Order  
23 Determining Validity of Trust Amendment in Los Angeles Superior Court Case No. BP159755,  
24 captioned, In Re James J. Cotter Living Trust, dated August 1, 2000 (the "California Lawsuit").  
25 The California Lawsuit seeks to invalidate the 2014 Amendment to the Trust.

26           24.     On or about April 17, 2015, Ellen Cotter made a demand upon the assistant to  
27 RDI's Chief Financial Officer to open the corporate safe and hand-deliver stock certificate B0005  
28 for the 327,808 shares of Class B stock to her. This certificate identified James J. Cotter, Sr. as

1 the owner of the 327,808 shares of Class B stock. When the secretary refused, Ellen and Margaret  
2 Cotter sent a letter to RDI demanding the release of this stock certificate to them, as the Executors  
3 of the Estate of their father. On April 19, 2015, James Cotter, Jr. sent a letter to RDI objecting to  
4 the release of this stock certificate, and certain Class A stock certificates, to his sisters.

5 25. On April 20, 2015, James Cotter, Jr. filed a Petition in Clark County District Court  
6 Case No. P-14-082942-E, In The Matter of the Estate of James J. Cotter, deceased, seeking an  
7 order that certain stock, including the 327,808 of Class B voting stock referenced above, is an  
8 asset of the Trust and that such stock be transferred to the Trust (the Nevada Lawsuit).

9 **The Kane Mutiny:**

10 26. Commencing in or about April 20, 2015, following James Cotter, Jr.'s filing of the  
11 Nevada Lawsuit, Director Ed Kane conspired with Ellen Cotter and Margaret Cotter to terminate  
12 James Cotter, Jr. as CEO of RDI and to take over control of RDI. Specifically, Defendant Kane  
13 undertook all of the following steps in furtherance of this conspiracy:

14 a) On April 20, 2015, Kane accused his fellow directors, Tim Storey and Bill  
15 Gould, (who had been appointed by the board to serve as an "independent committee" to act as a  
16 sounding board for the Cotter siblings' disputes) of being "conflicted" in the dispute between  
17 James Cotter, Jr. and his sisters on whether Ellen Cotter could exercise her father's stock option  
18 for 100,000 shares of Class B voting stock. Kane made this accusation because both Storey and  
19 Gould opposed the stock option exercise by Ellen Cotter, and instead had insisted that RDI get an  
20 opinion from outside legal counsel on the matter;

21 b) Kane called for Tim Storey to step down as an ombudsman, a position  
22 Storey had been appointed to by the board to mentor and James Cotter, Jr.'s performance as CEO  
23 and to try and help the Cotter siblings interact with each other in a more productive manner.  
24 Storey was scheduled to report to the Board in June of 2015 on the status of his efforts in this  
25 regard;

26 c) Kane solicited fellow director Guy Adams to support his attack on Tim  
27 Storey's ongoing role as ombudsman so Ellen and Margaret Cotter and Kane didn't have to wait  
28 until June to hear Storey's evaluation of James Cotter, Jr.'s performance as CEO;

1 d) In May of 2015, Kane requested and obtained a copy of James Cotter, Jr.'s  
2 employment agreement from RDI, which he sent to fellow director Guy Adams to review the  
3 procedures on how to terminate James Cotter, Jr. as CEO;

4 e) In May of 2015, Kane asked Guy Adams if he would second a motion to  
5 terminate James Cotter, Jr. as CEO and to reorganize the Executive Committee with Kane, Adams,  
6 Ellen Cotter and Margaret Cotter;

7 f) In May of 2015, when Ellen Cotter requested a special board meeting to  
8 discuss the "Status of CEO and President", Director Tim Storey objected and instead requested a  
9 meeting of the non-Cotter directors to discuss the matter. In response to this request, Kane refused  
10 to attend any meeting of the "independent directors" in advance of the special board meeting, and  
11 instead insisted that the special board meeting proceed as requested by Ellen Cotter;

12 g) On May 18, 2015, Kane asked Guy Adams if he would make a motion to  
13 terminate James Cotter, Jr. as CEO at an upcoming board meeting and to find another director to  
14 second the motion.

15 h) On May 19, 2015, Ed Kane and Guy Adams confirmed in writing their prior  
16 decision to "chose sides" with Ellen and Margaret Cotter in their dispute with James Cotter, Jr. and  
17 to vote to terminate James Cotter, Jr. as CEO of RDI.

18 **The Termination of James Cotter, Jr.:**

19 27. On May 19, 2015, Ellen Cotter distributed a proposed agenda for a special board  
20 meeting, which was scheduled to take place less than 48 hours later on May 21, 2015. The first  
21 agenda item was titled, "Status of CEO and President". This agenda item was to vote on the  
22 termination of James Cotter, Jr., because he had refused to accept his sisters' "take-it-or-leave-it"  
23 demand to settle the Trust and Estate litigation.

24 28. Directors Storey and Gould objected to the improper notice for the May 21<sup>st</sup> board  
25 meeting, and instead called for a meeting of the non-Cotter directors. Specifically, Director Storey  
26 cautioned his fellow board members that they had previously agreed upon a process where the  
27 "independent committee" led by Storey would report to the board regarding the performance of  
28 James Cotter, Jr. as CEO in June and that any attempt to vote on James Cotter, Jr.'s termination at

1 the May 21, 2015 board meeting was not following a proper process or acting with deliberation  
2 and reason. Storey objected to participating in a "kangaroo court". In response, Director Kane  
3 blocked that requested meeting of the non-Cotter directors and instead insisted that the specially-  
4 noticed board meeting go forward as requested by Ellen Cotter to vote on the termination of James  
5 Cotter, Jr.

6 29. At the May 21, 2015 board meeting, a lawyer from Akin Gump was in attendance  
7 representing the board. James Cotter, Jr.'s attorney, Mark Krum, also briefly attended, but was  
8 forced to leave the meeting under the threat by Guy Adams to have two security officers remove  
9 him. After hearing objections from James Cotter, Jr.'s attorney that the board had not followed  
10 their previously agreed-upon process in June and had not followed a proper process to review his  
11 client's performance, the board decided to adjourn its meeting until May 29, 2015.

12 30. On or about May 27, 2015, an attorney for Ellen and Margaret Cotter, sent an  
13 outline of a proposed resolution in the Trust and Estate litigation to counsel for James Cotter, Jr.  
14 The resolution proposal was offered on a "take-it-or-leave-it" basis to James Cotter, Jr. under the  
15 threat that if he did not accept it he would be terminated as CEO of RDI.

16 31. In furtherance of this "take-it-or-leave-it" settlement demand to James Cotter, Jr. by  
17 his sisters, on May 27, 2015 Ellen Cotter emailed the board members a "reminder" that their board  
18 meeting which had been adjourned would reconvene on May 29, 2015 at 11:00 a.m. in Los  
19 Angeles.

20 32. On May 28, 2015, Director Ed Kane told James Cotter, Jr. he needed to accept his  
21 sisters' settlement demand in order to keep his job as CEO of RDI.

22 33. On May 29, 2015, prior to the start of the reconvened board meeting, Ellen and  
23 Margaret Cotter met with James Cotter, Jr. and told him they would not accept any changes in  
24 their settlement offer and told him he would be fired as CEO of RDI if he did not accept the terms  
25 of their settlement offer. James Cotter, Jr. refused to accept the terms of the settlement dictated by  
26 his sisters. Thereafter, the reconvened board meeting commenced, whereat Director Guy Adams  
27 made a motion to terminate James Cotter, Jr. In response to this motion, Director Bill Gould  
28 stated it was not the role of the board to intercede in the personal disputes between the Cotter



1 siblings and suggested the board maintain the status quo until the courts resolved the disputes in  
2 the Trust and Estate litigation. James Cotter, Jr. was asked to leave room, and at approximately  
3 2:30 p.m. later that day was advised that the board had decided to adjourn its meeting and  
4 reconvene at 6:00 p.m. that night. James Cotter, Jr. was also advised that he had until the board  
5 meeting reconvened that night to strike a settlement of the Trust and Estate litigation or he would  
6 be terminated as CEO and President of RDI.

7 34. When the board meeting reconvened on May 29, 2015 at 6:00 p.m., Ellen Cotter  
8 advised the board that a tentative agreement had been reached with James Cotter, Jr. to settle the  
9 Trust and Estate litigation and that the parties' attorneys would provide documents to James  
10 Cotter, Jr. to review and sign.

11 35. On or about June 3, 2015, an attorney for Ellen and Margaret Cotter transmitted a  
12 settlement documents to counsel for James Cotter, Jr., which purportedly contained new terms not  
13 previously agreed upon by James Cotter, Jr.

14 36. On June 8, 2015, James Cotter, Jr. advised his sisters that he could not accept their  
15 revised settlement demand.

16 37. On June 10, 2015, Ellen Cotter sent an email to all RDI board members stating she  
17 wanted to reconvene the May 29, 2015 board meeting on June 12, 2015 telephonically.

18 38. On June 12, 2015, a board meeting was reconvened. The sole agenda item was the  
19 termination of James Cotter, Jr. as CEO and President of RDI. At this meeting, Ellen Cotter,  
20 Margaret Cotter, Guy Adams, Ed Kane and Doug McEachern all voted to terminate James Cotter,  
21 Jr. Directors Tim Storey and Bill Gould voted against his termination. Ellen Cotter was elected  
22 interim CEO with the understanding of immediately initiating a search for a new permanent  
23 President and CEO of RDI.

24 **Fraudulent Election of Directors at 2015 Annual Shareholders Meeting:**

25 39. On or about February 12, 2015, RDI's general counsel, Bill Ellis, circulated a draft  
26 8K to be filed with the SEC to the board members. This draft 8K, like all previous filing made by  
27 RDI on the subject, said that the all of James Cotter, Sr.'s stock holdings of 1,023,888 and the  
28 stock option to purchase an additional 100,000 Class B shares were held by the Trust. However,

1 this draft 8K proposed to state, "As a matter of clarification, according to the Company's books  
2 and records, 327,808 shares of Voting Stock and the Options are currently in the name of James J.  
3 Cotter, Sr.. The Company takes no position as to the beneficial ownership of these 327,808 shares  
4 of Voting Stock and Options, or as to who may be authorized to vote such Voting Stock and  
5 Options."

6 40. On that same day, in response to this draft 8K circulated by RDI's general counsel,  
7 Margaret Cotter sent an email to RDI's general counsel instructing him to delete any reference to  
8 the voting shares being owned by the Trust.

9 41. In response to his sister Margaret's email referenced-above, James Cotter, Jr. sent  
10 an email to his sisters and RDI's general counsel advising "There is a possibility that until the  
11 litigation is resolved or there is certainty around the voting shares, we will not be able to have a  
12 quorum at our annual meeting."

13 42. The next day, on February 13, 2015, after receiving competing drafts of the 8K  
14 from the Cotter siblings about whether the Trust or the Estate owned their father's voting stock,  
15 RDI's general counsel, [Bill Ellis], sent out an email to the Cotters and other board members  
16 stating, "And if we cannot resolve this today, we can discuss which outside counsel can assume  
17 the nearly impossible role of whipsawed draftsmanship to finish up the 8-K."

18 43. On February 19, 2015, RDI filed a Form 8-K/A with the SEC. This 8K/A  
19 disclosed, inter alia, the following:

20 "Although the company's stock register reflects that 327,808 of the Cotter Shares,  
21 constituting approximately 21.9% of the voting power of our outstanding capital stock, are  
22 held in the name of James J. Cotter, Sr. we are informed that, consistent with the  
23 information in the Original Report, Mr. Cotter, Sr. executed an assignment of stock  
24 reflecting the transfer of these shares to the Trust. The company also is informed that, in  
25 the event these shares were not effectively transferred by Mr. Cotter, Sr., pursuant to his  
26 last will and testament they would eventually pour over into the Trust. In the meantime,  
27 they may make up part of the Estate of James J. Cotter, Deceased (the "Estate") that is  
28 being administered in the State of Nevada. On December 22, 2014, the District Court of

1 Clark County, Nevada, appointed Ellen Cotter and Margaret Cotter as co-executors of the  
2 Estate."

3 "The company's stock register indicates that 696,080 of the Cotter Shares,  
4 constituting approximately 46.5% of the voting power of our outstanding capital stock, are  
5 in the name of the Trust."

6 44. The above-referenced 8-K/A further references both the 2013 Amendment  
7 appointing Margaret Cotter as the sole trustee of the Trust, and the 2014 Amendment, appointing  
8 both Margaret and James Cotter, Jr. as co-trustees, as well as referencing the Trust litigation  
9 initiated by Ellen and Margaret Cotter to determine the validity of the 2014 Amendment and who  
10 between Margaret Cotter and James Cotter, Jr. are the proper trustees of the Trust. The 8-K/A  
11 concludes by stating, "The company is not a party to this lawsuit and takes no position as to the  
12 claims asserted or the relief sought therein."

13 45. From as early as 2005 until the filing of the above-referenced Form 8-K/A on  
14 February 19, 2015, all of James Cotter, Sr.'s Form 4 filings with the SEC disclosed that the  
15 327,808 shares of Class B voting stock were owned by the Trust. Additionally, RDI's Proxy  
16 Statement Schedule 14A filed with the SEC on April 25, 2014 states that 1,123,888 Class B shares  
17 beneficially owned by James Cotter, Sr., (which included the 327,808 Class B shares referenced  
18 above as well as 100,000 shares of Class B stock subject to stock options) was "owned by the  
19 James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee."

20 The above-referenced Form 8-K/A was a material change in the disclosure of the  
21 ownership of these voting shares reflected on RDI's books and records. Thus, the 8-K/A implicitly  
22 admitted that the previous filings by James Cotter, Sr. and RDI with the SEC were materially false  
23 concerning the ownership of the 327,808 shares of Class B stock. Said 8-K/A also was in  
24 violation of RDI's Bylaws, which prohibit the company from recognizing any equitable or other  
25 claim to or interest in the company's shares beyond the person registered on its books and records.

26 46. Pursuant to N.R.S. 78.350, only stockholders of record as their names appear on the  
27 records of the corporation are entitled to vote at a shareholders' meeting. Further, Article 5 of  
28 RDI's Bylaws provides that the company shall only be entitled to recognize the person registered

1 on its books as the owner of shares to be the exclusive owner for all purposes, and the company  
2 shall not be bound to recognize any equitable or other claim to or interest in such shares. The  
3 above-referenced Form 8-K/A disclosed that the books and records of RDI showed that James J.  
4 Cotter, Sr. was the record owner of the 327,808 shares of Class B stock. Thus, no one other than  
5 James J. Cotter, Sr. could vote these shares at the 2015 annual shareholders meeting ("ASM").  
6 Because Mr. Cotter, Sr. was deceased at the time of the ASM, no person could properly vote these  
7 327,808 shares at the ASM on behalf of Mr. Cotter, Sr. in any beneficial or representative  
8 capacity.

9       47. Because Ellen and Margaret Cotter feared that they might not be able to vote the  
10 686,080 shares (46.5%) of Class B stock held in the name of their father due to the dispute over  
11 who is/are the trustee(s) of the Trust, both Ellen and Margaret Cotter, aided and abetted by  
12 Defendants Kane and Adams, and Tompkins, conspired to obtain voting control of this large block  
13 of Class B stock through fraudulent means.

14       48. In furtherance of this intentional and fraudulent scheme, on or about April 17,  
15 2015, Ellen Cotter made a demand upon the assistant to RDI's Chief Financial Officer to open the  
16 corporate safe and hand-deliver stock certificate B0005 for the 327,808 shares of Class B stock to  
17 her. This stock certificate identified James Cotter, Sr. as the owner of those shares. When the  
18 secretary refused, Ellen and Margaret Cotter sent a letter to RDI demanding the release of this  
19 stock certificate to them, as the Executors of the Estate of their father. On April 19, 2015, James  
20 Cotter, Jr. and his attorney sent letters to RDI objecting to the release of this stock certificate, and  
21 certain Class A stock certificates, to his sisters, contending that such shares were owned by the  
22 Trust and not the Estate.

23       49. On April 16, 2015, Ellen Cotter notified Ed Kane, as Chair of the Compensation  
24 Committee, of her desire to exercise her stock option to purchase 50,000 shares of Class B voting  
25 stock of RDI by exchanging Class A non-voting stock.

26       50. On April 21, 2015, Margaret Cotter notified Ed Kane, as chair of the Compensation  
27 Committee, of her desire to use her Class A shares to execute an option to purchase 35,100 Class  
28 B voting shares.

1           51.     On April 21, 2015, Craig Tompkins informed James Cotter, Jr. that he had advised  
2 Ellen Cotter that it was in her best interest to exercise her father's stock option to buy 100,000  
3 shares of Class B voting stock. On or about that date, Ellen Cotter unsuccessfully attempted to  
4 exercise her father's stock option to acquire 100,000 shares of Class B voting stock in favor of the  
5 Estate by exchanging Class A shares held by the Estate. Ellen Cotter, with the help of Kane and  
6 Adams, did exercise that option on or about September 21, 2015.

7           52.     Defendants Ellen Cotter and Margaret Cotter, aided and abetted by Ed Kane, Guy  
8 Adams and Craig Tompkins, intentionally delayed the 2015 ASM, which had been originally  
9 scheduled to occur in May or June of 2015, to further Ellen and Margaret Cotter's own personal  
10 interests so that they could attempt to obtain enough Class B voting shares to gain voting control  
11 over the election of directors of RDI.

12           53.     On the Proxy Statement issued by the company to its shareholders on or about  
13 October 20, 2015 for the 2015 ASM, it stated that 686,080 shares of Class B voting stock are  
14 shown on the company's books and records as owned by the Trust. Pursuant to the Petition filed  
15 by Ellen and Margaret Cotter in the California Lawsuit, they seek an adjudication by the court of  
16 whether Margaret Cotter is the sole trustee of the Trust under the 2013 Amendment, or whether  
17 Margaret Cotter together with James Cotter, Jr. are co-trustees under the 2014 Amendment. The  
18 court in the California Lawsuit has not yet adjudicated this question.

19           54.     On November 6, 2015, James Cotter, Jr.'s attorney sent a letter to the Inspector of  
20 Elections, Michael J. Barbera of First Coast Results, Inc., informing him that the 686,080 shares of  
21 Class B voting stock could not be counted in the upcoming 2015 ASM because the Trust was  
22 listed as the owner of those shares on RDI's books and records. That letter further warned the  
23 Inspector of Elections that any attempt by him to count proxies delivered from Ellen or Margaret  
24 Cotter voting those 686,080 Class B shares would amount to quasi-judicial action beyond the  
25 scope of authority of the Inspector, as it would require the Inspector to look beyond the company's  
26 books and records to determine who was entitled to vote these shares on behalf of the Trust, a  
27 matter which was the subject of pending litigation in the California Lawsuit.

28     ///

1           55.     At the 2015 ASM held on November 10, 2015, Ellen and Margaret Cotter delivered  
2 their proxies to the Inspector of Elections voting (1) the 327,808 shares of Class B stock held in  
3 the name of James J. Cotter, Sr.; (2) the 686,080 shares of Class B stock held in the name of the  
4 Trust; (3) the 100,000 shares of Class B stock which Ellen and Margaret Cotter had exercised in a  
5 cashless option by exchanging Class A shares held by the Estate for the Class B shares. The  
6 Inspector of Elections accepted these proxies and counted these shares as voted by Ellen and  
7 Margaret Cotter.

8           56.     The proxies of Ellen Cotter and Margaret Cotter purporting to vote these shares at  
9 the 2015 ASM were fraudulent as followings:

10                   a)     The 327,808 shares (or 21.9% of the Class B outstanding stock) were held  
11 in the name of James J. Cotter, Sr. according to the books and records of RDI. Pursuant to N.R.S.  
12 §78.350 and Article 5, section 5, of RDI's Bylaws, only James J. Cotter, Sr. was the authorized  
13 record owner who could vote those shares. Thus, when Ellen and Margaret Cotter submitted their  
14 proxies to the Inspector of Elections purporting to vote these shares, they lacked the legal authority  
15 or capacity to vote them and thereby fraudulently voted these shares;

16                   b)     The 686,080 shares (or 46.5% of the outstanding Class B stock) were held  
17 in the name of the Trust, according to the books and records of RDI. The books and records of  
18 RDI do not identify the trustees who are entitled to vote those shares, and Article 5, section 5, of  
19 RDI's Bylaws provides that the company shall only be entitled to recognize the person registered  
20 on its books as the owner of shares to be the exclusive owner for all purposes, and the company  
21 shall not be bound to recognize any equitable or other claim to or interest in such shares. Thus,  
22 by voting these shares, Ellen and Margaret Cotter misrepresented their legal authority to vote these  
23 shares and violated RDI's Bylaws which prohibited recognition by RDI of any beneficial or  
24 equitable interest in the shares. Further, Ellen and Margaret Cotter knew that the California  
25 Lawsuit had not yet adjudicated who was the proper trustee of the Trust. Additionally, RDI's 8-  
26 K/A referenced above stated, "The company is not a party to this lawsuit and takes no position as  
27 to the claims asserted or the relief sought therein", thereby representing that RDI would not choose  
28 sides in the California Lawsuit as to who was the lawful trustee(s) of the Trust.

1 c) The 100,000 shares of Class B stock that were obtained through exercises of  
2 stock options by Ellen and Margaret Cotter, as Executors of the Estate, by exchanging Class A  
3 shares held by the Estate for Class B shares in a cashless exercise, were improperly exercised  
4 because the stock options were owned by the Trust according to the Form 4 filings by James  
5 Cotter, Sr. and the company's Proxy Statement filed April 25, 2014. Thus, by voting these shares,  
6 Ellen and Margaret Cotter misrepresented their legal authority to vote these shares and violated  
7 RDI's Bylaws which prohibit recognition by RDI of any beneficial or equitable interest in the  
8 shares;

9 d) On September 24, 2014, Margaret and Ellen Cotter filed a Schedule 13D with  
10 the SEC stating they were not a member of a 13D group and each of them excluded any and all  
11 shares not owned by them, including shares owned by the Trust and shares held by the Estate,  
12 from the shares they reported as beneficially owning and/or shares subject to shared voting power.  
13 However, this filing with the SEC was materially false and misleading to investors, because the  
14 minutes of the October 6, 2015 meeting of the Special Nominating Committee state, "The  
15 Company has been advised by Nevada Counsel that voting control over the Company is, as a  
16 practical matter, currently held by Ellen Cotter and Margaret Cotter. If they vote together in their  
17 various capacities, they control over 70% of the voting power of the Company. Ellen and  
18 Margaret have previously indicated that they intend to vote as a group."

19 e) On January 9, 2015, Margaret and Ellen Cotter filed an amended Schedule 13D  
20 with the SEC, which for the first time identified them as a 13D group. Although this amended  
21 Schedule 13D was also filed on behalf of the Estate, it expressly indicated that the RDI Class B  
22 stock held by the Estate was not stock that either Margaret or Ellen Cotter had shared voting  
23 power.

24 f) On April 16, 2015 Ellen Cotter exercised a stock option to acquire 50,000 shares  
25 of Class B stock. She was allowed to do so by Defendants Kane, Adams and Storey as members of  
26 the Compensation Committee by exchanging RDI Class A stock in a cashless purchase. Ellen  
27 Cotter did not file a Form 4 with the SEC regarding this purchase until October 9, 2015, three days  
28

IN THE SUPREME COURT OF THE STATE OF NEVADA

*Supreme Court Case No.*  
**72261**

Electronically Filed  
Feb 01 2017 11:07 a.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

MARGARET COTTER, ELLEN COTTER,  
GUY ADAMS, EDWARD KANE,  
DOUGLAS MCEACHERN, JUDY  
CODDING, AND MICHAEL WROTONIAK,

Petitioners,

vs.

THE EIGHTH JUDICIAL DISTRICT  
COURT of the State of Nevada, in and  
for the County of Clark; and THE  
HONORABLE ELIZABETH GONZALEZ,  
District Judge, Department 11

Respondents,

and

JAMES J. COTTER, JR., Individually  
And Derivatively on Behalf of  
READING INTERNATIONAL, INC.,

Real Party in Interest.

District Court No. A-15-719860-B,  
coordinated with  
No. P-14-082942-E and  
No. A-16-735305-B

**APPENDIX TO WRIT PETITION**  
**VOLUME 1**  
**PGS. 1-250**

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# Tab 01

# BUSINESS COURT CIVIL COVER SHEET

Clark

County, Nevada

Case No. A-15-719860-B Dept XXVII

(Assigned by Clerk's Office)

## I. Party Information *(provide both home and mailing addresses if different)*

Plaintiff(s) (name/address/phone): <p style="text-align: center;">James J. Cotter, Jr.</p>	Defendant(s) (name/address/phone): Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and nominal defendant Reading International, Inc.
Attorney (name/address/phone): Mark G. Krum, Lewis Roca Rothgerber LLP, 3993 Howard Hughes Parkway, Suite 600, Las Vegas, Nevada 89169, (702) 949-8200	Attorney (name/address/phone):


## II. Nature of Controversy *(Please check the applicable boxes for both the civil case type and business court case type)*

☐ Arbitration Requested

Civil Case Filing Types		Business Court Filing Types
<b>Real Property</b> <b>Landlord/Tenant</b> <input type="checkbox"/> Unlawful Detainer <input type="checkbox"/> Other Landlord/Tenant <b>Title to Property</b> <input type="checkbox"/> Judicial Foreclosure <input type="checkbox"/> Other Title to Property <b>Other Real Property</b> <input type="checkbox"/> Condemnation/Eminent Domain <input type="checkbox"/> Other Real Property	<b>Torts</b> <b>Negligence</b> <input type="checkbox"/> Auto <input type="checkbox"/> Premises Liability <input type="checkbox"/> Other Negligence <b>Malpractice</b> <input type="checkbox"/> Medical/Dental <input type="checkbox"/> Legal <input type="checkbox"/> Accounting <input type="checkbox"/> Other Malpractice <b>Other Torts</b> <input type="checkbox"/> Product Liability <input checked="" type="checkbox"/> Intentional Misconduct <input type="checkbox"/> Employment Tort <input type="checkbox"/> Insurance Tort <input type="checkbox"/> Other Tort	<b>CLARK COUNTY BUSINESS COURT</b> <input checked="" type="checkbox"/> NRS Chapters 78-89 <input type="checkbox"/> Commodities (NRS 91) <input type="checkbox"/> Securities (NRS 90) <input type="checkbox"/> Mergers (NRS 92A) <input type="checkbox"/> Uniform Commercial Code (NRS 104) <input type="checkbox"/> Purchase/Sale of Stock, Assets, or Real Estate <input type="checkbox"/> Trademark or Trade Name (NRS 600) <input type="checkbox"/> Enhanced Case Management <input type="checkbox"/> Other Business Court Matters
<b>Construction Defect &amp; Contract</b> <b>Construction Defect</b> <input type="checkbox"/> Chapter 40 <input type="checkbox"/> Other Construction Defect <b>Contract Case</b> <input type="checkbox"/> Uniform Commercial Code <input type="checkbox"/> Building and Construction <input type="checkbox"/> Insurance Carrier <input type="checkbox"/> Commercial Instrument <input type="checkbox"/> Collection of Accounts <input type="checkbox"/> Employment Contract <input type="checkbox"/> Other Contract	<b>Civil Writs</b> <input type="checkbox"/> Writ of Habeas Corpus <input type="checkbox"/> Writ of Mandamus <input type="checkbox"/> Writ of Quo Warrant <input type="checkbox"/> Writ of Prohibition <input type="checkbox"/> Other Civil Writ	<b>WASHOE COUNTY BUSINESS COURT</b> <input type="checkbox"/> NRS Chapters 78-88 <input type="checkbox"/> Commodities (NRS 91) <input type="checkbox"/> Securities (NRS 90) <input type="checkbox"/> Investments (NRS 104 Art.8) <input type="checkbox"/> Deceptive Trade Practices (NRS 598) <input type="checkbox"/> Trademark/Trade Name (NRS 600) <input type="checkbox"/> Trade Secrets (NRS 600A) <input type="checkbox"/> Enhanced Case Management <input type="checkbox"/> Other Business Court Matters
<b>Judicial Review/Appeal/Other Civil Filing</b>		
<b>Judicial Review</b> <input type="checkbox"/> Foreclosure Mediation Case <b>Appeal Other</b> <input type="checkbox"/> Appeal from Lower Court	<b>Other Civil Filing</b> <input type="checkbox"/> Foreign Judgment <input type="checkbox"/> Other Civil Matters	

June 12, 2015

Date

  
 Signature of initiating party or representative

000001

  
CLERK OF THE COURT

**COMPB**  
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Attorneys for Plaintiff  
*James J. Cotter, Jr.*

DISTRICT COURT  
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and  
derivatively on behalf of Reading International,  
Inc.,

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER,  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, and DOES 1 through 100,  
inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada  
corporation;

Nominal Defendant.

CASE NO. A-15-719860-B  
DEPT. NO. XXVII

**COMPLAINT**

**[Business Court Requested: [EDCR 1.61]**

**[Exempt From Arbitration: declaratory  
relief requested; action in equity]**

For his complaint, plaintiff James J. Cotter, Jr., by and through his counsel, Mark G. Krum  
of Lewis Roca Rothgerber LLP, hereby alleges the following:

**NATURE OF THE CASE**

1. This action arises from the intentional misconduct of a majority of the board of  
directors of Reading International, Inc. ("RDI" or the "Company"), including individuals who

1 comprise a majority of the outside directors of RDI, which is a public company. In particular and  
2 without limitation, outside directors Edward Kane (“Kane”), Guy Adams (“Adams”) and Douglas  
3 McEachern (“McEachern”), together with director Ellen Cotter (“EC”) and (“outside”) director  
4 Margaret Cotter (“MC”), have acted in a manner that was and is in derogation of their fiduciary  
5 obligations as directors of RDI, first to threaten James J. Cotter, Jr. (“JJC” or “Plaintiff”) with  
6 termination as President and Chief Executive Officer (“CEO”) of RDI in order to pressure him to  
7 settle certain trust and estate litigation with EC and MC and then, when JJC failed to succumb to  
8 that threat and pressure, to conduct a (legally ineffectual) boardroom coup, precipitously removing  
9 JJC as President and CEO of RDI.

10 2. These directors did so without undertaking any semblance of a process to warrant  
11 making any decision regarding the status of JJC (or anyone) as President and CEO, and did so in  
12 the face of express acknowledgements by outside directors Timothy Storey (“Storey”) and  
13 William Gould (“Gould”) that the directors had failed to undertake any process that would warrant  
14 making any decision about the status of the President and CEO of RDI, much less the decision to  
15 remove JJC as President and CEO of RDI. In particular, Gould warned the others that, because  
16 they had undertaken no process to warrant even making such a decision, they all could be subject  
17 to liability. Storey called the lack of process and planned coup a “kangaroo court,” and warned  
18 the outside directors that, “as directors we can’t just do what a shareholder [, meaning EC and  
19 MC,] asks.”

20 3. One reason defendants engaged in no process whatsoever before deciding to  
21 terminate JJC as President and CEO of RDI is because the decision to do so in reality was not a  
22 business decision by directors about the status of the President and CEO of RDI. Instead, the  
23 decision was made to choose sides in family disputes between EC and MC, on one hand, and JJC,  
24 on the other hand, which disputes include certain trust and estate litigation commenced by EC and  
25 MC against JJC following the passing of their father, James J. Cotter, Sr. (“JJC, Sr.”), in  
26 September 2014, as well as unbecoming disputes of a more personal nature, including the refusal  
27 of EC and MC to report to their “little brother,” who succeeded JJC, Sr. as CEO of RDI.  
28

1           4.       EC and MC have at all times acted to protect and further their own personal and  
2 financial interests to the detriment of RDI and all of its shareholders through their pervasive and  
3 persistent self-dealing and misuse of RDI resources, including as alleged herein. One way EC and  
4 MC have misused RDI resources to their own ends was by having Adams, Kane and McEachern  
5 threaten JJC with termination unless he agreed to settle the trust and estate litigation with EC and  
6 MC on terms satisfactory to them, and then by effectuating the choreographed coup that  
7 precipitates this action, among other things. Each of EC and MC therefore is neither independent  
8 generally nor disinterested in the decision to fire JJC as President and CEO of RDI.

9           5.       Defendant Kane, who has a decade's long *quasi*-familial relationship with EC and  
10 MC, who call him "Uncle Ed," simply and admittedly picked sides in a family dispute,  
11 contemporaneously seizing the opportunity to protect and advance his own personal and financial  
12 interests, as well. Defendant McEachern did the same. Defendant Adams did so as well, but acted  
13 more aggressively to protect his personal interests to the detriment of RDI and its shareholders, in  
14 substantial part because he is financially dependent on Cotter family businesses EC and MC  
15 control or claim to control. Each of these three outside directors therefore is neither independent  
16 generally nor disinterested in the decision to fire JJC as President and CEO of RDI.

17           6.       Ultimately, and as described herein, EC, MC, Adams, Kane and McEachern  
18 communicated to JJC that he must agree to a global settlement proposal acceptable to EC and MC  
19 and covering all trust and estate litigation and other disputes between MC and EC, on one hand,  
20 and JJC, on the other hand, failing which Adams, Kane and McEachern (as three of the five  
21 outside directors) would vote to terminate JJC as President and CEO of RDI. JJC ultimately  
22 declined to be extorted, and Adams, Kane and McEachern voted to terminate JJC as President and  
23 CEO of RDI, as did EC and MC, with Storey and Gould voting against doing so.

#### **PARTIES**

24  
25           7.       Plaintiff James J. Cotter, Jr. (JJC) is and at all times relevant hereto was a director  
26 of RDI. JJC became a director of RDI on or about March 21, 2002. Involved in RDI  
27 management since mid-2005, JJC was appointed Vice Chairman of the RDI board of directors in  
28 2007 and President of RDI on or about June 1, 2013. He was appointed CEO by the RDI board on

1 or about August 7, 2014, immediately after JJC, Sr. resigned from that position. He is the son of  
2 the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. JJC at all times  
3 relevant hereto has owned RDI stock, and owns 718,232 shares of RDI Class A non-voting stock  
4 (including 47,500 shares subject to stock options) and is co-trustee and beneficiary of the James J.  
5 Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539  
6 shares of RDI Class A (non-voting) stock and 1,023,888 shares of RDI Class B (voting) stock, and  
7 options to acquire 100,000 additional shares of RDI Class B (voting) stock, which Trust became  
8 irrevocable upon the passing of JJC, Sr. on September 13, 2014.

9 8. Defendant Margaret Cotter (MC) is and at all times relevant hereto was an outside  
10 director of RDI. MC is engaged in trust and estate litigation against JJC, by which she seeks,  
11 among other things, to invalidate a trust document as part of an overall effort by MC and EC to,  
12 among other things, procure voting control of RDI stock sufficient to elect RDI's directors. MC  
13 became a director of RDI on or about September 27, 2002. MC is the owner and President of  
14 OBI, LLC, a company that provides theater management services to live theaters indirectly  
15 owned by RDI through Liberty Theatres, of which MC is President. MC also sought to  
16 oversee development of real property in New York owned directly or indirectly by RDI,  
17 notwithstanding the fact that she had no experience or expertise in doing so and  
18 notwithstanding the fact that she refused to work with, and actively opposes the hiring of,  
19 any senior executive engaged or proposed to be engaged to assist her.

20 9. Defendant Ellen Cotter (EC) is and at all times relevant hereto was a director of  
21 RDI. EC is engaged in trust and estate litigation against JJC, by which she seeks, among other  
22 things, to invalidate a trust document as part of an overall effort by MC and EC to, among other  
23 things, procure voting control of RDI stock by Margaret sufficient to elect RDI's directors. She  
24 became a director of RDI on or about March 13, 2013. EC is the senior executive at RDI  
25 responsible for the day-to-day operations of its domestic cinema operations. Those cinema  
26 operations consistently have failed to match, much less exceed, the financial results of comparable  
27 and peer group cinema operations.

28 10. Defendant Edward Kane (Kane) is and at all times relevant hereto was an outside



1 director of RDI. Kane has been a director of RDI since approximately October 15, 2009. By  
2 Kane's own admission, he was made a director of RDI because he was a friend of JJC, Sr., the  
3 now deceased father of JJC, EC and MC, and in spite of the fact that Kane neither had nor has  
4 skills or expertise to add value as a director of RDI. Kane has sided with EC and MC in their  
5 family disputes with Plaintiff, launching vicious *ad hominem* attacks against those such as Gould  
6 who have expressed unfavorable opinions about either or both MC and EC, and lecturing JJC  
7 about how he (Kane) is implementing Corleone ("Godfather") style family justice in dealing with  
8 JJC, whom Kane acknowledges is the person most qualified to be CEO of RDI. Kane sold all of  
9 the RDI options he then owned on or about May 27, 2014.

10 11. Defendant Guy Adams (Adams) is and at all times relevant hereto was an outside  
11 director of RDI. Adams became a director of RDI on or about January 14, 2014. A majority if not  
12 almost all of Adams' income is paid to him by Cotter family businesses over which EC and MC  
13 exercise control or claim to exercise control. For that reason, among others, Adams is financially  
14 dependent on EC and MC and does not qualify as an independent director of RDI. For those  
15 reasons and others, Adams was and is not a disinterested director for the purposes of any decision  
16 to terminate JJC as President and CEO of RDI. Adams sold all of the RDI options he owned on or  
17 about March 26, 2015.

18 12. Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was  
19 an outside director of RDI. McEachern became a director of RDI on or about May 17, 2012.  
20 McEachern acted to protect and preserve his personal interests, and chose the side of EC and MC  
21 in their family disputes with JJC, when he voted as an RDI director to terminate JJC as President  
22 and CEO of RDI, including for the reasons described hereinafter.

23 13. Defendant Timothy Storey (Storey) is and at all times relevant hereto was an  
24 outside director of RDI. Storey became a director of RDI on or about December 28, 2011. He has  
25 served as the sole outside director of RDI's wholly-owned New Zealand subsidiary since 2006.  
26 Storey has served as Chairman of the Board of DNZ Property Fund Limited, a billion dollar  
27 commercial property investment fund based in New Zealand and listed on the New Zealand Stock  
28 Exchange, since 2009. Prior to the being elected Chairman of DNZ Property Fund Limited,

1 Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Storey was  
2 appointed the representative or ombudsman of the five outside directors in or about March 2015,  
3 for the purpose of assisting JJC as CEO in dealing with his sisters, EC and MC, who refused to  
4 interact with him in that capacity and, as to MC, refused altogether to have any substantive  
5 discussions with JJC with respect to the business she supervised, live theaters, and the real estate  
6 development opportunities in New York City that she sought to supervise without oversight or  
7 assistance.

8 14. Defendant William Gould (Gould) is and at all times relevant hereto was an outside  
9 director of RDI. Gould was appointed a director on or about October 15, 2004. Gould is a name  
10 partner at the Los Angeles law firm of TroyGould, PC and is an author and lecturer on the subjects  
11 of corporate governance and mergers and acquisitions.

12 15. Nominal defendant Reading International, Inc. (RDI) is a Nevada corporation and  
13 is, according to its public filings with the United States Securities and Exchange Commission (the  
14 "SEC"), an internationally diversified company principally focused on the development,  
15 ownership and operation of entertainment and real estate assets in the United States, Australia and  
16 New Zealand. The company operates in two business segments, namely, cinema exhibition,  
17 through approximately 58 multiplex cinemas, and real estate, including real estate development  
18 and the rental of retail, commercial and live theater assets. The company manages world-wide  
19 cinemas in the United States, Australia and New Zealand. RDI has two classes of stock, Class A  
20 stock held by the investing public, which stock exercises no voting rights, and Class B stock,  
21 which is the sole voting stock with respect to the election of directors. An overwhelming majority  
22 (approximately eighty percent (80%)) of the Class A stock is legally and/or beneficially owned by  
23 shareholders unrelated to JJC, EC and MC. Approximately seventy percent (70%) of the Class B  
24 stock is subject to disputes and pending trust and estate litigation between EC and MC, on one  
25 hand, and JJC, on the other hand. RDI is named as a nominal defendant in recognition of the fact  
26 that it may be contended that one or more claim made by this complaint is derivative in nature.

27 16. The true names and capacities, whether individual, corporate, associate or  
28 otherwise, of Defendants named and identified herein as Does 1 through 100, inclusive, are

1 currently unknown to Plaintiff. Plaintiff, therefore, sues said Defendants by such fictitious names  
2 and will amend his Complaint to show their true names and capacities upon ascertaining the same.  
3 Upon information and belief, each of the Defendants sued herein as Doe has some responsibility  
4 for the damages arising as a result of the matters herein alleged.

5 **ALLEGATIONS COMMON TO ALL CLAIMS**

6 **General Background**

7 17. Since approximately 2000, and until he resigned as Chairman and CEO of RDI on  
8 or about August 7, 2014 due to health reasons, James J. Cotter, Sr. (JJC, Sr.) was the CEO and  
9 Chairman of the Board of Directors of RDI. Additionally, JJC, Sr. through the Trust (according to  
10 RDI filings with the SEC, among other things) controlled approximately seventy percent (70%) of  
11 the Class B voting stock of RDI. As such, JJC, Sr. unilaterally selected and elected the board of  
12 directors.

13 18. As acknowledged by defendant Kane, JJC, Sr. for all intents and purposes ran the  
14 Company as he saw fit, without meaningful oversight or input from the board of directors.  
15 According to Kane, JJC, Sr. “did not seek directors that could add significant value but sought out  
16 friends to fill out the ‘independent’ member requirements.” Kane also acknowledged that, with  
17 the passing of JJC, Sr., it was “time to change this approach and appoint individuals that could  
18 offer solid advice and counsel, such as some NYC real estate people and/or NYC people with  
19 political know-how that we might need if we are to develop our valuable assets there.”

20 19. Recognizing JJC, Sr.’s control of the Company, the board asked that he provide  
21 them with a succession plan. He did so in or about December 2006, and the RDI board agreed to  
22 it. The succession plan was to have JJC assume JJC, Sr.’s position when JJC, Sr. retired or  
23 passed, as the case may be.

24 20. Since 2005, JJC was involved in most RDI executive management meetings and  
25 privy to most significant internal senior management memos. JJC was appointed Vice Chairman  
26 of the RDI board in 2007. The RDI board appointed JJC President of RDI on or about June 1,  
27 2013, which responsibilities he filled without objection by the RDI board of directors.

28 21. On or about September 13, 2014, JJC, Sr. passed.

22. Soon thereafter, trust and estate litigation was commenced by his daughters, MC and EC, including against JJC, which litigation involved the issue of whether MC or JJC, or both, should control the RDI voting stock previously controlled by JJC, Sr., among other things.

23. Apparently recognizing that their machinations to use the uncertainty attendant to the pending trust and estate litigation to secure control of the RDI voting stock previously controlled by JJC, Sr. were destined to ultimately fail, and with MC in perceived jeopardy of being terminated from managing the live theater operations due to the Orpheum Theatre debacle described herein, MC and EC launched a plan to attempt to preempt the ultimate disposition of that trust and estate litigation, as well as MC's possible termination. MC and EC secured the agreement of defendants Kane, Adams and McEachern to pick sides in their family dispute with JJC, and to act in derogation of their fiduciary obligations and the interests of RDI and all RDI stockholders, to threaten and then, when the threat failed, to stage a boardroom coup by firing Plaintiff as President and CEO of RDI.

24. JJC alienated his sisters and Adams, Kane and McEachern because, as President and CEO of RDI, he acted to protect and further the interests of RDI and all of its shareholders, repeatedly rebuffing the efforts of MC and EC to advance their own interests, as well as efforts by Kane, Adams and McEachern to protect and further the interests of MC and EC, as well as their own interests, all to the detriment of the Company and its other shareholders. For example, EC attempted to charge RDI for dinners she had with her mother and sister (including an expensive Thanksgiving dinner with her mother, sister and sister's children), a simple and egregious practice of self-dealing that Plaintiff rejected, angering EC.

25. Ultimately, JJC was fired as President and CEO of RDI because JJC refused to acquiesce to ultimatums from EC, MC, Kane, Adams and McEachern that he enter into a settlement proposal (including of trust and estate issues) satisfactory to EC and MC.

**EC and MC Act To Further Their Own Interests; Kane Assists**

26. Soon after JJC, Sr. passed, EC sought an employment agreement and a promotion from Chief Operating Officer of RDI's Domestic Cinema Operations to head of its worldwide cinema division (including Australian and New Zealand Cinema Operations). EC also sought an

1 employment agreement. Plaintiff is informed and believes that EC did so in part because she was  
2 fearful that JJC, acting to protect and further the interests of the Company, would demote or fire  
3 her.

4 27. Soon after JJC, Sr. passed, EC also sought a raise. The claimed impetus for the  
5 requested raise was to qualify for a loan on a Laguna Beach, California condominium. EC sought  
6 it in part because EC understood that Kane would get it for her.

7 28. Kane, who has a decade's long quasi-familial relationship with each of MC and  
8 EC, who call him "Uncle Ed," acted to ensure that EC would obtain the loan she sought, described  
9 above.

10 29. To that end, Kane, purporting to act as chairman of the RDI Compensation  
11 Committee, without authority or approval from the RDI Compensation Committee, on RDI  
12 letterhead wrote EC's lender and represented that the Committee "anticipate[d] a total cash  
13 compensation increase of no less than 20%" for EC "effective no later than January 1, 2015."  
14 Despite JJC pointing out that sending such a letter to EC's bank was inappropriate, EC executed  
15 the letter on behalf of Kane.

16 30. Shortly thereafter, Kane acknowledged to RDI board members that the study that  
17 had been commissioned and expected to justify EC's pay increase, actually failed to do so.

18 31. Also, in October 2014, Kane prompted the RDI board to provide EC a "bonus" of  
19 \$50,000, on account of a supposed error by the Company in connection with the issuance of RDI  
20 stock options EC had exercised in 2013.

### 21 **The Outside Directors Act To Further Their Own Interests**

22 32. Separately, commencing shortly after JJC, Sr.'s death on September 13, 2014,  
23 Kane began pressing Plaintiff as President and CEO to recommend to the RDI board, and thereby  
24 effectively approve, increases in directors' fees and consideration paid to Kane and other outside  
25 board members.

26 33. Kane and the other outside directors were successful in increasing their  
27 compensation. On or about November 13, 2014, the RDI board raised annual directors' fees by  
28 approximately forty-three percent (43%) and gave each nonemployee director additional

1 compensation in the form of stock options and a one-time cash compensation.

2 **MC And EC Bring Cotter Family Disputes To RDI's Boardroom**

3 34. In an effort to accommodate MC and EC, who refused to report to JJC as CEO,  
4 outside board members initiated a "discussion forum," whereby each of JJC, MC and EC would  
5 meet with two non-Cotter directors, Storey and McEachern. One meeting occurred on or about  
6 November 12, 2014 and one occurred on or about December 16, 2014. These meetings did not  
7 assuage MC and EC.

8 35. Notwithstanding the fact that Plaintiff had been President of RDI since 2013,  
9 notwithstanding the fact that JJC, Sr. and the RDI board had agreed upon a succession plan  
10 pursuant to which Plaintiff would succeed JJC, Sr. as CEO of RDI, and notwithstanding that JJC,  
11 Sr.'s testamentary disposition memorialized to EC and MC his intention that JJC serve as  
12 President of RDI, MC and EC resisted and sought to avoid reporting to JJC.

13 36. Commencing in the fourth quarter of 2014, MC undertook to enlist Kane to  
14 undermine Plaintiff. During that time frame she confidentially requested of Kane that she be made  
15 co-CEO of RDI.

16 37. During that time frame, Plaintiff in furtherance of his responsibilities as CEO of  
17 RDI sought to engage in substantive communications with MC about the live theater business for  
18 which she was responsible. MC flatly refused to have substantive communications with Plaintiff  
19 about such matters.

20 38. Plaintiff also brought to the attention of Kane the difficulties created by MC and  
21 EC, including in particular but not limited to MC's abject refusal to communicate with Plaintiff  
22 about the businesses for which she either had or claimed she should have responsibility, meaning  
23 the live theater business, and two highly valuable real estate assets in New York City which MC  
24 was not qualified to manage or lead without expert or qualified assistance she refused to accept,  
25 including by consistently resisting hiring a qualified executive.

26 **Kane Acts To Protect EC And MC**

27 39. In or about January 2015, Kane acted to protect and further the interests of EC and  
28 MC, in derogation of his fiduciary obligations.

1           40. By way of email dated January 16, 2015, Kane communicated to Plaintiff a  
2 suggestion to the effect that EC be given the title she wants, that MC be treated as a “co-equal with  
3 [a] new head of domestic real estate [and] [t]hat she and the new head will report to you and you  
4 will resolve any conflicts between them that they cannot resolve themselves [and] you will make a  
5 title for MC as a new employee of the Company . . . .”

6           **MC And EC Prompt The Outside Directors To Participate In Family Disputes**

7           41. The outside board members, faced with the personal disputes MC and EC had with  
8 JJC, including the pending trust and estate litigation, took steps to protect and enhance their  
9 personal interests.

10          42. The RDI board of directors on January 15, 2015 determined to purchase a directors  
11 and officers insurance policy (which it never had before) with a limit of \$10 million. At the time,  
12 they also determined that stock option grants to individual directors made on or about November  
13 13, 2014 would vest immediately and further determined that January 15, 2015 would be the date  
14 on which to establish the stock price for option purposes.

15          43. In a private session of the outside directors on January 15, 2015, they discussed and  
16 agreed upon a course of action which initially was proposed to be the first two paragraphs quoted  
17 below, but after discussion became all three. They resolved and approved, with Plaintiff, EC and  
18 MC abstaining, as follows:

19               “The CEO [,JJC,] cannot terminate the employment of Ellen Cotter unless  
20 a majority of the independent directors concur with the CEO’s recommendation to  
21 terminate Ellen Cotter;

22               The CEO [,JJC,] cannot terminate the existing Theater Management  
23 Agreement of Ms. Margaret Cotter unless a majority of the independent directors  
24 concurs with the CEO’s recommendations to terminate such Theater Management  
25 Agreement; and

26               The CEO [,JJC,] cannot be terminated without the approval of the  
27 majority of the independent directors.”

28           **JJC Succeeds As President And CEO; MC And EC Continue To Object**

44. Plaintiff’s work as CEO was recognized as successful by the stock market. RDI  
stock was trading at \$8.17 per share when Plaintiff became CEO but, by approximately the end of

2014, had traded as high as \$13.26 per share and, in the Spring of 2015, traded at over \$14.45 per share.

45. One analyst described the successes of JJC as President and CEO as follows:

Management Catalysts

RDI has historically suffered from a control discount. The dual class structure created a situation where the Cotter family owned approx. 30% of outstanding shares, but 70% of class B voting stock. James Cotter Sr., the longtime CEO, made little effort to promote the company and was slow to monetize assets and unlock the value even though he did acquire assets smartly and did a good job of operating the business. Over the past two years, asset monetization has moved ahead and seems to be a sign of things to come. In early August, James Cotter, Sr., resigned from serving as the Company's Chairman and CEO and recently passed away. Cotter's son Jim has taken over the CEO position. We think that Jim has already been a positive influence in terms of value realization during the last year. We believe that Jim was instrumental in pushing not only the sales of important Australian assets, but also the share buyback. He is also seeking other ways to increase value (e.g. considering ways to further monetize the Angelika brand). We expect the stock will move much closer to fair value once definitive announcements are made around the New York City assets and other smaller asset monetization announcements in the next 12 months. The two New York assets discussed have appreciated significantly in recent years and are a part of the value here. It is also worth noting that RDI also owns other valuable, underutilized real estate (including Minetta Lane Theater, Orpheum Theater, Royal George in Chicago, etc.) that could ultimately be redeveloped and create incremental value for shareholders.

46. After meeting JJC in person in October 2014, one large stockholder commented, "I came away from our meeting with a firm view that you care about shareholders and that both you and us will be nicely rewarded over time...I intend to remain a long-term partner. I am confident that if you continue to buy back stock and the investment community begins to believe that you, as a leader, will act in the best interests of shareholders, the stock price will be considerably higher." The stock price did move considerably higher.

47. JJC's success in fact began as early as June 1, 2013, when he was appointed President of RDI. After JJC, Sr. was diagnosed with prostate cancer in early 2013, JJC, Sr. turned over more responsibility to JJC, as JJC, Sr. was battling prostate cancer. On June 1, 2013, the stock price was only \$6.08 per share.

48. JJC's success as President and CEO of RDI continues to be recognized by the stock market. On May 31, 2015, The Street Ratings upgraded their recommendation of RDI to a "buy"



1 or “purchase.” On June 4, 2015, RDI Class A stock traded in the public marketplace as high as  
2 \$14.45 per share.

3 49. MC and EC objected to Plaintiff’s on-going, successful efforts as President and  
4 CEO of RDI which, though in the best interests of all RDI shareholders, including the public non-  
5 Cotter family shareholders, were viewed by MC and EC as not in their personal interests. MC and  
6 EC continued to voice objections to JJC communicating with shareholders.

7 50. By their actions and statements, including but not limited to their demands for  
8 additional compensation and for employment agreements, and their complaint that Plaintiff had  
9 acted in the interests of all RDI shareholders rather than in their particular interests, MC and EC  
10 made clear that their personal interests were paramount, in derogation of the interests of RDI and  
11 its other shareholders, notwithstanding that both were RDI directors.

12 **JJC Complies With Board Requests, MC And EC Do Not**

13 51. By March 2015, the efforts of EC and MC to promote their own interests, in  
14 derogation of the interests of the Company, compelled the non-Cotter members of the RDI board  
15 of directors to intervene.

16 52. In March 2015, the non-Cotter directors appointed lead director Gould and director  
17 Storey as an independent committee, with Storey functioning as their representative or  
18 ombudsman to work with JJC as CEO, including by acting as a facilitator with EC and MC.

19 53. On behalf of the non-Cotter directors, Gould advised MC and EC and Plaintiff that  
20 the process they had put in place, involving director Storey as described herein, would continue  
21 through the end of June 2015, at which time an assessment would be made of the situation,  
22 including in particular the extent to which each of the three of them had cooperated in the process  
23 and had undertaken to improve their working relationships and to sustain improved working  
24 conditions.

25 54. From that point forward, Plaintiff has worked with director Storey in the manner  
26 Storey on behalf of the non-Cotter directors had requested.

27 55. However, MC and EC did not, including as otherwise averred herein. Instead, they  
28 continued to act to preserve and further their own personal and financial interests, to the detriment

1 of RDI and its shareholders.

2 56. Thus, although MC for months had resisted even having substantive discussions  
3 with Plaintiff about the live theater business operations for which she was responsible, and  
4 although MC for months had failed and refused to produce even the most rudimentary of business  
5 plans, she nevertheless pushed to be provided an employment agreement with RDI. For example,  
6 on May 4, 2015, by which time she had provided no business plan whatsoever, notwithstanding  
7 requests from Plaintiff and from director Storey that she do so, she emailed Plaintiff, stating “any  
8 idea when this employment agreement of mine that you have been working on for months will be  
9 presented?”

10 **The Outside Directors Demand More Money**

11 57. In the same time frame, the non-Cotter directors were seeking additional  
12 compensation. In particular, Kane pushed Plaintiff to provide all non-Cotter directors other than  
13 director Storey an extra \$25,000 for the first six months of 2015, with the understanding “that at  
14 year-end we will be asking for an additional payment.”

15 58. With respect to director Storey, who resides in New Zealand and had taken no  
16 fewer than a half dozen trips to Los Angeles in furtherance of his role as the representative or  
17 ombudsman of the non-Cotter directors in interfacing with Plaintiff, on the one hand, and MC and  
18 EC, respectively, on the other hand, Kane’s proposal was that Storey receive an additional \$75,000  
19 for the first six months of 2015, in recognition of the time and effort Storey was expending as the  
20 representative or ombudsman for the non-Cotter directors.

21 59. Plaintiff advised Kane that he had some reservations about the additional  
22 compensation Kane proposed providing to the non-Cotter directors.

23 60. While Plaintiff did as director Storey requested, MC and EC pursued their own  
24 personal interests, in derogation of the interests of RDI and its shareholders. Among other things,  
25 EC had her personal lawyers copied on internal RDI correspondence and present on telephone  
26 calls with RDI outside counsel and executives, including the CFO and the General Counsel, so as  
27 to protect and further the interests of EC and MC.  
28

**MC's Orpheum Theatre Debacle Puts Her Employment In Jeopardy**

61. On or about May 18, 2015, Plaintiff took MC to task, observing that she had been promising him a business plan for eight months but still had not delivered one.

62. RDI's proxy statement filed with the SEC in connection with the annual meeting of RDI stockholders that occurred in 2014 described MC's role in relevant part as "the President of Liberty Theatres, the subsidiary through which we own our live theaters. [MC] manages the real estate which houses each of four live theaters [including the one which is the principle source of revenue, the Orpheum Theatre,] [and as such] secures leases, manages tenancies, oversees maintenance and regulatory compliance on the properties. . . ."

63. MC's diligence and candor, or lack of one or both, have been called into question by her handling of the relationship with the Stomp Producers. The Stomp Producers, the tenant at the RDI owned Orpheum Theatre and the source of a majority of RDI's live theater revenues, gave notice on April 23, 2015 of termination of the lease for cause. MC had prior notice of alleged problems of the nature upon which Stomp based its purported termination of the lease for cause. Nevertheless, MC allegedly failed to handle the business for which she was responsible, whether by addressing the alleged problems, by developing a constructive working relationship with the Stomp Producers or otherwise.

64. MC had been aware of the alleged issues raised by the Stomp Producers for months. In particular, by email and correspondence dated February 6, 2015, the Stomp producers wrote to MC and complained "about the maintenance and upkeep of the Orpheum Theatre." They further stated in their February 6, 2015 letter to MC as follows:

"Nothing in this letter is new to you as we and our employees have been in almost constant contact about recurring problems at the theater, but there is now an urgent need to attend to this matter on an immediate and comprehensive, rather than piecemeal, bases . . . ."

65. MC failed to disclose the February 6, 2015 letter, that the Stomp Producers told MC on April 9, 2015 that they were going to vacate the theater or even the situation with the Stomp Producers generally to Plaintiff or, Plaintiff is informed, to any outside member of the RDI board of directors. In other words, she concealed the fact that she was facing a serious business

1 challenge, whether real or contrived by the Stomp Producers, and in doing so breached her  
2 fiduciary obligations as a director. In so acting, she also undertook to deceive Plaintiff and the  
3 non-Cotter members of RDI's board into providing her an employment contract with respect to the  
4 very matters as to which she was then accused of being grossly negligent, among other things.

5 66. Upon learning of the Stomp Producer's notice to terminate, director Gould stated an  
6 assessment to the effect that MC's handling of the situation (independent of the merits or lack of  
7 merits of the claims of the Stomp Producers), including not notifying anyone about the threat of  
8 the Company losing a material portion of its live theater business income, could be grounds for  
9 termination.

#### 10 **Kane Acts To Protect MC**

11 67. Concerned that MC was about to be terminated for cause, director (Uncle Ed) Kane  
12 took actions to protect his quasi-family, MC and EC. Together they launched the scheme to extort  
13 JJC or, failing that, terminate him as President and CEO of RDI, enlisting the assistance and  
14 cooperation of directors Adams and McEachern, both of whom acted to preserve and further their  
15 own personal and financial interests, including in voting to terminate JJC as President and CEO  
16 and replace him as CEO with Adams.

17 68. Kane's quasi-familial relationship and visceral support of MC and EC has been  
18 evidenced by, among other things, stunning *ad hominem* invectives directed at directors Gould and  
19 Storey, as well as by rants to JJC about "The Godfather" and the Corleone family from that series  
20 of movies, even including a suggestion that termination of JJC would be analogous to the murder  
21 of someone disrespecting a Corleone family member.

#### 22 **Adams Is Beholden To MC And EC**

23 69. The efforts of MC and EC, together with their protector and benefactor, (Uncle Ed)  
24 Kane, to threaten and later depose JJC as President and CEO, provided a perfect opportunity for  
25 Adams to protect his own personal (including professional) and financial interests.

26 70. Prior to 2007 or 2008, when (according to Adams' own sworn testimony in a recent  
27 divorce proceeding) his business of investing monies he raised privately failed after he lost  
28 approximately seventy percent (70%) of the monies invested with him, Adams was active as a

1 small time shareholder activist who purchased small stakes in public companies, agitated for  
2 change in the boardroom, secured a position as director, generated a quick and short term profit  
3 through the process and then promptly resigned, to search for the next public company victim.  
4 Since that time, Adams has been unsuccessful in reviving that business and, for all intents and  
5 purposes, has been unemployed.

6 71. EC led Adams to believe that he would be appointed CEO of RDI upon termination  
7 of JJC. Simply holding that position would be of value to Adams, including in reviving his  
8 business of investing in public companies, agitating for change in the composition of the board or  
9 otherwise at the company, cashing out and moving on. Adams for that reason supported  
10 terminating JJC. After JJC had been terminated, it was EC rather than Adams (who previously  
11 was identified to become CEO) who was appointed interim CEO of RDI.

12 72. Separately, Adams is beholden to EC and MC because, among other things, he is  
13 financially dependent on monies paid to him by the Cotter family businesses EC and MC control  
14 or claim to control. Based on information provided by Adams in sworn statements in a recent  
15 divorce proceeding, it appears that amounts paid to him by Cotter entities over which EC and MC  
16 exercise control or claim to exercise control amounted to over half (50%) of Adam's (claimed  
17 approximate \$90,000) income in 2013, at a minimum, and possibly amounted to over eighty  
18 percent (80%) of that income.

19 73. Additionally, Plaintiff is informed and believes and thereon alleges that on or  
20 about May 2013, Adams entered into an agreement with JJC, Sr. whereby Adams received, among  
21 other things, a carried interest in certain real estate projects, including one by the name of Shadow  
22 View. Plaintiff is further informed and believes and thereon alleges that the value of Adams'  
23 carried interest in Shadow View, including whether it will be monetized and the extent to which it  
24 will be monetized for the benefit of Adams, is contended by MC and EC to be the responsibility of  
25 the estate of JJC, Sr., of which MC and EC presently are the administrators.

26 74. Thus, Adams' personal and financial interests are dependent on his financial  
27 benefactors, MC and EC. Practically, Adams has little choice if any but to accommodate and  
28 advance the personal interests of MC and EC.

75. For such reasons, Adams is not independent generally, and not disinterested with respect to the disputes between MC and EC, on one hand, and JJC on the other, much less with respect to the decision to fire JJC.

76. In or about March 26, 2015, Adams sold all RDI options he had, including options he had been granted only a few months earlier. He has never owned any RDI shares. Today, Adams holds no RDI stock or options. Notably, he failed to disclose that he owned RDI options in his divorce proceedings.

77. The other non-Cotter board members know of, and previously had reason to suspect, that Adams suffers from a debilitating and disqualifying personal (and professional) and financial interests, both generally and particularly regarding the vote to remove JJC as President and CEO and to replace JJC as CEO with Adams. Among other things and without limitation, when Adams joined the RDI board of directors on or about January 14, 2014, he was asked whether he would be an independent director and, more particularly, about his financial dealings with the Cotter family and Cotter family entities. Although Adams acknowledged that he had such financial relationships with the Cotter family and/or the Cotter family controlled businesses, he declined to particularize the relationships or disclose the particulars regarding the financial aspects of them, and instead claimed the monies he was being paid were “*de minimus*.”

## **Defendants Other Than Storey And Gould Attempt To Extort JJC, Fail, And Execute The Threatened Coup**

78. On Tuesday, May 19, 2015, Ellen Cotter distributed a purported agenda for an RDI board of directors meeting scheduled to commence not quite 48 hours later, at 11:15 a.m., on Thursday, May 21, 2015. The first action item on the agenda was entitled “Status of President and CEO[,]” which in fact was the agenda item to raise an issue previously never discussed, namely, termination of JJC as President and CEO of RDI.

79. Prior to May 19, 2015, acting in concert with MC and EC, Adams, Kane and McEachern had agreed to vote to terminate JJC as President and CEO of RDI.

80. In the face of objections by directors Gould and Storey that the non-Cotter directors had not undertaken an appropriate process to make any decision regarding whether or not to

1 terminate the President and CEO of RDI, and a request that the outside directors meet before the  
2 scheduled May 19 meeting, Kane provided a visceral response to the effect that the outside  
3 directors did not need to meet, tacitly admitting that even the pretense of process would not be  
4 undertaken as “the die is cast”.

5 81. In furtherance of their self-serving scheme, EC and Adams previously had hired  
6 counsel to attend a May 21, 2015 board meeting at which the first agenda item was termination of  
7 JJC as President and CEO. Clearly, the purpose for which Adams and EC engaged counsel,  
8 ostensibly representing RDI, to attend that board meeting, was to issue to JJC an ultimatum that he  
9 immediately without counsel negotiate a termination agreement with those lawyers, failing which  
10 he would be fired.

11 82. Counsel for JJC appeared at the meeting and explained, among other things, that (i)  
12 the non-Cotter directors had not engaged in any process that would satisfy any measure of their  
13 fiduciary obligations to even make a decision with respect to whether to terminate JJC as President  
14 or CEO, and that (ii) Adams not only was not disinterested with respect to the decision, he was so  
15 interested that he was clearly and indisputably conflicted, that Kane too clearly was interested  
16 under Nevada law and that McEachern also appeared interested. JJC’s counsel effectively made  
17 these comments on the way out of the room, after the board had voted (by 5 to 3) to allow the  
18 lawyers hired by EC to stay, but to not allow JJC’s personal lawyer to attend even for agenda item  
19 one, which was relevant to JJC individually, not just as an officer of RDI.

20 83. Adams, bristling at the prospect of others being dissuaded from terminating JJC and  
21 then selecting Adams to replace JJC as CEO, directed that the two security officers waiting outside  
22 the boardroom be called to physically remove JJC’s attorney from the premises. Of course, Adams  
23 lacked authority to do so.

24 84. For his part, Kane simply directed personal invective at JJC’s attorney, just as Kane  
25 had done previously toward directors Storey and Gould when each of them expressed views that  
26 were in the estimation of Kane contrary to the interests of MC, EC or both, as well as to Kane’s  
27 intent on rendering punitive consequences.

28 85. Faced with a clear record that the non-Cotter directors had failed to undertake any

1 process, much less an appropriate process, to make a decision regarding whether to terminate JJC  
2 as President and CEO, Adams solicited JJC to have an impromptu discussion about his  
3 performance. Recognizing that Adams' solicitation was nothing more than a disingenuous, after-  
4 the-fact effort to fabricate a record of process and diligence where none existed, JJC demurred. Of  
5 course, JJC also had reason to do so in view of the fact that the non-Cotter directors previously had  
6 put in place a process (described above) that was to play out through the end of June, at least,  
7 which process had not been completed, meaning that the non-Cotter directors' decision to  
8 terminate JJC as President and CEO was in derogation of, and pre-empted, their own processes.

9 86. The choreographers then determined to adjourn the May 21, 2015 board meeting to  
10 May 28, 2015, to afford them an opportunity to further attempt to pressure JJC to resign or  
11 otherwise obviate the need for them to execute their threat to terminate him as President and CEO.

12 87. Thus, on Wednesday, May 27, 2015, Texas attorney Harry Susman, one of the  
13 lawyers representing MC and EC in the trust and estate litigation, transmitted to Adam Streisand,  
14 an attorney representing JJC in the trust and estate litigation, a global settlement proposal,  
15 including all trust and estate matters. The proposal was communicated as effectively a "take-it or  
16 leave-it" proposal and was accompanied by a deadline of 9:00 a.m. on Friday, May 29 to accept  
17 the proposal.

18 88. Also on May 27, 2015, EC emailed RDI directors a "reminder" "that the board  
19 meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The board  
20 meeting will begin at **11:00 a.m. at our Los Angeles office.**"

21 89. By the foregoing actions, among others, MC and EC made clear that accepting their  
22 take-it or leave-it settlement proposal was what JJC had to do to avoid being fired as President and  
23 CEO of RDI.

24 90. Also on May 28, 2015, approximately one day after EC's lawyer transmitted the  
25 "take-it or leave-it" global settlement proposal and one day before the RDI board was to reconvene  
26 to execute on their threat to terminate JJC as President and CEO of RDI, Kane told JJC to accept  
27 the take-it or leave-it offer to "end all of the litigation and ill feelings." Among other things, by  
28 email on May 28, 2015, Kane stated as follow to JJC:



1 “I have not seen the [take it or leave it settlement] proposal. I understand  
2 that it would leave you with your title, which is very important to you and  
3 which you told me was essential to any settlement . . . if it is take-it or  
4 leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, . . . if we can  
end all of the litigation and ill feelings, -- and their offer to keep you as  
CEO as a major concession -- . . .”

5 91. On Friday, May 29, before the RDI board of directors meeting reconvened, EC and  
6 MC met with JJC and told him that the settlement proposal that had been conveyed by attorney  
7 Susman on their behalf two days earlier was a take-it or leave-it offer and that, if JJC did not  
8 accept it, the RDI board would terminate him as President and CEO. JJC attempted to discuss  
9 proposed changes with them, to which EC and MC responded that they would accept no changes.  
10 They repeated that if JJC did not accept the agreement as proposed, JJC would be terminated as  
11 President and CEO of RDI.

12 92. Director Gould shortly thereafter came to JJC’s office and said that the majority of  
13 the non-Cotter board members had determined to terminate him and that the supposed board  
14 meeting was about to commence.

15 93. JJC entered the conference room where the supposed meeting was to occur. The  
16 supposed meeting was commenced and Adams made a motion to terminate JJC as President and  
17 CEO.

18 94. JJC observed that Adams was not independent or disinterested, pointing out that a  
19 substantial portion of his income came from Cotter entities, as evidenced by sworn testimony  
20 Adams had given in his divorce proceeding. JJC invited Adams to prove otherwise, to which  
21 Adams responded that he did not have to do so. Others inquired of Adams’ financial relationship  
22 to Cotter entities, but Adams declined to provide substantive responses to those queries.

23 95. Director Gould opined that it was not the role of the RDI board of directors to  
24 intercede in the personal disputes between EC and MC, on the one hand, and JJC, on the other  
25 hand, nor to tip the balance of power in those disputes. He further observed that the board should  
26 attempt to maintain the status quo until the courts resolved the trust and estate litigation, and added  
27 that he thought JJC had done a good job.

28 96. Kane offered more personal invective directed to JJC, including comments to the

1 effect that he thought that JJC had “\*\*\*\*ed Margaret over with the changes . . . made to the estate”  
2 and that JJC “does not have people skills especially with his two sisters . . .”

3 97. Next, the five outside directors asked JJC to leave the conference room so that they  
4 could talk with EC and MC. Plaintiff is informed and believes that one or more of Kane, Adams  
5 and McEachern conferred with EC and MC about whether to proceed to terminate JJC as President  
6 and CEO or to continue to attempt to pressure him to accept EC’s and MC’s take-it or leave-it  
7 settlement proposal.

8 98. Next, at or about 2:30 p.m., JJC was advised that the supposed RDI board meeting  
9 would be adjourned until at or about 6:00 p.m. that evening and that JJC had until then to strike a  
10 global settlement with EC and MC, failing which he would be terminated as President and CEO of  
11 RDI when the supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015.

12 99. The supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015,  
13 at which point EC reported that (a virtually extorted) JJC had agreed in principal to substantial  
14 terms demanded by EC and MC and that, while no definitive agreement had been reached, EC and  
15 MC would have one of their lawyers provide documentation to counsel for JJC. As a result, the  
16 threatened termination remained threatened.

17 100. On Wednesday, June 3, 2015, attorney Susman on behalf of EC and MC  
18 transmitted an proposed global settlement document to one of JJC’s trust and estate attorneys,  
19 attorney Streisand. The document contained new terms previously not discussed, much less  
20 agreed, by the parties.

21 101. On Friday, June 5, 2015, attorney Susman left a message for attorney Streisand, the  
22 sum and substance of which was that he (Susman) was awaiting word that JJC had accepted the  
23 global settlement document. By that message, attorney Susman implied that the document was,  
24 like a prior document he had transmitted, a “take-it or leave-it” proposal.

25 102. On June 8, 2015, JJC advised EC and MC that he could not accept their take-it or  
26 leave-it global settlement proposal. MC responded that she would advise the RDI board of  
27 directors, referencing the on-going, explicit threat to have JJC terminated as President and CEO of  
28 RDI if he failed to agree to a global settlement (including of all trust and estate litigation matters)

1 satisfactory to EC and MC.

2 103. On June 9, 2015, in furtherance of important ongoing RDI business, JJC asked for a  
3 response from MC with respect to a senior executive candidate to oversee RDI's United States real  
4 estate, which candidate had been endorsed by senior executives at RDI. MC consistently has  
5 resisted employing such a person, apparently fearing that someone qualified might undermine her  
6 efforts to manage RDI's valuable U.S. real estate holdings. In response to JJC's email, she called  
7 him and said, among other things, "you were supposed to be terminated but for a global settlement  
8 . . . bye . . . bye."

9 104. On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board  
10 members (and RDI's general counsel) stating, among other things, that "we would like to  
11 reconvene the Meeting that was adjourned on Friday, May 29<sup>th</sup>, at approximately 6:15 p.m. (Los  
12 Angeles time.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00*  
13 *a.m. (Los Angeles time)* . . ." The email purported to further "confirm [] our meeting of the Board  
14 of Directors on Thursday, June 18<sup>th</sup> . . . We will be distributing Agenda and Board package for this  
15 Meeting at the end of this week . . ."

16 105. On Friday, June 12, 2015, the supposed RDI board of directors meeting of May 29,  
17 2015 supposedly was reconvened. The sole agenda item carried over from May 21, 2015 was the  
18 termination of JJC as President and CEO of RDI. All other agenda items were deferred until the  
19 next regularly scheduled board meeting six days later, on June 18, 2015. Following through on  
20 their prior threat to terminate JJC if he did not reach a global settlement (including all trust and  
21 estate litigation issues) satisfactory to EC and MC, EC, MC, Adams, Kane and McEachern each  
22 voted to terminate JJC. McEachern made on last effort to pressure JJC, inviting him to resign  
23 rather than be terminated. Storey and Gould voted against terminating JJC as President and CEO.  
24 EC was elected interim CEO. Based on that action, which Plaintiff maintains was legally  
25 ineffectual because each of EC, MC, Adams, Kane and McEachern were interested and therefore  
26 should not have had their votes counted, Adams, Kane, McEachern, EC and MC have taken the  
27 position that JJC has been terminated as President and CEO of RDI.

28 106. Thus, MC and EC, together with Adams, Kane and McEachern, have misused their

positions as directors of RDI to further the personal interests of MC and EC, including in the trust and estate litigation.

### **Demand Is Excused**

107. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, each of the individuals named as defendants herein comprising seven of eight board members (and, counting Plaintiff, eight of eight) and comprising five of five outside directors, are unable to exercise independent and disinterested business judgment in responding to a demand, and because the actions giving rise to this action, namely, the threat to terminate JJC and the subsequent actions to do so when he refused to be pressured into settling trust and estate litigation with EC and MC on terms satisfactory to them, were not *bona fide* business decisions undertaken honestly and in good faith in the best interests of RDI, much less the product of a valid exercise of business judgment.

108. In that respect, all of the RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision of the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.

109. Additionally, each of the five outside directors is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to a majority of the outside directors, meaning Adams, Kane and McEachern, each of whom lack independence generally and, more particularly with respect to the decision to pick sides in a family dispute and terminate Plaintiff as President and CEO of RDI, lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled or claimed to be controlled by EC and MC, Kane's quasi-familial relationship with EC and MC and McEachern's decision to protect and pursue his own personal and financial interest which, Plaintiff is informed and believes, is based upon McEachern's erroneous expectation that EC and MC ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling

McEachern's fate as a director.

110. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI.

### **FIRST CAUSE OF ACTION**

#### **(For Breach of Fiduciary Duty – Against All Defendants)**

111. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

112. Each of defendants Kane, Adams, McEachern, Storey and Gould at all times relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary duties of care, candor, good faith and loyalty, to the Company, to Plaintiff and to other RDI shareholders.

113. The duty of care owed by each of these defendants entails, among other things, an obligation to exercise the requisite degree of care in the process of decision making as a director and to act on an informed basis.

114. The duty of care further requires, among other things, that these directors do not act with undue haste, a lack of board preparation or a failure of deliberation with respect to the merits of any and every supposed business decision.

115. By the conduct described herein, including in particular but not limited to the failure to engage in any process to assess the skills and performance of Plaintiff as President or as CEO in connection with the decision to threaten to terminate and to terminate him, and including but not limited to the conduct herein that amounted to pre-empting any process of doing so and preventing any *bona fide* deliberations with respect to such decision, each of defendants Kane, Adams, McEachern, Storey and Gould have breach their fiduciary obligations, including in particular their fiduciary duty of care.

116. As a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

117. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

## SECOND CAUSE OF ACTION

### **(Breach of Fiduciary Duty – Against MC, EC, Adams, Kane and McEachern)**

118. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

119. Each of defendants Kane, Adams, McEachern, Storey and Gould at all times relevant hereto were directors of RDI. As such, each owed fiduciary duties, including fiduciary duties of care, candor and loyalty, to the Company, to Plaintiff and to other RDI shareholders.

120. The duty of loyalty includes the obligation to not use their positions of control of the Company, including in particular as directors, to further their own personal or financial interests or the personal or financial interests of another of them to the detriment of the interests of the Company and its shareholders.

121. By the conduct described herein, each of these defendants have undertaken to further their own interests or the interests of another of them, to the direct, immediate and ongoing detriment of the Company, Plaintiff and each of its other shareholders.

122. By reason of the foregoing, each of MC, EC, Adams, Kane and McEachern have breached their fiduciary obligations, and in particular their fiduciary duties of good faith, loyalty and candor, to the Company and to Plaintiff and all other shareholders of the Company.

123. As a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

124. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages,

1 which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants.  
2 Plaintiff will amend this complaint and set forth said damages when they are ascertained,  
3 according to proof at trial.

### 4 **THIRD CAUSE OF ACTION**

#### 5 **(Aiding and Abetting Breach of Fiduciary Duty – Against MC and EC)**

6 125. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this  
7 complaint and incorporates them herein by this reference as though set forth in full.

8 126. Insofar as any or all of Defendants contend that the decision to terminate Plaintiff  
9 as CEO and President was made based upon a vote of the non-Cotter directors, and independent of  
10 the fact that such vote was legally ineffectual, the fiduciary breaches alleged above were solicited  
11 and aided and abetted by MC and EC.

12 127. As alleged more fully herein, EC and MC had solicited and assisted the actionable  
13 conduct of defendants Kane, Adams and McEachern, including in particular but not limited to the  
14 threat by the three of them to terminate JJC as President and CEO of RDI if, in the few hours  
15 between the adjournment of the supposed RDI board meeting on Friday, May 29, 2015 the  
16 presumption of that supposed meeting at or about 6:00 p.m. that evening, JJC did not reach a  
17 global settlement agreement with EC and MC, meaning agree to their take-it or leave-it agreement  
18 or any other such agreement they would demand he accept.

19 128. EC and MC further solicited and aided and abetted the decisions and actions of  
20 defendants Adams, Kane and McEachern to terminate JJC as President and CEO of RDI.

21 129. EC and MC further prompted and aided and abetted the fiduciary breaches of  
22 Storey and Gould.

23 130. Each of EC and MC have acted with knowledge of the fiduciary obligations of the  
24 five outside directors. Each of EC and MC have acted with knowledge of the manner in which  
25 those fiduciary obligations were breached, and aided and abetted and continue to aide and abed  
26 said breaches. Accordingly, each of EC and MC are liable for aiding and abetting those fiduciary  
27 breaches.

28 131. As a direct and proximate result of the acts and omissions of said defendants as

described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

132. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages, which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

### **Irreparable Harm**

133. As a result of the ongoing acts of Defendants, the Company, Plaintiff and other shareholders have suffered and will continue to suffer immediate and ongoing irreparable injury for which no adequate remedy at law exists. Accordingly, Plaintiff is entitled to temporary, preliminary and permanent injunctive relief restraining Defendants, and each of them, from continuing their course of conduct and undertaking further actions in derogation of their fiduciary obligations, and to an order and judgment finding that the actions undertaken to date to threaten JJC with termination and thereafter terminate JJC as President and CEO of RDI, as well as such further actions that may be undertaken in furtherance of the scheme alleged herein, are legally ineffectual and of no force and effect.

134. In particular, unless such injunctive relief is granted, Plaintiff, the Company and other shareholders will suffer irreparable harm for which no adequate remedy at law exists.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for judgment against Defendants and each of them, jointly and severely, as follows:

1. For relief restraining and enjoining Defendants from taking further action to effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of RDI;

2. For a determination that the purported termination of Plaintiff as President and CEO of RDI was legally ineffectual and is of no force and effect;

3. For judgment against each of the Defendants for breach of their respective fiduciary obligations;



1           4.       For actual and compensatory damages against Defendants in an amount according  
2 to proof at trial;

3           5.       For costs of suit herein; and

4           6.       For such other and further relief as the Court may deem just and proper.

5           DATED this 12th day of June, 2015.

6                               LEWIS ROCA ROTHGERBER LLP

7  
8                               /s/ Mark G. Krum

9                               Mark G. Krum (Nevada Bar No. 10913)  
10                              3993 Howard Hughes Pkwy, Suite 600  
                                  Las Vegas, NV 89169-5958

11                             Attorneys for Plaintiff  
12                             James J. Cotter, Jr.

1 **IAFD**  
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3 3993 Howard Hughes Parkway, Suite 600  
Las Vegas, Nevada 89169  
4 (702) 949-8200  
(702) 949-8398 fax

5 Attorneys for Plaintiff  
6 *James J. Cotter, Jr.*

7  
8 DISTRICT COURT

9 CLARK COUNTY, NEVADA

10  
11 JAMES J. COTTER, JR., individually and  
derivatively on behalf of Reading International,  
12 Inc.,

13 Plaintiff,

14 v.

15 MARGARET COTTER, ELLEN COTTER,  
16 GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
17 WILLIAM GOULD, and DOES 1 through 100,  
inclusive,

18 Defendants.

19 and  
20

21 READING INTERNATIONAL, INC., a Nevada  
22 corporation;

23 Nominal Defendant.

CASE NO.  
DEPT. NO.

**INITIAL APPEARANCE  
FEE DISCLOSURE**

24 Pursuant to NRS Chapter 19, as amended by Senate Bill 106, filing fees are  
25 submitted for parties appearing in the above-entitled action as indicated below:

26 JAMES J. COTTER, JR.

\$1,530.00

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28 ///

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Total \$1,530.00  
DATED this 12th day of June, 2015.

LEWIS ROCA ROTHGERBER LLP

/s/ Mark G. Krum  
Mark G. Krum (Nevada Bar No. 10913)  
3993 Howard Hughes Pkwy, Suite 600  
Las Vegas, NV 89169-5958

Attorneys for Plaintiff  
*James J. Cotter, Jr.*

# Tab 02

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287

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hours per response: 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

<b>1. Name and Address of Reporting Person*</b> <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>6100 CENTER DRIVE</u> <u>SUITE 900</u>  (Street) <u>LOS ANGELES CA 90045</u>  (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  <b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>07/01/2015</u>  <b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>	<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)  <b>6. Individual or Joint/Group Filing (Check Applicable Line)</b> <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	(A) or (D)	Price	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code V	(A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares				
Stock Options: Right to Buy: Class A Non-Voting Stock	\$13.85	06/30/2015		D	12,500	07/06/2010 07/05/2015	Class A Non-voting Common Stock 12,500	\$0	110,000	D	
Stock Options: Right to Buy: Class A Non-Voting Stock	\$13.85	06/30/2015		D	50,000	06/03/2013 06/02/2018	Class A Non-voting Common Stock 50,000	\$0	60,000	D	

Explanation of Responses:

Remarks:

/s/ James J. Cotter, Jr.

07/16/2015

\*\* Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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000033

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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 hours per response: 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>6100 CENTER DRIVE</u> <u>SUITE 900</u>  (Street) <u>LOS ANGELES CA 90045</u>  (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>08/17/2015</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)  <u>See Remarks</u>  6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Voting Common Stock	08/17/2015		M		10,000	A	\$8.35	866,426	D	
Class A Voting Common Stock	08/17/2015		F		7,529	D	\$13.5	858,897	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date					
Stock Option (Right to Buy) <sup>(1)</sup>	\$8.35	08/17/2015		M		10,000	01/19/2007	01/18/2017	Class A Voting Common Stock	10,000	\$0	0	D

**Explanation of Responses:**

1. 1999 Stock Option Plan

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto.

/s/ James J. Cotter, Jr. 08/24/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

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**000034**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Estimated average burden  
 hours per response: 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <sup>*</sup> <u>Cotter James J JR</u>			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> [ RDI ]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <b>See Remarks</b>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>06/30/2015</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
<u>6100 CENTER DRIVE</u> <u>SUITE 900</u>			4. If Amendment, Date of Original Filed (Month/Day/Year) <u>07/16/2015</u>					
(Street)	(City)	(State)	(Zip)					
<u>LOS ANGELES CA 90045</u>								

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Voting Common Stock	06/30/2015		M		12,500	A	\$3.87	845,461	D	
Class A Voting Common Stock	06/30/2015		F		6,666	D	\$13.85	838,795	D	
Class A Voting Common Stock	06/30/2015		M		50,000	A	\$6.31	888,795	D	
Class A Voting Common Stock	06/30/2015		F		32,369	D	\$13.85	856,426	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)				6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
												Amount or Number of Shares					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title							
Stock Option (Right to Buy) <sup>(1)</sup>	\$3.87	06/30/2015		M			12,500	07/06/2010	07/05/2015	Class A Voting Common Stock	12,500	\$0	0	D			
Stock Option (Right to Buy) <sup>(1)</sup>	\$6.31	06/30/2015		M			50,000	06/03/2013	06/02/2018	Class A Voting Common Stock	50,000	\$0	0	D			

**Explanation of Responses:**

1. 2010 Stock Incentive Plan.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto. The reporting person is filing this Form 4/A to correctly present in Table I and Table II the exercise by the reporting person of options to purchase an aggregate of 62,500 shares of Class A Common Stock under the issuer's 2010 Stock Incentive Plan, which occurred on June 30, 2015.

/s/ James J. Cotter, Jr.

08/24/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**000035**

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**000036**



SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Estimated average burden  
 hours per response: 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>SHEPPARD, MULLIN, RICHTER &amp; HAMPTON LLP</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)		2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>06/04/2015</u>  4. If Amendment, Date of Original Filed (Month/Day/Year) <u>07/16/2015</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>
		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	06/04/2015		M		12,500	A	\$3.87	845,461	D	
Class A Nonvoting Common Stock	06/04/2015		F		6,632	D	\$14.06	838,829	D	
Class A Nonvoting Common Stock	06/04/2015		M		50,000	A	\$6.31	888,829	D	
Class A Nonvoting Common Stock	06/04/2015		F		32,149	D	\$14.06	856,680	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)				5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares						
Stock Option (Right to Buy) <sup>(1)</sup>	\$3.87	06/04/2015		M			12,500	07/06/2010	07/05/2015	Class A Nonvoting Common Stock	12,500	\$0	0	D			
Stock Option (Right to Buy) <sup>(1)</sup>	\$6.31	06/04/2015		M			50,000	06/03/2013	06/02/2018	Class A Nonvoting Common Stock	50,000	\$0	0	D			

**Explanation of Responses:**

1. 2010 Stock Incentive Plan.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto. The reporting person is filing this Form 4/A (i) to change the option exercise date from June 30, 2015 to June 4, 2015, (ii) to increase the price at which the shares of Class A Nonvoting Common Stock were disposed to the issuer from \$13.85 to \$14.06 and (iii) to reduce the number of shares of Class A Nonvoting Common Stock withheld upon option exercise from 6,666 to 6,632 and from 32,369 to 32,149, respectively.

/s/ James J. Cotter, Jr. 11/17/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**

OMB Number: 3235-0287  
 Estimated average burden  
 hours per response: 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>SHEPPARD, MULLIN, RICHTER &amp;</u> <u>HAMPTON LLP</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)		2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>07/02/2015</u>  4. If Amendment, Date of Original Filed (Month/Day/Year) <u>08/17/2015</u>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>	
				6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	07/02/2015		M		10,000	A	\$8.35	866,680	D	
Class A Nonvoting Common Stock	07/02/2015		F		7,394	D	\$13.97	859,286	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date					
Stock Option (Right to Buy) <sup>(1)</sup>	\$8.35	07/02/2015		M		10,000	01/19/2007	01/18/2017	Class A Nonvoting Common Stock	10,000	\$0	0	D

**Explanation of Responses:**

1. 1999 Stock Option Plan

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto. The reporting person is filing this Form 4/A (i) to change the option exercise date from August 17, 2015 to July 2, 2015, (ii) to increase the price at which the shares of Class A Nonvoting Common Stock were disposed to the issuer from \$13.50 to \$13.97 and (iii) to reduce the number of shares of Class A Nonvoting Common Stock withheld upon option exercise from 7,529 to 7,394

/s/ James J. Cotter, Jr.

11/17/2015

\*\* Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>SHEPPARD, MULLIN, RICHTER &amp; HAMPTON LLP</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>11/16/2015</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>See Remarks</u>  6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	Code	V	Amount	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Class A Nonvoting Common Stock	11/16/2015		S			8,800	D	\$14.9432 <sup>(1)</sup>		850,486	D	
Class A Nonvoting Common Stock	11/17/2015		S			5,000	D	\$14.7213 <sup>(2)</sup>		844,986	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A) (D)	Date Exercisable Expiration Date	Title	Amount or Number of Shares		

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 8,800 shares sold in the price range of \$14.85337 to \$15.00 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 5,000 shares sold in the price range of \$14.72 to \$14.724 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto.

/s/ James J. Cotter, Jr. 11/17/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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**Form 4** - Statement of changes in beneficial ownership of securities

**SEC Accession No.** 0001019687-15-004255

**Filing Date**

2015-11-19

**Period of Report**

2015-11-18

**Accepted**

2015-11-19 20:23:51

**Filing Date Changed**

2015-11-19

**Documents**

1

**Document Format Files**

Seq	Description	Document	Type	Size
1	OWNERSHIP DOCUMENT	<a href="#">cotter_f4.html</a>	4	
1	OWNERSHIP DOCUMENT	<a href="#">cotter_f4.xml</a>	4	5503
	Complete submission text file	<a href="#">0001019687-15-004255.txt</a>		7018

**READING INTERNATIONAL INC (Issuer) CIK:**  
**0000716634 (see all company filings)**

 IRS No.: **953885184** | State of Incorp.: **NV** | Fiscal Year End: **1231**  
 SIC: **7830** Services-Motion Picture Theaters  
 Assistant Director 5

**Business Address**  
 6100 CENTER DRIVE  
 SUITE 900  
 LOS ANGELES CA  
 90045  
 213 235 2240

**Mailing Address**  
 6100 CENTER DRIVE  
 SUITE 900  
 LOS ANGELES CA  
 90045

**Cotter James J JR (Reporting) CIK: 0001317935 (see all company filings)**

 Type: **4** | Act: **34** | File No.: **001-08625** | Film No.: **151244817**
**Business Address**
**Mailing Address**  
 C/O READING  
 INTERNATIONAL,  
 INC.  
 500 CITADEL DRIVE,  
 SUITE 300  
 COMMERCE CA  
 90040

**000040**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u> <hr/> (Last) (First) (Middle) <u>SHEPPARD, MULLIN, RICHTER &amp;</u> <u>HAMPTON LLP</u> <u>12275 EL CAMINO REAL, SUITE 200</u> <hr/> (Street) <u>SAN DIEGO CA 92130</u> <hr/> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u> <hr/> 3. Date of Earliest Transaction (Month/Day/Year) <u>11/20/2015</u> <hr/> 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>See Remarks</u> <hr/> 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	V	Amount	(A) or (D)	Price	5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Class A Nonvoting Common Stock	11/20/2015		S		5,000	D	\$14.8342 <sup>(1)</sup>	826,686	D	
Class A Nonvoting Common Stock	11/23/2015		S		3,500	D	\$14.6987 <sup>(2)</sup>	823,186	D	
Class A Nonvoting Common Stock	11/24/2015		S		2,500	D	\$14.18 <sup>(3)</sup>	820,686	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 5,000 shares sold in the price range of \$14.72 to \$14.9296 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 3,500 shares sold in the price range of \$14.6284 to \$14.704 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
3. Represents the weighted average share price of an aggregate total of 2,500 shares sold in the price range of \$14.1258 to \$14.2484 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto.

/s/ James J. Cotter, Jr. 11/24/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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**000042**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

<b>1. Name and Address of Reporting Person*</b> <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>SHEPPARD MULLIN, RICHTER &amp; HAMPTON LLP</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)			<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  <b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>11/25/2015</u>  <b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>			<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>		
			<b>6. Individual or Joint/Group Filing (Check Applicable Line)</b> <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person					

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Class A Nonvoting Common Stock	11/25/2015		S		20,000	D	\$14.4401 <sup>(1)</sup>	800,686	D
Class A Nonvoting Common Stock	11/27/2015		S		4,500	D	\$14.5154 <sup>(2)</sup>	796,186	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 20,000 shares sold in the price range of \$14.261 to \$14.5646 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 4,500 shares sold in the price range of \$14.50 to \$14.5482 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto.

/s/ James J. Cotter, Jr. 12/01/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

**000043**



SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u> (Last) (First) (Middle) <u>C/O SHEPPARD MULLIN, RICHTER, ET.AL.</u> <u>12275 EL CAMINO REAL, SUITE 200</u> (Street) <u>SAN DIEGO CA 92130</u> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>See Remarks</u>	
			3. Date of Earliest Transaction (Month/Day/Year) <u>12/01/2012</u>			
			4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	12/01/2015		S		1,500	D	\$14.5187 <sup>(1)</sup>	795,186	D	
Class A Nonvoting Common Stock	12/02/2015		S		15,000	D	\$14.441 <sup>(2)</sup>	780,186	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 1,500 shares sold in the price range of \$14.50 to \$14.5403 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 15,000 shares sold in the price range of \$14.315 to \$14.55 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all legal rights with respect thereto.

/s/ James J. Cotter, Jr. 12/03/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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**000044**



SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>C/O SHEPPARD MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>	
			3. Date of Earliest Transaction (Month/Day/Year) <u>12/09/2015</u>			
			4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Class A Nonvoting Common Stock	12/09/2015		S		10,000	D	\$14.2518 <sup>(1)</sup>	770,186	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Title	Amount or Number of Shares			

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 10,000 shares sold in the price range of \$14.1414 to \$14.3942 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 12/10/2015

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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**000045**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Estimated average burden  
 hours per response: 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <sup>*</sup> <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, #200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)		2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>03/10/2016</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)  <u>See Remarks</u>  6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Restricted Stock Units	(1)	03/10/2016		A		5,021		(2)	(2)	Class A Nonvoting Common Stock	5,021	\$0.00	5,021	D

**Explanation of Responses:**

1. Each restricted stock unit represents a contingent right to receive one share of the issuer's Class A Nonvoting Common Stock. The restricted stock units were awarded under the issuer's 2010 Stock Incentive Plan.
2. The restricted stock units will vest 100% after one year from the date of grant, on March 9, 2017.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 03/15/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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**000046**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>C/O SHEPPARD MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, SUITE 200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> [ <u>RDI</u> ]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner  <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>	
			3. Date of Earliest Transaction (Month/Day/Year) <u>08/12/2016</u>			
			4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Class A Nonvoting Common Stock	08/12/2016		S		25,000	D	\$12.9635 <sup>(1)</sup>	745,186	D
Class A Nonvoting Common Stock	08/15/2016		S		23,000	D	\$12.685 <sup>(2)</sup>	722,186	D
Class A Nonvoting Common Stock	08/16/2016		S		70,000	D	\$12.9139 <sup>(3)</sup>	652,186	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Title	Amount or Number of Shares			

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$12.7691 to \$13.0660 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 23,000 shares sold in the price range of \$12.6225 to \$12.7780 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
3. Represents the weighted average share price of an aggregate total of 70,000 shares sold in the price range of \$12.7515 to \$13.00 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 08/16/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

**000047**

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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**000048**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> [ RDI ]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <b>See Remarks</b>		
(Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, #200</u>			3. Date of Earliest Transaction (Month/Day/Year) <u>08/17/2016</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
(Street) <u>SAN DIEGO CA 92130</u>			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(City) (State) (Zip)								

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Class A Nonvoting Common Stock	08/17/2016		S		25,000	D	\$12.8986 <sup>(1)</sup>	627,186	D
Class A Nonvoting Common Stock	08/18/2016		S		7,000	D	\$13.1643 <sup>(2)</sup>	620,186	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$12.7859 to \$13.0653 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 7,000 shares sold in the price range of \$12.9657 to \$13.3610 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 08/18/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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**000049**

SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, #200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>09/06/2016</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>  6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	09/06/2016		S		25,000	D	\$13.5546 <sup>(1)</sup>	595,186	D	
Class A Nonvoting Common Stock	09/07/2016		S		15,000	D	\$13.5551 <sup>(2)</sup>	580,186	D	
Class A Nonvoting Common Stock	09/08/2016		S		20,000	D	\$13.502 <sup>(3)</sup>	560,186	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date					

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$13.5265 to \$13.578 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 15,000 shares sold in the price range of \$13.537 to \$13.574 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
3. Represents the weighted average share price of an aggregate total of 20,000 shares sold in the price range of \$13.50 to \$13.5404 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 09/08/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

**000050**

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u> (Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, #200</u> (Street) <u>SAN DIEGO CA 92130</u> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>See Remarks</u>		
			3. Date of Earliest Transaction (Month/Day/Year) <u>11/21/2016</u>					
			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	11/21/2016		S		25,000	D	\$14.9609 <sup>(1)</sup>	535,186	D	
Class A Nonvoting Common Stock	11/22/2016		S		25,000	D	\$15.0104 <sup>(2)</sup>	510,186	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$14.005 to \$15.09 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$14.90 to \$15.16 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 11/23/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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**000052**



SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Cotter James J JR</u>			2. Issuer Name and Ticker or Trading Symbol <u>READING INTERNATIONAL INC</u> [ RDI ]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>	
(Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET. AL.</u> <u>12275 EL CAMINO REAL, #200</u>			3. Date of Earliest Transaction (Month/Day/Year) <u>11/30/2016</u>		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	
(Street) <u>SAN DIEGO CA 92130</u>			4. If Amendment, Date of Original Filed (Month/Day/Year)			
(City) (State) (Zip)						

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Class A Nonvoting Common Stock	11/30/2016		S		25,000	D	\$15.6936 <sup>(1)</sup>	485,186	D
Class A Nonvoting Common Stock	12/01/2016		S		25,000	D	\$15.6972 <sup>(2)</sup>	460,186	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$15.52 to \$15.935 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 25,000 shares sold in the price range of \$15.65 to \$15.9375 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 12/02/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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SEC Form 4

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**OMB Number: 3235-0287  
Estimated average burden  
hours per response: 0.5☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
or Section 30(h) of the Investment Company Act of 1940

<b>1. Name and Address of Reporting Person*</b> <u>Cotter James J JR</u>  (Last) (First) (Middle) <u>C/O SHEPPARD, MULLIN, RICHTER, ET.</u> <u>AL.</u> <u>12275 EL CAMINO REAL, #200</u>  (Street) <u>SAN DIEGO CA 92130</u>  (City) (State) (Zip)			<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>READING INTERNATIONAL INC</u> <u>[ RDI ]</u>			<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>See Remarks</u>		
<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>12/07/2016</u>			<b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>			<b>6. Individual or Joint/Group Filing (Check Applicable Line)</b> <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction (s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Nonvoting Common Stock	12/07/2016		S		20,000	D	\$15.8396 <sup>(1)</sup>	440,186	D	
Class A Nonvoting Common Stock	12/08/2016		S		21,603	D	\$15.9501 <sup>(2)</sup>	418,583	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
				Code	V	(A)	(D)	Amount or Number of Shares				

**Explanation of Responses:**

1. Represents the weighted average share price of an aggregate total of 20,000 shares sold in the price range of \$15.80 to \$15.975 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.
2. Represents the weighted average share price of an aggregate total of 21,603 shares sold in the price range of \$15.895 to \$16.00 by the reporting person. The reporting person undertakes to provide upon request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

**Remarks:**

On June 18, 2015, the issuer disclosed in a Current Report on Form 8-K that, on June 12, 2015, the board of directors of the issuer terminated the employment of the reporting person as the issuer's President and Chief Executive Officer, effective immediately. The reporting person disputes the legal efficacy of such termination and reserves all rights with respect thereto.

/s/ James J. Cotter, Jr. 12/09/2016

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

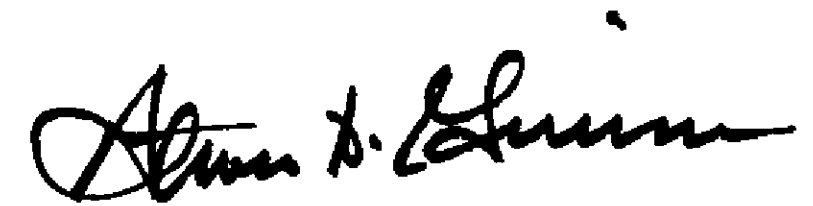
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**000054**

# Tab 03



CLERK OF THE COURT

1 MCMPL  
MARK E. FERRARIO, ESQ.  
(NV Bar No. 1625)  
2 LESLIE S. GODFREY, ESQ.  
(NV Bar No. 10229)  
3 GREENBERG TRAUIG, LLP  
3773 Howard Hughes Parkway  
4 Suite 400 North  
Las Vegas, Nevada 89169  
5 Telephone: (702) 792-3773  
Facsimile: (702) 792-9002  
6 ferrariom@gtlaw.com  
godfrey1@gtlaw.com  
7

8 *Counsel for Reading International, Inc.*

9 **DISTRICT COURT**

10 **CLARK COUNTY, NEVADA**

11 In the Matter of the Estate of

Case No. P. 14-082942-E

12 JAMES J. COTTER,

Dept. 11

13 Deceased.

14 JAMES J. COTTER, JR., individually and  
15 derivatively on behalf of Reading  
International, Inc.

Case No. A-15-719860-B

Dept. No. XI

16 Plaintiff,

*Jointly Administered*

17 v.

18 **MOTION TO COMPEL  
ARBITRATION**

19 MARGARET COTTER, ELLEN  
COTTER, GUY ADAMS, EDWARD  
20 KANE, DOUGLAS McEACHERN,  
TIMOTHY STOREY, WILLIAM  
21 GOULD, and DOES 1 through 100,  
inclusive,

22 Defendants.

Reading International, Inc., a Nevada corporation by and through undersigned counsel of record, hereby moves this Court for an order compelling arbitration of this dispute, with a corresponding stay of this action during such arbitration. This Motion is based upon the files and records in this matter, the attached memorandum of authorities, and any argument allowed at the time of hearing.

DATED this 10<sup>th</sup> day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)  
Leslie S. Godfrey, Esq. (NV Bar No. 10229)  
3773 Howard Hughes Parkway  
Suite 400 North  
Las Vegas, Nevada 89169

*Counsel for Reading International, Inc.*

### **NOTICE OF MOTION**

PLEASE TAKE NOTICE that the undersigned counsel will bring the following Motion to Compel Arbitration on for hearing before Dept. No. XXVI, District Court, Clark County, Nevada on the 25<sup>th</sup> day of August, 2015 at 8:30 am, or as soon thereafter as counsel may be heard.

DATED this 10<sup>th</sup> day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)  
Leslie S. Godfrey, Esq. (NV Bar No. 10229)  
3773 Howard Hughes Parkway  
Suite 400 North  
Las Vegas, Nevada 89169

*Counsel for Reading International, Inc.*

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. INTRODUCTION

James J. Cotter Jr.'s ("Mr. Cotter") complaint sets forth a number of claims, all of which involve either directly or indirectly the termination of his employment with Reading International, Inc. ("Reading"). This is borne out by the relief Mr. Cotter requests, which is reinstatement of his position with Reading. What Mr. Cotter fails to mention in his complaint is that his employment was governed by an Employment Agreement. Pursuant to that agreement any disputes relating to Mr. Cotter's employment must be arbitrated. None of Mr. Cotter's allegations stem from anything other than his desire to recapture his employment. As a result, this matter must be stayed, pending arbitration of Mr. Cotter's claims.

### II. SUMMARY OF FACTS

On June 3, 2013, Mr. Cotter executed an Employment Agreement pursuant to which he was to act as the President for Reading. The Employment Agreement provides all controversies relating thereto should be arbitrated. As relevant to this motion:

"Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction."

Employment Agreement attached hereto as **Exhibit 1**, at ¶13.

On June 12, 2015, concluding a process of review and deliberation that had begun some three weeks earlier on May 21, 2015, Reading's Board of Directors voted to terminate Mr. Cotter's employment with Reading. In the afternoon of that same day, June 12<sup>th</sup>, Plaintiff filed the present suit in which he alleges Breach of Fiduciary Duty against all Defendants, Breach of Fiduciary Duty against Reading Directors Margaret Cotter, Ellen Cotter, Adams, Kane and McEachern, and Aiding and Abetting Breach of Fiduciary Duty against Margaret Cotter and Ellen Cotter for the actions taken leading to his termination. *See* Complaint on file herein at

p.25, 26, and 27. The only relief Mr. Cotter seeks is to obtain re-employment and obtain money damages resulting from his termination. Mr. Cotter's prayer for relief requests an Order "enjoining Defendants from taking further action to effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of RDI", and for an order determining "that the termination was legally ineffectual and of no force and effect." Complaint, at p. 28, *Prayer for Relief*.

A review of the Motion for Preliminary Injunction filed on August 4th demonstrates clearly that this case is about nothing more than the termination of Mr. Cotter's employment. There are no less than twenty-one (21) references to Mr. Cotter's employment "termination" in the first ten pages of the brief. These references paint a clear picture of what is really at issue in this case, the termination of Mr. Cotter's employment which was governed by his agreement with the company. *See e.g.* Motion for Preliminary Injunction, page 2, lines 15-22 (Mr. Cotter acknowledges the termination of his employment "precipitated" the commencement of this action); Motion for Preliminary Injunction, page 7, lines 9-12 (alleging Mr. Cotter was pressured by his sisters to "avoid termination as President and CEO"); page 7, lines 22-23 (suggesting what Mr. Cotter had to do to "avoid being fired"); page 7, lines 25-26 (discussion alleging threats to "terminate" Mr. Cotter); page 10, lines 14-24 (referencing the Boards' decision to terminate Mr. Cotter). Moreover, when it comes to the relief requested in the Preliminary Injunction Motion, Mr. Cotter's first request is that the court restore him to the positions of President and CEO of Reading a determination that will necessarily involve his employment agreement. *See*, Motion for Preliminary Injunction, page 3, item number one.

Mr. Cotter's dispute is subject to arbitration. Reading filed a Demand for Arbitration with the American Arbitration Association on July 14, 2015 requesting declaratory relief determining that Mr. Cotter's employment and employment agreement with Reading have been validly terminated, that the Board validly removed him from his position with Reading, that Mr.

Cotter is required to submit his resignation from all positions with Reading and its affiliates and subsidiaries, including as a member of the Board of Directors, and that Mr. Cotter is not owed any further compensation or benefits under the employment agreement due to such a breach. Reading also seeks an order requiring Mr. Cotter to resign, and/or any damages resulting from his failure to resign, as well as its costs and fees. See the Demand for Arbitration attached hereto as **Exhibit 2**. Mr. Cotter has rejected the demand thus necessitating this motion.

It appears that Mr. Cotter, understanding that he has no claim under his Employment Agreement, is attempting to end run the absolute right of Reading to terminate his employment without cause (subject to the payment of a negotiated liquidated damage amount) by claiming that the exercise of that absolute right by the Board was somehow a breach of the fiduciary duties owed by those directors to Reading itself. It is to be noted that, if this is correct, then any terminated employee could make the same end run around his or her employment contract, so long as that former employee was a shareholder at the time of his or her termination. This would materially undermine the ability of corporate employers to negotiate “at will” employment contracts or to require arbitration.

### **III. LEGAL ARGUMENT**

This Court should enter an order compelling Mr. Cotter to honor his agreement and arbitrate all pending claims as the Employment Agreement is a valid and existing contract with an agreement to arbitrate disputes thereunder, and all of Mr. Cotter’s claims arise from or relate to the Employment Agreement.

#### **A. The Employment Agreement is a Valid and Existing Arbitration Agreement.**

Reading is a Nevada corporation headquartered in California. Mr. Cotter was employed with Reading subject to an Employment Agreement with a California choice of law provision. Courts typically give wide latitude to the choice of law in a contract governing arbitration so long as the situs of the choice of law has a substantial relation with the transaction. *Coleman v. Assurant, Inc.*, 508 F. Supp. 2d 862, 865 (D. Nevada, 2007) citing *Ferdie Sievers and Lake*



1 *Tahoe Land Co., v. Diversified Mortg. Investors*, 95 Nev. 811, 603 P.2d 270, 273 (1979). The  
2 Court must also analyze whether the arbitration provision is contrary to the public policy of the  
3 current forum. *Id.* Thus, while both the law California (the choice of law forum) and Nevada  
4 (the current forum) are relevant, these distinctions do not matter. Both California and Nevada  
5 law strongly favor arbitrating this dispute.

6 In Nevada, an agreement to arbitrate is valid, enforceable, and irrevocable. *See* NRS  
7 38.219. Nevada's public policy strongly favors enforcing contractual provisions for  
8 arbitration. *Phillips v. Parker*, 106 Nev. 415, 794 P.2d 716 (1990). Consequently, when there is  
9 an agreement to arbitrate there is a "presumption of arbitrability." *Id.* All doubts concerning the  
10 arbitrability of the subject matter should be resolved in favor of arbitration. *Id.* citing *Exber, Inc.*  
11 *v. Sletten Constr. Co.*, 92 Nev. 721, 729, 558 P.2d 517, 522 (1976). Courts are not to deprive the  
12 parties of the benefits of arbitration they have bargained for, and arbitration clauses are to be  
13 construed liberally in favor of arbitration. *Id.*

14 Nevada favors arbitration because it generally avoids the higher costs and longer time  
15 periods associated with traditional litigation. *Burch v. Second Judicial Dist. Ct.*, 118 Nev. 438,  
16 442; 49 P.3d 647, 650 (2002). Indeed, Nevada law expressly provides for Courts to order  
17 arbitration under the terms of an applicable agreement whenever possible:

- 18 1. On motion of a person showing an agreement to arbitrate and alleging another  
19 person's refusal to arbitrate pursuant to the agreement:
  - 20 (a) If the refusing party does not appear or does not oppose the motion, the  
21 court shall order the parties to arbitrate; and
  - 22 (b) If the refusing party opposes the motion, the court shall proceed summarily  
23 to decide the issue and order the parties to arbitrate unless it finds that there  
24 is no enforceable agreement to arbitrate.

25 NRS 38.221. Once the Court determines that arbitration is appropriate, the district court,  
26 upon compelling arbitration, is required to "stay any judicial proceeding that involves a  
27 claim subject to the arbitration." NRS 38.221(6).

California, too, holds “a strong public policy in favor of arbitration as a speedy and relatively inexpensive means of dispute resolution.” *Lewis v. Fletcher Jones Motor Cars, Inc.*, 205 Cal. App. 4th 436, 452 (2012), as modified (Apr. 25, 2012). “A trial court is required to order a dispute to arbitration when the party seeking to compel arbitration proves the existence of a valid arbitration agreement covering the dispute.” *Laswell v. AG Seal Beach, LLC*, 189 Cal. App. 4th 1399, 1404-05 (2010)(Emphasis added).

Therefore, regardless of which state’s law is applied, arbitration is the favored avenue for adjudication. Mr. Cotter has no basis to dispute the existence of or his assent to the Employment Agreement. Therefore, this Court should order Mr. Cotter to proceed with Arbitration.

**B. The Arbitration Provision Applies to All Claims at Issue.**

The plain language of the Employment Agreement confirms Mr. Cotter agreed to arbitrate the issues at bar. The arbitration provision in Mr. Cotter’s Employment Agreement is broad and encompasses “any dispute or controversy arising under this Agreement or relating to its interpretation or the breach thereof.” Exhibit 1, ¶13. The Employment Agreement defines Mr. Cotter’s terms of employment, duties, compensation, expenses and benefits, among other rights and obligations. *Id.*, generally. The Employment Agreement specifically provides Mr. Cotter may be terminated by the Board of Directors, and it defines the Parties’ obligations to each other once that termination occurs. Exhibit 1, ¶10. Mr. Cotter hopes that by alleging the Reading Directors breached their fiduciary duty, he can obtain the relief he seeks (reinstatement of his employment) without mentioning his Employment Agreement. This strategy should fail.

Nevada Courts have ruled that creative pleading is not sufficient to avoid a prior agreement to arbitrate. In *Phillips v. Parker*, the Plaintiff attempted to use a strategy very similar to James Cotter Jr.’s strategy here. To avoid arbitration, the *Parker* Plaintiff amended his complaint to avoid any mention of a breach of contract, and instead alleged claims of RICO, wrongful removal of a director, breach of fiduciary duty, fraud and conversion. *Phillips v. Parker*, 106 Nev. 418. The *Parker* Court was unpersuaded, ruling that the Plaintiff cannot use

1 the agreement with the arbitration provision to demonstrate his ownership of stock in a  
2 corporation, without placing himself squarely within the ambit of the arbitration provisions  
3 covering controversies or claims arising out of or relating to the agreement. *Id.* “Despite careful  
4 pleading, the amended complaint relates to the agreement and hence is subject to arbitration.”  
5 *Id.*

6 Once you peel away the hyperbole in the complaint you find that Mr. Cotter believes he  
7 was improperly discharged. Because his right of employment arises from the Employment  
8 Agreement, any allegations of improper discharge would fall within its terms. Mr. Cotter cannot  
9 argue he is entitled to retain his position with Reading, without referencing his rights under the  
10 Employment Agreement. He has no other basis to be employed. To give Mr. Cotter the relief he  
11 seeks, the Court must analyze whether the Reading Board’s actions breached Mr. Cotter’s rights  
12 under the Employment Agreement. Mr. Cotter cannot avoid his agreement by simply ignoring it  
13 or with creative pleading.

#### 14 **IV.CONCLUSION**

15 Because Mr. Cotter’s claims arise out of and relate to his Employment Agreement, such  
16 claims must be arbitrated. This matter should be stayed and the Court should compel Mr. Cotter  
17 to submit his claims to arbitration pursuant to the terms set forth in the Employment Agreement.

18 DATED this 10<sup>th</sup> day of August, 2015.

19 GREENBERG TRAURIG, LLP

20 /s/ Mark E. Ferrario

21 MARK E. FERRARIO, ESQ. (NV Bar No. 1625)  
22 Leslie S. Godfrey, Esq. (NV Bar No. 10229)  
23 3773 Howard Hughes Parkway  
Suite 400 North  
Las Vegas, Nevada 89169

24 *Counsel for Reading International, Inc.*

## **CERTIFICATE OF SERVICE**

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing Motion to Compel Arbitration to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

### **P-14-082942-E - In the matter of James Cotter, Deceased**

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### **A-15-719860-B - James Cotter, Jr., Plaintiff(s) vs. Margaret Cotter, Defendant(s)**

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*James J. Cotter, III*  
311 Homewood  
Los Angeles, CA 90049  
*Minor Grandson of Deceased*

DATED this 10<sup>th</sup> day of August, 2015.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP

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# EXHIBIT 1

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## EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 3, 2013 by and between Reading International, Inc., a Nevada corporation, (the "Company"), and James J. Cotter, Jr. (the "Executive").

### 1. Term of Employment

Subject to the provisions of Section 10 below, the Company shall employ the Executive, and the Executive shall serve the Company in the capacity of President for a term commencing as of June 3, 2013 and ending that date which is twelve (12) months after either party provides the other party with written notice of termination (the "Term of Employment").

### 2. Duties

During the Term of Employment, the Executive will serve as the Company's President and will report directly to the Chief Executive Officer. The Executive shall devote substantially all of his business time to the Company and shall perform such duties, consistent with his status as President of the Company, as he may be assigned from time to time by the Chief Executive Officer.

### 3. Compensation

During the Term of Employment, the Company shall pay to the Executive as compensation for the performance of his duties and obligations hereunder a salary at the rate of \$335,000 per annum during each year of the term of this Agreement. Such salary shall be paid in accordance with the Company's standard payment practices.

### 4. Expenses and Other Benefits

All travel, entertainment and other reasonable business expenses incident to the rendering of services by the Executive hereunder will be promptly paid or reimbursed by the Company subject to submission by the Executive in accordance with the Company's policies in effect from time to time. The Executive shall be entitled to a vehicle allowance of \$15,000, per annum.

The Executive shall be entitled during the Term of Employment to participate in employee benefit and welfare plans and programs of the Company including, without any limitation, any key man or executive long term disability insurance and employee stock option plans to the extent that any other senior executives or officers of the Company or its subsidiaries are eligible to participate and subject to the provisions, rules, regulations, and laws applicable thereto. The Executive shall immediately be granted 100,000 employee stock options, which options shall vest annually over a five (5) year period.



5. Death or Disability

This Agreement shall be terminated by the death of the Executive and also may be terminated by the Board of Directors of the Company if the Executive shall be rendered incapable by illness or any physical or mental disability (individually, a "disability") from substantially complying with the terms, conditions and provisions to be observed and performed on his part for a continuous period in excess of three (3) months or ninety (90) days in the aggregate during any twelve (12) months during the Term of Employment.

6. Disclosure of Information; Inventions and Discoveries

The Executive shall promptly disclose to the Company all processes, trademarks, inventions, improvements, discoveries and other information (collectively, "developments") directly related to the business of the Company conceived, developed or acquired by him alone or with others during the Term of Employment by the Company, whether or not during regular working hours or through the use of material or facilities of the Company. All such developments shall be the sole and exclusive property of the Company, and upon request the Executive shall deliver to the Company all drawings, sketches, models and other data and records relating to such development. In the event any such development shall be deemed by the Company to be patentable, the Executive shall, at the expense of the Company, assist the Company in obtaining a patent or patents thereon and execute all documents and do all other things necessary or proper to obtain letters patent and invest the Company with full title thereto.

7. Non-Competition

The Company and the Executive agree that the services rendered by the Executive hereunder are unique and irreplaceable. During his employment by the Company, the Executive shall not provide any type of services to any business that in the reasonable judgment of the Company is, or as a result of the Executive's engagement or participation would become, directly competitive with any aspect of the business of the Company.

8. Non-Disclosure

The Executive will not at any time after the date of this Employment Agreement divulge, furnish or make accessible to anyone (otherwise than in the regular course of business of the Company) any knowledge or information with respect to confidential matters of the Company, except to the extent such disclosure is (a) in the performance of his duties under this Agreement, (b) required by applicable law, (c) authorized in writing by the Company, or (d) when required to do so by legal process, that requires him to divulge, disclose or make accessible such information.



## 9. Remedies

The Company may pursue any appropriate legal, equitable or other remedy, including injunctive relief, in respect of any failure by the Executive to comply with the provisions of Sections 6, 7 or 8 hereof, it being acknowledged by the Executive that the remedy at law for any such failure would be inadequate.

## 10. Termination

This Agreement and the Executive's employment with the Company may be terminated by the Board of Directors of the Company (i) in the event of the Executive's fraud, embezzlement or any other illegal act committed intentionally by Executive in connection with Executive's duties as an executive of the Company which causes or may reasonably be expected to cause substantial economic injury to the Company or (ii) upon thirty (30) days' notice to the Executive if the Executive shall be in material breach of any material provision of this Employment Agreement other than as provided in clause (i) above and shall have failed to cure such breach during such thirty (30) day period (the events in (i) and (ii) shall constitute "Cause"). Any such notice to the Executive shall specify with particularity the reason for termination or proposed termination. In the event of termination under this Section 10 or under Section 5 (except as provided therein), the Company's unaccrued obligations under this Agreement shall cease and the Executive shall forfeit all right to receive any unaccrued compensation or benefits hereunder but shall have the right to reimbursement of expenses already incurred. If the Company terminates Executive without Cause, the Executive shall be entitled to compensation and benefits which he was receiving for a period of twelve months from such notice of termination. Notwithstanding any termination of the Agreement pursuant to this Section 10 or by reason of disability under Section 5, the Executive, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of Sections 6, 7 and 8 (unless this Agreement is terminated on account of the breach hereof by the Company) of this Agreement.

In the event of any termination, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement. The Company's obligations hereunder and the Executive's rights to payment shall not be subject to any right of set-off, counterclaim or other deduction by the Company not in the nature of customary withholding, other than in any judicial proceeding or arbitration.

## 11. Resignation

In the event that the Executive's services hereunder are terminated under Section 5 or 10 of this Agreement (except by death), the Executive agrees that he will deliver his written resignation to the Board of Directors, such resignation to become effective immediately.

12. Data

Upon expiration of the Term of Employment or termination pursuant to Section 5 or 10 hereof, the Executive or his personal representative shall promptly deliver to the Company all books, memoranda, plans, records and written data of every kind relating to the business and affairs of the Company which are then in his possession on account of his employment hereunder, but excluding all such materials in the Executive's possession which are personal and not property of the Company or which he holds on account of his past or current status as a director or shareholder of the Company.

13. Arbitration

Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction.

14. Waiver of Breach

Any waiver of any breach of this Employment Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part either of the Executive or of the Company.

15. Assignment

Neither party hereto may assign his or its rights or delegate his or its duties under this Employment Agreement without the prior written consent of the other party; provided, however, that this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Company, upon (a) a sale of all or substantially all of the Company's assets, or upon merger or consolidation of the Company with or into any other corporation, and (b) upon delivery on the effective day of such sale, merger or consolidation to the Executive of a binding instrument of assumption by such successors and assigns of the rights and liabilities of the Company under this Agreement, provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of the Executive under this Agreement may be assigned or transferred other than his rights to compensation and benefits, which may be transferred by will or operation of law or as otherwise specifically provided or permitted hereunder or under the terms of any applicable employee benefit plan.

16. Notices

Any notice required or desired to be given hereunder shall be in writing and shall be deemed sufficiently given when delivered or 3 days after mailing in United States

certified or registered mail, postage prepaid, to the party for whom intended at the following address:

The Company:

Reading International, Inc.  
6100 Center Drive, Suite 900  
Los Angeles, CA 90045

The Executive:

James J. Cotter, Jr.  
Reading International, Inc.  
6100 Center Drive, Suite 900  
Los Angeles, CA 90045

or to such other address as either party may from time to time designate by like notice to the other.

#### 17. General

The terms and provisions of this Agreement shall constitute the entire agreement by the Company and the Executive with respect to the subject matter hereof, and shall supersede any and all prior agreements or understandings between the Executive and the Company, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by the Executive and the Company, and any such amendment or modification or any termination of this Agreement shall become effective only after written approval thereof has been received by the Executive. This Agreement shall be governed by and construed in accordance with California law. In the event that any terms or provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms and provisions hereof. In the event of any judicial, arbitral or other proceeding between the parties hereto with respect to the subject matter hereof, the prevailing party shall be entitled, in addition to all other relief, to reasonable attorneys' fees and expenses and court costs.

#### 18. Indemnification

The Company shall indemnify the Executive to the fullest extent permitted by law in effect as of the date hereof, or as hereafter amended, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) reasonably incurred by the Executive in connection with a Proceeding. For the purposes of this section, a "Proceeding" shall mean any action, suit or proceeding, whether civil, criminal, administrative or investigative, in which the Executive is made, or is threatened to be made, a party to, or a witness in, such action, suit or proceeding by reason of the fact that he is or was an

officer, director or employee of the Company or is or was serving as an officer, director, member, employee, trustee or agent of any other entity at the request of the Company.

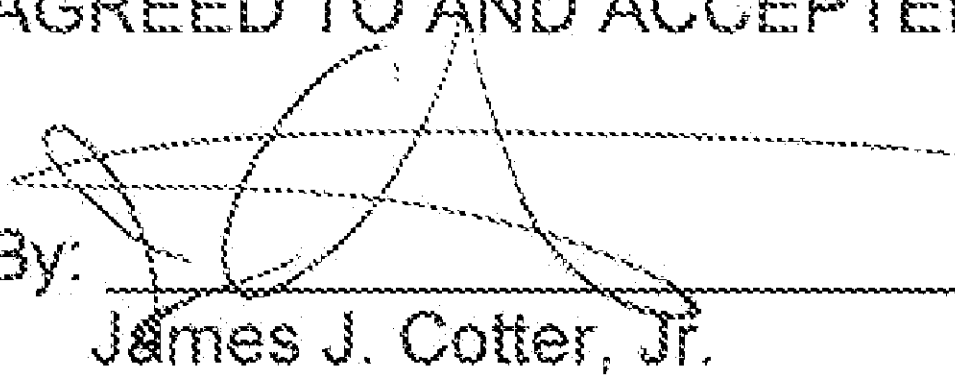
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

READING INTERNATIONAL, INC.

By: 

James J. Cotter, Sr.

AGREED TO AND ACCEPTED:

By: 

James J. Cotter, Jr.

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# EXHIBIT 2

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Please visit our website at [www.adr.org](http://www.adr.org) if you would like to file this case online. AAA Customer Service can be reached at 800-778-7879.

**Mediation:** If you would like the AAA to contact the other parties and attempt to arrange mediation, please check this box ☐.  
There is no additional administrative fee for this service.

**Parties (Claimant)**

Name of Claimant: Reading International, Inc.

Representative's Name (if known): Gary M. McLaughlin

Address:

6100 Center Drive, Suite 900

Firm (if applicable): Akin Gump Strauss Hauer &amp; Feld LLP

Representative's Address: 2029 Century Park East, Suite 2400

City: Los Angeles

State: CA

Zip Code: 90045

City: Los Angeles

State: CA

Zip Code: 90067

Phone No.:

Fax No.:

Phone No.: (310) 728-3358

Fax No.: (310) 229-1001

Email Address:

Email Address: gmclaughlin@akingump.com

**Parties (Respondent)**

Name of Respondent: James J. Cotter, Jr.

Representative's Name (if known): Kate Visosky

Address:

311 Homewood Road

Firm (if applicable): Sheppard Mullin Richter &amp; Hampton LLP

Representative's Address: 1901 Avenue of the Stars, Suite 1600

City: Los Angeles

State: CA

Zip Code: 90049

City: Los Angeles

State: CA

Zip Code: 90067

Phone No.: (646) 331-2650

Fax No.:

Phone No.: (310) 228-3700

Fax No.: (310) 228-3701

Email Address: jcotterprivate@gmail.com

Email Address: kvisosky@sheppardmullin.com

Claim: What was/is the employee's annual wage range? ☐ Less than \$100,000 ☐ \$100,000-\$250,000 ☒ Over \$250,000

Note: This question is required by California law.

Amount of Claim: Non-monetary claims; monetary claims TBD - see attached.

Claim involves: ☐ Statutorily Protected Rights ☒ Non-Statutorily Protected Rights

In detail, please describe the nature of each claim. You may attach additional pages if necessary:

See attached.

Other Relief Sought: ☒ Attorneys Fees ☐ Interest ☒ Arbitration Costs ☐ Punitive/ Exemplary ☒ Other See attached.

Neutral: Please describe the qualifications for arbitrator(s) to hear this dispute:

Experience with employment, executive agreements, and corporate governance matters.

Hearing: Estimated time needed for hearings overall:

hours or 2-3

days

Hearing Locale: Los Angeles

☐ Requested by Claimant ☒ Locale provision included in the contractFiling Fee: ☐ Employer-Promulgated Plan fee requirement or \$200 (max amount per AAA rules)☒ Standard Fee Schedule for Individually-Negotiated Contracts ☐ Flexible Fee Schedule for Individually-Negotiated Contracts

Amount Tendered: \$3,250 (non-monetary claims; current monetary claims less than \$150,000)

Notice: To begin proceedings, please send a copy of this Demand and the Arbitration Agreement, along with the filing fee as provided for in the Rules, to: American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043. Send the original Demand to the Respondent.

Signature (may be signed by a representative):

Date: July 14, 2015

Pursuant to Section 1284.3 of the California Code of Civil Procedure, consumers with a gross monthly income of less than 300% of the federal poverty guidelines are entitled to a waiver of arbitration fees and costs, exclusive of arbitrator fees. This law applies to all consumer agreements subject to the California Arbitration Act, and to all consumer arbitrations conducted in California. Only those disputes arising out of employer promulgated plans are included in the consumer definition. If you believe that you meet these requirements, you must submit to the AAA a declaration under oath regarding your monthly income and the number of persons in your household. Please contact the AAA's Western Case Management Center at 1-877-528-0879. If you have any questions regarding the waiver of administrative fees, AAA Case Filing Services can be reached at 877-495-4185.

Attachment to Arbitration Demand

James J. Cotter, Jr. is the former CEO and President of Reading International, Inc. ("Reading" or the "Company"). His employment and employment agreement with the Company were properly terminated by the Board of Directors of the Company on June 12, 2015, at which time he was removed as an officer of the Company and each of its subsidiaries and as a manager and/or director of each subsidiary. His employment agreement required him to submit his resignation from all capacities with the Company in the event his employment is terminated, and Reading contends that this includes requiring him to resign his position as Chief Executive Officer and President of the Company, any position for any affiliate or subsidiary of the Company, and his position on the Company's Board of Directors. Reading also contends that it is not required to pay any continuing compensation or benefits under his employment agreement due to Mr. Cotter's material breach by refusing to resign. Mr. Cotter is challenging the validity of his termination of employment and his removal as Chief Executive Officer and President of the Company, and has refused to resign from any position. Mr. Cotter has also sued the individual members of the Board of Directors, and the Company as a nominal defendant, in Nevada alleging breach of fiduciary duty as a result of his termination.

Reading seeks declaratory relief determining that Mr. Cotter's employment and employment agreement with the Company have been validly terminated, that the Board validly removed him from his positions as Chief Executive Officer and President of the Company and positions with the Company's subsidiaries and that Mr. Cotter is required to submit his resignation from all positions with the Company and its affiliates and subsidiaries, including as a member of the Board of Directors, and that Mr. Cotter is not owed any further compensation or benefits under the employment agreement due to such breach. Reading will also seek an order requiring Mr. Cotter to resign, and/or any damages resulting from his failure to resign, as well as its costs and fees.



In the event of any termination, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the

Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement. The Company's obligations hereunder and the Executive's rights to payment shall not be subject to any right of set-off, counterclaim or other deduction by the Company not in the nature of customary withholding, other than in any judicial proceeding or arbitration.

#### 11. Resignation

In the event that the Executive's services hereunder are terminated under Section 5 or 10 of this Agreement (except by death), the Executive agrees that he will deliver his written resignation to the Board of Directors, such resignation to become effective immediately.

#### 12. Data

Upon expiration of the Term of Employment or termination pursuant to Section 5 or 10 hereof, the Executive or his personal representative shall promptly deliver to the Company all books, memoranda, plans, records and written data of every kind relating to the business and affairs of the Company which are then in his possession on account of his employment hereunder, but excluding all such materials in the Executive's possession which are personal and not property of the Company or which he holds on account of his past or current status as a director or shareholder of the Company.

#### 13. Arbitration

Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction.

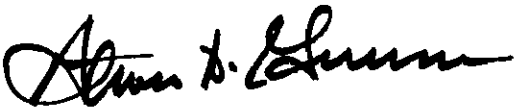
#### 14. Waiver of Breach

Any waiver of any breach of this Employment Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part either of the Executive or of the Company.

#### 15. Assignment

Neither party hereto may assign his or its rights or delegate his or its duties under this Employment Agreement without the prior written consent of the other party; provided, however, that this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Company, upon (a) a sale of all or substantially all of the Company's assets, or upon merger or consolidation of the Company with or into any other corporation, and (b) upon delivery on the effective day of such sale, merger or consolidation to the Executive of a binding instrument of assumption by such successors and assigns of the rights and liabilities of the Company under this Agreement, provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of the Executive under this Agreement may be assigned or transferred other than his rights to compensation and benefits, which may be transferred by will or operation of law or as otherwise specifically provided or permitted hereunder or under the terms of any

# Tab 04

  
CLERK OF THE COURT

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Attorneys for Defendants Margaret Cotter,  
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Adams, and Edward Kane

**DISTRICT COURT**  
**CLARK COUNTY, NEVADA**

JAMES J. COTTER, JR., an individually and  
derivatively on behalf of Reading International,  
Inc.;

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER,  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, and DOES 1 through 100,  
inclusive;

Defendants.

Case No.: A-15-719860-B  
Dept. No.: XXVII

**BUSINESS COURT**

**MOTION TO DISMISS COMPLAINT**

**COHEN-JOHNSON, LLC**  
255 E. Warm Springs Road, Suite 9  
Las Vegas, Nevada 89119  
(702) 823-3500 FAX: (702) 823-3400

COMES NOW, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern, by and through their counsel of record, Cohen-Johnson, LLC and Quinn Emanuel Urquhart & Sullivan, LLP, and hereby submit this Motion to Dismiss the Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

DATED this 10<sup>th</sup> day of August, 2015.

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson  
H. Stan Johnson, Esq.

Christopher Tayback  
Marshall M. Searcy  
QUINN EMANUEL  
URQUHART & SULLIVAN,  
LLP

*Attorneys for Defendants  
Margaret Cotter, Ellen Cotter,  
Douglas McEachern, Guy Adams,  
and Edward Kane*

COHEN-JOHNSON, LLC  
255 E. Warm Springs Road, Suite 9  
Las Vegas, Nevada 89119  
(702) 823-3500 FAX: (702) 823-3400

**NOTICE OF MOTION**

TO: MARK G. KRUM, LEWIS ROCA ROTHBERGER LLP, Attorneys for Plaintiff.

PLEASE TAKE NOTICE that the above Motion will be heard the 10 day of  
SEPTEMBER, 2015 at 8 : 30A in Department XXVII of the above  
designated Court or as soon thereafter as counsel can be heard.

Dated this 10th day of August, 2015.

Respectfully Submitted,

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson  
H. Stan Johnson, Esq.

Christopher Tayback  
Marshall M. Searcy  
QUINN EMANUEL  
URQUHART & SULLIVAN,  
LLP

*Attorneys for Defendants*  
*Margaret Cotter, Ellen Cotter,*  
*Douglas McEachern, Guy Adams,*  
*and Edward Kane*



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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

Plaintiff James J. Cotter, Jr. (“Plaintiff” or “James Cotter”) filed this action, individually and as a shareholder of Reading International, Inc. (“Reading”), seeking to bolster his frivolous wrongful termination claim by trying to turn it into a derivative action.<sup>1</sup> Plaintiff alleges that Reading’s Board of Directors acted improperly in voting to terminate him as President and CEO of Reading and, in doing so, breached their fiduciary duties as board members. However, Plaintiff has failed to allege any facts sufficient to support an individual or derivative claim against any member of Reading’s Board for a breach of fiduciary duty. Although most of Plaintiff’s allegations are provably false, even assuming them to be true they amount to nothing more than conclusory claims that any Reading director who voted in favor of his termination *must have* been motivated by personal interests and *must have* failed to exercise proper business judgment. The Complaint offers no facts—and none exist—to make even a facial showing that any Reading director cannot act in a disinterested manner and exercise proper business judgment with respect to decisions regarding Plaintiff’s employment.

First, Plaintiff failed to make a pre-suit demand to Reading’s Board of Directors, as required by Nevada law, to remedy the allegedly improper Board action. Though Nevada law provides that pre-suit demand may be excused in certain limited scenarios, Plaintiff has failed to plead with particularity that the demand should be so excused here. Instead, Plaintiff claims that such demand is excused because of vaguely alleged conflicts of interests alluded to in the Complaint. Plaintiff’s cursory demand futility allegations are based on the same flawed premise as the Complaint generally: that Plaintiff’s ouster could only have been supported by a director who failed to act in a disinterested and independent manner. That circular logic, however, is insufficient to excuse pre-suit demand and has been specifically rejected by Nevada courts.

Second, Plaintiff has failed to adequately plead an essential element of *each* of his three claims. The claims—two for breach of fiduciary duty and one for aiding and abetting breach of

1 fiduciary duty—all require Plaintiff to plead that any purported damages to Reading were  
2 proximately caused by Defendants’ improper conduct. Plaintiff has not done so for any of his  
3 claims. Indeed, Plaintiff does not even allege how Reading and its shareholders were supposedly  
4 damaged by his termination, let alone how such damage is related to Defendants’ supposedly  
5 improper conduct. This failure to adequately plead proximate causation requires dismissal of  
6 each of the three purported causes of action in the Complaint.

7 Third, Plaintiff cannot fairly and adequately represent the interests of Reading  
8 shareholders in a derivative action, as required by the Nevada Rules of Civil Procedure.  
9 Plaintiff’s claims amount to the assertion that he shouldn’t have been fired. Such a personal  
10 claim cannot, and should not, be brought on behalf of all shareholders of Reading.

11 Finally, to the extent Plaintiff asserts that there was a breach of fiduciary duty to him  
12 individually, as opposed to in his capacity as a Reading shareholder, such individual claims fail  
13 as a matter of law. Plaintiff’s purported causes of action each require the existence of a fiduciary  
14 duty between Plaintiff and members of Reading’s Board. It is undisputed that members of  
15 Reading’s Board of Directors, including all individual defendants, owed a fiduciary duty to the  
16 corporation. The Board of Directors owed no such duty, however, to Plaintiff in his individual  
17 capacity or as an employee/officer of Reading. Neither a corporation nor its board of directors  
18 owes a fiduciary duty to its officers. Accordingly, Plaintiff has not, and cannot, plead facts  
19 sufficient to state a claim that any fiduciary duty was violated as to him individually.

20 Based on these numerous fatal flaws in the Complaint, Defendants Margaret Cotter, Ellen  
21 Cotter, Guy Adams, Edward Kane, and Douglas McEachern (the “Moving Defendants”)  
22 respectfully request that Plaintiff’s Complaint be dismissed in its entirety. Plaintiff has failed to  
23 state a claim as to each of the three purported causes of action either in his capacity as a  
24 shareholder derivative plaintiff or as an individual plaintiff.

---

27 <sup>1</sup> That this action is, at its core, a wrongful termination claim is the basis for the Motion to  
28 Compel Arbitration filed by Reading International, Inc.

1 **II. FACTS AS ALLEGED IN PLAINTIFF'S COMPLAINT**<sup>2</sup>

2 A. Reading International

3 Reading International is a Nevada corporation principally engaged in the development,  
4 ownership, and operation of entertainment and real estate assets in the United States, Australia,  
5 and New Zealand. Compl., ¶ 15. Reading's Board of Directors appointed Plaintiff James Cotter,  
6 Jr. as President of Reading on June 1, 2013, and as CEO on August 7, 2014, after his father  
7 retired from the position due to health reasons. *Id.*, ¶¶ 7, 17. Plaintiff claims to be a holder of  
8 voting shares of Reading stock and also claims to be a co-trustee of a trust which owns a large  
9 number of both voting and non-voting shares of Reading stock. *Id.* Plaintiff was, as of the time  
10 of his Complaint, one of eight members of Reading's Board of Directors. *Id.*

11 Besides Plaintiff, the seven remaining members of Reading's Board of Directors are: (1)  
12 Margaret Cotter, Plaintiff's sister, who has served as a director since 2002 and runs Reading's  
13 live theater division, manages certain live theater real estate, and has been responsible for pre-  
14 development work on Reading's Manhattan theater properties; (2) Ellen Cotter, Plaintiff's sister,  
15 who has served as a director since March 2013, been a Reading employee since 1998, and runs  
16 the day-to-day operations of Reading's domestic cinema operations; (3) Edward Kane ("Kane"),  
17 who has served as a director since October 2004<sup>3</sup> (and before that from 1985-1998) and serves as  
18 Chair of the Tax Oversight Committee and the Compensation and Stock Option Committee; (4)  
19 Guy Adams ("Adams"), who has served as a director since January 2014 and is a registered  
20 investment advisor and experienced independent director on public company boards; (5) Douglas  
21 McEachern ("McEachern"), who has served as a director since May 2012 and was an audit  
22 partner of Deloitte & Touche from 1985-2009; (6) Timothy Storey ("Storey"), who has served as  
23 a director since December 2011; and (7) William Gould ("Gould"), who has served as a director

24  
25 <sup>2</sup> Nearly all of the allegations and insinuations in the Complaint are false. However, solely  
26 for the purpose of this Motion and as required by Nevada law, Plaintiff's baseless allegations are  
27 accepted as pleaded and summarized herein. *See Pemberton v. Farmers Ins. Exch.*, 109 Nev.  
28 789, 792 (1993).

<sup>3</sup> The Complaint erroneously states that Mr. Kane has served on the Board since October  
2009.

1 since October 2004. *See* Compl., ¶¶ 8-14; Ex. A attached hereto (Form 10-K/A Amendment No.  
2 1 filed by Reading International, Inc.) at 1-3 (providing biographies of each director and a  
3 breakdown of their committee memberships). (Directors Ellen Cotter, Margaret Cotter, Kane,  
4 McEachern, and Adams are referred to herein as the “Moving Defendants”).

5 B. Termination of Plaintiff’s Employment and Position as President and CEO

6 According to the allegations in Plaintiff’s Complaint, beginning in late 2014, tensions  
7 began to rise between him and the other Reading directors, including his siblings Ellen and  
8 Margaret Cotter. *Id.*, ¶ 34. Certain of these tensions allegedly related to trust and estate  
9 litigation between Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand,  
10 initiated after the death of their father in September 2014. *Id.*, ¶¶ 21-22. Allegedly in  
11 recognition of these boardroom and familial tensions, in January 2015 the Reading Board of  
12 Directors approved a measure providing that none of Plaintiff, Ellen Cotter, or Margaret Cotter  
13 could be terminated from their employment without the approval of a majority of the non-Cotter-  
14 family directors. *Id.*, ¶ 43. Plaintiff, Ellen Cotter, and Margaret Cotter abstained from voting on  
15 this measure. *Id.* According to the Complaint, in March 2015 the non-Cotter members of the  
16 Board appointed an independent committee consisting of directors Storey and Gould to work on  
17 behalf of the Board directly with Plaintiff in his role as CEO, as the full Board and Plaintiff had  
18 been struggling to work productively with Plaintiff. *Id.*, ¶¶ 51-52.

19 Despite these months-long efforts to address and alleviate the ongoing conflicts between  
20 Plaintiff and the company’s other directors, these issues could not be effectively resolved.  
21 Accordingly, at a May 21, 2015, meeting of the full Board of Directors, Plaintiff’s continuing  
22 role as President and CEO was put on the agenda as a discussion item. *Id.*, ¶ 78. Corporate  
23 counsel for Reading was present at this May 21 meeting. *Id.*, ¶ 81. At this meeting, the Board  
24 invited Plaintiff to discuss his performance as CEO so that the Board could fully evaluate his  
25 role. *Id.*, ¶ 85. Plaintiff unilaterally declined to participate in any such discussion. *Id.* Despite  
26 Plaintiff’s failure to honor the Board’s request or engage in any discussions about his  
27 performance as Reading’s President and CEO, the Board determined that no final decision would  
28 be made about Plaintiff’s employment at the May 21 meeting and that additional time would be

1 taken to consider the matter. *Id.*, ¶ 86. The Board agreed to reconvene on May 29, 2015, for  
2 further consideration of the issue. *Id.*, ¶¶ 91-93.

3 At the May 29 meeting, Adams made a motion to terminate Plaintiff as Reading's  
4 President and CEO. *Id.*, ¶ 93. The Board engaged in extensive discussions about this motion  
5 both in and outside the presence of Plaintiff. *Id.*, ¶¶ 94-97. Ultimately, Plaintiff was not  
6 terminated on May 29, and the Board adjourned, again allowing for additional time for  
7 evaluation and assessment of the issues at hand by Plaintiff and the Board. *Id.*, ¶¶ 98-99.

8 The Board reconvened on June 12, 2015, to address Plaintiff's potential termination. *Id.*,  
9 ¶ 105. At this meeting—the third time Reading's Board of Directors met to evaluate Plaintiff's  
10 continued employment—the Board ultimately voted to terminate Plaintiff. Ellen and Margaret  
11 Cotter, Kane, Adams, and McEachern (each of the Moving Defendants) all voted in favor of  
12 termination. *Id.* Storey and Gould voted against termination. *Id.* Plaintiff was therefore,  
13 according to his own allegations, terminated based on a majority vote of the full Board *and*, as  
14 required by prior Board resolution, a majority vote of the independent directors. (Kane, Adams,  
15 McEachern, Storey, and Gould constitute the independent directors). After Plaintiff's  
16 termination, Ellen Cotter was appointed interim CEO and President of Reading. *Id.*

17 On June 12, 2015—the same day of the Board vote—Plaintiff filed this action  
18 individually and purportedly on behalf of Reading's shareholders claiming that his employment  
19 was improperly terminated by Reading's Board and that such termination constituted a breach of  
20 the directors' fiduciary duties. Specifically, Plaintiff claims that all Defendants breached their  
21 duty of care in connection with Plaintiff's termination (First Cause of Action for Breach of  
22 Fiduciary Duty); that Ellen Cotter, Margaret Cotter, Kane, Adams, and McEachern breached  
23 their duty of loyalty in connection with the termination (Second Cause of Action for Breach of  
24 Fiduciary Duty); and that Ellen and Margaret Cotter aided and abetted breaches of fiduciary duty  
25 by Kane, Adams, and McEachern (Third Cause of Action for Aiding and Abetting Breach of  
26 Fiduciary Duty). *Id.*, ¶¶ 111-132. Plaintiff alleges that he is excused from making a pre-suit  
27 demand on Reading's Board of Directors to remedy their allegedly improper conduct because (a)  
28 the Board of Directors did not exercise business judgment in terminating Plaintiff, (b) the Board

of Directors could not exercise business judgment in responding to a pre-suit demand, and (c) directors Kane, Adams, and McEachern are under the control of directors Ellen and Margaret Cotter. *Id.*, ¶¶ 107-110.

C. Litigation Between Plaintiff, Ellen Cotter, and Margaret Cotter Regarding Their Father's Estate

Throughout the spring and early summer of 2015, including during the time period of the above-referenced meetings of the Board of Directors, Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, were discussing potential resolution of the trust and estate litigation between them. Compl. ¶¶ 23, 87, 91, 98-102. That trust litigation has been coordinated with this supposed derivative action.

III. LEGAL STANDARD

Nevada Rule of Civil Procedure ("NRCP") 12(b)(5) provides for the dismissal of a claim when a party has failed to state a claim upon which relief can be granted. On a motion to dismiss, the trial court "is to determine whether or not the challenged pleading sets forth allegations sufficient to make out the elements of a right to relief." *Pemberton*, 109 Nev. at 792. A complaint should be dismissed if it appears beyond a doubt that a plaintiff can prove no set of facts that would entitle a plaintiff to relief. *See Buzz Stew, LLC, v. City of N. Las Vegas*, 124 Nev. 224, 228 (2008).

To survive a motion to dismiss, a claim must be pleaded showing a party's entitlement to relief. This "requires more than labels and conclusions, and a formulaic recitation of a cause of action's elements will not do." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).<sup>4</sup> Bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss. *See G.K. Las Vegas Ltd. P'ship v.*

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<sup>4</sup> Nevada courts often look to interpretations of analogous federal rules as persuasive authority. *Exec. Mgmt., Ltd. v. Ticor Title Ins. Co.*, 118 Nev. 46, 53 (2002) ("Federal cases interpreting the Federal Rules of Civil Procedure are strong persuasive authority, because the Nevada Rules of Civil Procedure are based in large part upon their federal counterparts.") (quotation marks and citation omitted).

1 *Simon Prop. Grp., Inc.*, 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006); *see also Sprewell v. Golden*  
2 *State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001).

3 **IV. ARGUMENT**

4 **A. Because He Offers No More Than Conclusory Allegations, Plaintiff Has Not**  
5 **Adequately Pleaded Demand Futility**

6 Ordinarily, the plaintiff in a shareholder derivative suit must “set forth with particularity  
7 [in the complaint] the efforts of the plaintiff to secure from the board of directors or trustees and,  
8 if necessary, from the shareholders such action as the plaintiff desires, and the reasons for the  
9 plaintiff’s failure to obtain such action[.]” Nev. Rev. Stat. § 41.520(2). This requirement of pre-  
10 suit demand on the defendant corporation’s board of directors is not merely a pleading hurdle or  
11 a technicality, but an important “rule of substantive right designed to give a corporation the  
12 opportunity to rectify an alleged wrong without litigation, and to control any litigation which  
13 does arise.” *Aronson v. Lewis*, 473 A.2d 805, 809 (Del. 1984), *overruled on other grounds by*  
14 *Brehm v. Eisner*, 746 A.2d 244 (Del. 2000); *see also Shoen v. SAC Holding Corp.*, 122 Nev. 621,  
15 641 (2006) (adopting the *Aronson* analysis in Nevada shareholder derivative litigation) (“The  
16 Delaware court’s approach is a well-reasoned method for analyzing demand futility and is highly  
17 applicable in the context of Nevada’s corporations law. Hence, we adopt the test described in  
18 *Aronson*, as modified by *Rales*[.]”). Plaintiff has made no such demand.

19 Accordingly, where, as here, a plaintiff seeking to pursue a derivative action has not  
20 made a pre-suit demand on the defendant corporation’s board of directors, the law requires the  
21 plaintiff to allege *with particularity* that demand on the board of directors would have been  
22 futile. *See* Nev. Rev. Stat. § 41.520(2); NRCP 23.1. This heightened pleading standard is  
23 similar to that required for claims of fraud. *See Shoen*, 122 Nev. at 633-34 & n.21 (“[A]  
24 shareholder must ‘set forth . . . particularized factual statements that are essential to the claim’  
25 that a demand has been made and refused, or that making a demand would be futile or otherwise  
26 inappropriate.” (*quoting Brehm*, 746 A.2d at 254 (noting that the “with particularity” pleading  
27 required in shareholder derivative suits is similar to the heightened pleading required for claims  
28 involving fraud or mistake)); *see also La. Mun. Police Emps. Ret. Sys. v. Wynn*, No. 2:12-CV-

1 509 JCM GWF, 2014 WL 994616, at \*9 (D. Nev. Mar. 13, 2014) (“The plaintiffs did not allege  
2 with sufficient particularity that the board of directors was disinterested or lacked independence,  
3 or that there was reasonable doubt that there was a valid exercise of business judgment.”);  
4 *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, --- A.3d ---, No. 9503-CB, 2015 WL  
5 4237352, at \*14 (Del. Ch. July 13, 2015) (dismissing complaint where there was “no  
6 informational basis from which [to] conclude that the New Agreement was ‘so far beyond the  
7 bounds of reasonable judgment’ as to constitute bad faith or to demonstrate that the members of  
8 the Audit Committee put [other interests] ahead of the best interests of the Company.”). Finally,  
9 “mere conclusory assertions will not suffice . . . .” *Shoen*, 122 Nev. at 634.

10 Nevada courts recognize two specific scenarios when demand by a shareholder derivative  
11 plaintiff may be excused (assuming the factual allegations are pled with particularity). Adopting  
12 the reasoning of the Delaware Supreme Court in *Aronson v. Lewis*, Nevada courts hold that  
13 demand is only excused if “under the particularized facts alleged, a reasonable doubt is created  
14 that: (1) the directors are disinterested and independent [or] (2) the challenged transaction was  
15 otherwise the product of a valid business judgment.” *Aronson*, 473 A.2d at 814; *see Shoen*, 122  
16 Nev. at 635-36 (following *Aronson*). Here, Plaintiff has failed to satisfy either *Aronson* prong.  
17 As a result, Plaintiff does not have standing, and the complaint should be dismissed for failure to  
18 state a claim. *See Shoen*, 122 Nev. at 634.

19 1. Plaintiff Has Failed to Rebut the Presumption that Reading’s Directors  
20 Are Capable of Acting in a Disinterested and Independent Fashion

21 The first *Aronson* prong asks whether the board of directors can make a disinterested and  
22 independent decision when presented with the demand. The first prong only excuses demand  
23 where a plaintiff can “show that the protection afforded by the business judgment rule is  
24 inapplicable to the board majority approving the transaction because those directors are  
25 interested, or are controlled by another who is interested, in the subject transaction[.]” *Shoen*,  
26 122 Nev. at 638 (quotation marks and citations omitted).

27 A director will be deemed to be interested if the facts alleged “demonstrate[e] a potential  
28 personal benefit or detriment to the director as a result of the decision.” *Beam ex rel Martha*



1 *Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004). The potential  
2 personal benefit or detriment must relate specifically to the challenged transaction. *See Rales v.*  
3 *Blasband*, 634 A.2d 927, 933 (Del. 1993). “[T]he key principle upon which this area of . . .  
4 jurisprudence is based is that the directors are entitled to a *presumption* that they were faithful to  
5 their fiduciary duties,” and the burden is upon a derivative plaintiff to overcome that  
6 presumption. *Khanna v. McMinn*, No. Civ.A. 20545–NC, 2006 WL 1388744, at \*11 (Del. Ch.  
7 May 9, 2006) (emphasis omitted). Nevada courts have explicitly rejected the proposition that  
8 “the demand requirement is excused as to the board of directors merely because the shareholder  
9 derivative complaint alleged that a majority of the directors participated in wrongful acts,  
10 without regard to their impartiality or to the protections of the business judgment rule[.]” *Shoen*,  
11 122 Nev. at 635.

12 Plaintiff has failed to plead specific, particularized facts—as required by Nevada law—  
13 showing that a majority of Reading’s directors are impacted by any debilitating interest or lack  
14 of independence sufficient to rebut the presumption that the business judgment rule applies. *See*  
15 *Shoen*, 122 Nev. at 637 (“[S]ince approval of a transaction by the majority of a disinterested and  
16 independent board usually bolsters the presumption that the transaction was carried out with the  
17 requisite due care, in such cases, a heavy burden falls on a plaintiff to avoid presuit demand.”)  
18 (internal brackets and quotation marks omitted).

19 (a) Allegations Against Kane, Adams, and McEachern

20 Plaintiff claims that Kane, Adams, and McEachern, each independent directors, cannot  
21 act in a disinterested manner because they are controlled by Ellen and Margaret Cotter. This  
22 purported control is based on the following allegations:

- 23 • **Kane:** Kane allegedly has a “quasi-familial” relationship with Ellen and Margaret  
24 Cotter, who call him “Uncle Ed.” Compl., ¶¶ 5, 28, 109.
- 25 • **Adams:** Adams is allegedly “financially dependent on Cotter family businesses [Ellen]  
26 and [Margaret Cotter] control or claim to control.” *Id.*, ¶ 5; *see also id.*, ¶¶ 11 (“A  
27 majority if not almost all of Adams’ income is paid to him by Cotter family businesses  
28 over which [Ellen] and [Margaret Cotter] exercise control or claim to exercise control.”),

1 70, 72-74, 109. In addition, Adams was allegedly led to believe he would be made CEO  
2 of Reading upon Plaintiff's termination. *Id.*, ¶ 71.

- 3 • **McEachern:** McEachern allegedly holds an "erroneous expectation that [Ellen] and  
4 [Margaret Cotter] ultimately will prevail and control seventy percent (70%) of the voting  
5 stock of the Company, thereby controlling McEachern's fate as a director." *Id.*, ¶ 109.

6 But Plaintiff's allegations with respect to Kane, Adams, and McEachern fail to show a lack of  
7 independence.

8 Plaintiff's conclusory allegations that Kane has a close ("quasi-familial") relationship  
9 with Ellen and Margaret Cotter do not support demand futility. (As Plaintiff is Ellen and  
10 Margaret Cotter's brother, he presumably shares the same "quasi-familial" relationship with  
11 Kane as his sisters.) Where futility is purportedly based on control being exerted by an  
12 interested person or persons, a plaintiff must allege particularized facts showing that "through  
13 personal or other relationships the directors are beholden to the controlling person." *Aronson*,  
14 473 A.2d at 815. "Allegations of mere personal friendship or a mere outside business  
15 relationship, standing alone, are insufficient to raise a reasonable doubt about a director's  
16 independence." *Beam*, 845 A.2d at 1050; *see also id.* at 1051-52 ("Mere allegations that [co-  
17 directors] move in the same business and social circles, or a characterization that they are close  
18 friends, is not enough to negate independence for demand excusal purposes."). Not only does  
19 Plaintiff fail to allege the existence or nature of this quasi-familial relationship with any  
20 particularity, but he fails to explain how this relationship had or will have any impact on Kane's  
21 vote about Plaintiff's reinstatement.

22 Likewise, the vaguely pleaded supposed benefits being received by Adams and  
23 McEachern are not sufficient to show a lack of independence. *See Khanna*, 2006 WL 1388744,  
24 at \*20 (noting that allegations that a benefit is *material* to a director are necessary to excuse  
25 demand, which requires pleading particularized facts "that the alleged benefit was significant  
26 enough in the context of the director's economic circumstances[] as to have made it improbable  
27 that the director could perform her fiduciary duties . . . without being influenced by her  
28 overriding personal interest") (emphasis omitted). Rather than being pleaded with particularity,

1 Plaintiff's vague allegations with respect to Adams and McEachern are pleaded only on  
2 information and belief. Compl., ¶¶ 73, 109. Plaintiff alludes to some unnamed, unspecified, and  
3 uncertain financial benefit that Adams and McEachern could potentially receive if they support  
4 Margaret and Ellen Cotter, but these alleged benefits are not pleaded with particularity to show  
5 that Adams and McEachern could not exercise their fiduciary duties to Reading (or even that  
6 Adams and McEachern could not receive these exact same purported benefits with Plaintiff as  
7 President and CEO).<sup>5</sup> See *Beam*, 845 A.2d at 1052 ("To create a reasonable doubt about an  
8 outside director's independence, a plaintiff must plead facts that would support the inference that  
9 because of the nature of a relationship or additional circumstances other than the interested  
10 director's stock ownership or voting power, the non-interested director would be more willing to  
11 risk his or her reputation than risk the relationship with the interested director.").

12 Indeed, Plaintiff does not allege any financial benefit whatsoever to McEachern for  
13 supporting Plaintiff's termination. With respect to Adams, Plaintiff does not allege that his  
14 financial fate is *actually* controlled by Ellen and Margaret Cotter, but only that they "claim to  
15 control" some of the companies with which he is associated. Compl., ¶¶ 5, 11.

16 The alleged "benefit" to be received by Adams and McEachern—accepting all  
17 allegations in the Complaint as true—seems to be nothing more than the chance to curry favor  
18 with Ellen and Margaret Cotter; this is not the specific, direct financial benefit required by the  
19 law. Plaintiff puts the cart before the horse, assuming a conflict of interest and a breach of  
20 fiduciary duty simply because Moving Defendants voted to terminate him. These are the very  
21 type of conclusory allegations that do not meet the "heavy burden" necessary excuse pre-suit  
22 demand in a Nevada derivative claim. See *Shoen*, 122 Nev. at 1181-82.

23  
24  
25 <sup>5</sup> Plaintiff alleges that Margaret and Ellen Cotter controlled Adams' termination vote in part by  
26 suggesting to him that he would succeed Plaintiff as CEO of Reading. Compl., ¶ 71. However,  
27 once Plaintiff was terminated, Ellen was appointed interim CEO. *Id.* Therefore, *even if* Adams  
28 had been motivated by a desire to become CEO himself, which he was not, it is now clear that  
opportunity no longer exists and is therefore irrelevant in the demand futility context.

(b) Allegations Against Ellen and Margaret Cotter

Plaintiff appears to suggest that Ellen and Margaret Cotter could not act in an independent manner because of their ongoing trust and estate litigation with Plaintiff. Ellen and Margaret Cotter allegedly made decisions as Reading directors with respect to Plaintiff's employment that would allow them to gain leverage in this estate litigation. Compl., ¶¶ 4, 23, 107. These vague insinuations fail as a matter of law, as Plaintiff has not identified with reasonable particularity any "potential personal benefit or detriment" to either Ellen or Margaret Cotter in connection with evaluating a demand on the Board relating to Plaintiff's reinstatement. *See Beam*, 854 A.2d at 1049. The mere fact that Ellen and Margaret Cotter are engaged in litigation with their brother over their father's estate does not render them incapable of exercising business judgment with respect to his termination. *See Fagin v. Gilmartin*, 432 F.3d 276, 283-84 (3d Cir. 2005) ("Potential liability from other, unrelated litigation would not make [the company's] directors interested in the decision to consider a demand for this specific derivative suit."); *Richardson v. Ulsh*, No. CIV.A. 06-3934 MLC, 2007 WL 2713050, at \*15 (D.N.J. Sept. 13, 2007) (same). Nor does the Complaint identify any advantage obtained by Ellen and Margaret Cotter in the trust and estate litigation by terminating Plaintiff as CEO. *See Shoen*, 122 Nev. at 638 ("[A] director who has divided loyalties in relation to, *or who has or is entitled to receive specific financial benefit from*, the subject transaction, is an interested director.") (emphasis added). The vague possibility that a director could have been acting for any reason other than his or her best business judgment is insufficient to support a finding of any problematic relationship. *Aronson*, 473 A.2d at 815 (stating that a "mere threat . . . is insufficient to challenge either the independence or disinterestedness of directors").

Plaintiff's entire Complaint—including his allegation of demand futility—hinges on the premise that defendant directors improperly chose sides in a family dispute between the Cotter directors and that, as such, they are not disinterested. But Plaintiff does not allege any facts indicating that any director's decision to vote for Plaintiff's termination was based on a lack of independence or debilitating conflict. Contrary to Plaintiff's claims, the existence of trust and

estate litigation between the Cotters does not somehow render Reading's entire Board of Directors unable to make a legitimate business decision.

2. Plaintiff Has Failed To Rebut The Presumption That Reading's Board of Directors Exercised Proper Business Judgment with Respect to Termination of Plaintiff

Under the second *Aronson* prong, demand may be excused as futile where the derivative claimant "plead[s] particularized facts creating a reasonable doubt as to the 'soundness' of the challenged transaction sufficient to rebut the presumption that the business judgment rule attaches to the transaction." *Khanna*, 2006 WL 1388744, at \*23 n.168. The business judgment rule "presumes that the directors have complied with their duties to reasonably inform themselves of all relevant, material information and have acted with the requisite care in making the business decision." *Shoen*, 122 Nev. at 636. Accordingly, the business judgment rule creates a "presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the" organization. *Id.* at 1178-79. Consistent with the theory underlying the business judgment rule, the party challenging the decision bears the burden of establishing facts that rebut the presumption. *See id.* Because the business judgment rule protects the corporate management decisions so long as they can be "attributed to any rational business purpose," *Katz v. Chevron Corp.*, 22 Cal. App. 4th 1352, 1366 (1994), "a heavy burden falls on plaintiff to avoid presuit demand." *Shoen* at 1181.

Plaintiff has not come close to meeting its heavy burden here. Plaintiff does not—and cannot—claim that his termination was an improper business judgment at the time that decision was made. Indeed, Plaintiff's allegations demonstrate that the opposite is true. Reading's Board of Directors required a majority vote of non-Cotter-family directors to terminate Plaintiff, and such majority was achieved. Compl., ¶¶ 43, 105. Reading's Board of Directors held several meetings at which Plaintiff's termination was discussed and included corporate counsel in those meetings. *Id.*, ¶¶ 81, 82, 91, 99, 105. The Board invited Plaintiff to make a presentation or engage in a discussion about his performance as President and CEO, but Plaintiff chose not to do so. *Id.*, ¶ 85. As further discussed below, Plaintiff does not identify any adverse impact to

1 Reading stemming from his termination. Quite simply, Plaintiff fails to allege facts sufficient to  
2 rebut the presumption that Reading's Board, including the Moving Defendants, believed  
3 themselves to be acting in the best interests of the corporation in voting to terminate Plaintiff.  
4 *See In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 70-73 (Del. 2006) (holding termination  
5 consistent with corporate governance documents not breach of fiduciary duty, and termination of  
6 President because CEO could not "work well" with President was within the protection of the  
7 business judgment rule). Because Plaintiff fails to satisfy either prong of the *Aronson* demand  
8 futility test, the Complaint should be dismissed.

9 B. Plaintiff Cannot Allege that Any Damage to Shareholders Resulted from His  
10 Termination

11 Each of Plaintiff's purported causes of action in the Complaint is based on an alleged  
12 breach by Reading's directors of a fiduciary duty owed to the corporation. Plaintiff alleges that  
13 this duty was breached by terminating Plaintiff as Reading's President and CEO based on  
14 motivations other than Reading's best interests. A claim for breach of fiduciary duty requires a  
15 plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the  
16 breach proximately caused the damages." *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d  
17 1234, 1245 (D. Nev. 2008). Here, Plaintiff has failed to allege if or how any supposed damages  
18 to Reading's shareholders resulted from Plaintiff's termination. This is fatal to the Complaint.

19 Plaintiff filed this derivative suit the same day he was terminated by Reading's Board.  
20 Plaintiff's personal disgruntlement over his termination does not constitute damage to Reading's  
21 shareholders. Plaintiff has not identified any way in which his termination caused injury or  
22 damage to any shareholder besides Plaintiff personally. Because Plaintiff has failed to  
23 adequately plead proximate causation, dismissal is proper here. *See Bd. of Managers of Foundry*  
24 *at Wash. Park Condo. v. Foundry Dev. Co.*, 975 N.Y.S.2d 707, at \*2-3 (N.Y. Sup. Ct. 2013)  
25 (granting motion to dismiss breach of fiduciary duty claim where allegations failed to make a  
26 connection of harm to nominal defendant in derivative action); *Stafford v. Reiner*, 804 N.Y.S.2d  
27 114, 114-15 (N.Y. App. Div. 2005) ("[E]ven accepting as true the facts alleged in the complaint  
28 and affording [plaintiff] the benefit of every possible favorable inference, [plaintiff's] claim that

1 the defendants' breach of fiduciary duty and/or negligence was a proximate cause of the [alleged  
2 damages] remains entirely speculative and finds no support in the record.") (citation omitted).

3 Plaintiff does recite, without factual support, that "[a]s a direct and proximate result of  
4 the acts and omissions of said defendants as described herein, Plaintiff and the Company and its  
5 other shareholders have suffered injury and continue to suffer injury as alleged herein." Compl.,  
6 ¶¶ 116, 123, 131. However, Plaintiff fails to offer any allegations regarding the nature of the  
7 supposed injury or damages therefrom and how or why they are related to the complained-of  
8 conduct. Mere conclusory allegations with no factual support are insufficient; the Complaint  
9 should be dismissed. *See Twombly*, 550 U.S. at 557.

10 C. Plaintiff Cannot Adequately Represent the Interests of Reading's Shareholders

11 This suit concerns Plaintiff's individual grievance regarding his termination from  
12 Reading and unrelated ongoing trust and estate litigation between Plaintiff and two of the Board  
13 members. That Plaintiff has tried to turn his employment lawsuit into a derivative suit in itself  
14 calls for a dismissal of his claims. Rule 23.1 of the Nevada Rules of Civil Procedure provides:  
15 "The derivative action may not be maintained if it appears that the plaintiff does not fairly and  
16 adequately represent the interests of the shareholders or members similarly situated in enforcing  
17 the right of the corporation or association." Nev. R. Civ. P. 23.1. Here, Plaintiff cannot and does  
18 not fairly and adequately represent the interests of Reading shareholders.

19 Among the numerous factors a court can consider when determining the adequacy of a  
20 derivative plaintiff are "other litigation pending between the plaintiff and defendants; the relative  
21 magnitude of plaintiff's personal interests as compared to his interest in the derivative action  
22 itself; [and] plaintiff's vindictiveness toward the defendants." *Energytec Inc. v. Proctor*, 2008  
23 WL 4131257, \*6-7 (N.D. Tex. Aug. 29, 2008) (applying Nev. R. Civ. P. 23.1 and quoting *Davis*  
24 *v. Comed, Inc.*, 619 F.2d 588, 593-94 (6th Cir. 1980)). Here, Plaintiff has initiated personal (*i.e.*,  
25 non-derivative) litigation against Defendants, has a strong personal interest in regaining control  
26 of Reading, and is highly vindictive towards Moving Defendants. *See, e.g.*, Compl., ¶¶ 6  
27 (accusing Moving Defendants of "extort[ion]"), 10 (accusing Kane of threatening "Corleone  
28 ('Godfather') style family justice"), 65 (accusing Margaret Cotter of being "grossly negligent"

1 with respect to an unrelated corporate matter), 70 (accusing Adams of consistently engaging in a  
2 “search for the next public company victim”), 76 (insinuating that Adams was not forthcoming  
3 in his divorce proceedings), 109 (accusing Adams, Kane, and McEachern of “pick[ing] sides in a  
4 family dispute”). That this suit is driven by personal animus demonstrates that Plaintiff is an  
5 inadequate shareholder representative.

6 Applying Rule 23.1 of the Nevada Rules of Civil Procedure, the district court in  
7 *Energytec* dismissed with prejudice a shareholder derivative complaint whose facts closely  
8 mirror those recited in Plaintiff’s Complaint. The *Energytec* court found that a former CEO  
9 could not serve as a derivative plaintiff because,

10 [a]s the former Chairman, CEO and CFO of Energytec, Cole has a personal  
11 economic interest in reversing the events leading to his removal. The shareholders  
12 do not share this interest, as they do not stand to regain past employment or  
13 company influence . . . Furthermore, Cole's interest in obtaining the requested  
relief far outweighs that of other shareholders. He stands to regain control of  
Energytec, to remove his competitors and adversaries, and possibly to avoid  
further litigation. The shareholders do not share these interests.

14 *Energytec*, 2008 WL 4131257, at \*7. As in *Energytec*, Plaintiff here is driven and motivated by  
15 interests not shared by Reading’s shareholders. Plaintiff wants his job back, and has brought  
16 individual as well as derivative claims relating to his termination. The existence of these non-  
17 derivative claims further weighs in favor of a finding that Plaintiff cannot fairly or adequately  
18 represent the interests of Reading’s shareholders. *See Smith v. Ayres*, 977 F.2d 946, 949 (5th Cir.  
19 1992) (“[T]he trial court should beware allowing a derivative suit to proceed where the  
20 representative could conceivably use the derivative action as ‘leverage’ in other litigation.”)  
21 (quotation omitted); *Scopas Tech. Co v. Lord*, No. 7559, 1984 WL 8266 (Del. Ch. Nov. 20,  
22 1984) (“Ordinarily, other litigation, in and of itself, may warrant disqualification of a plaintiff  
23 from bringing a derivative suit where it appears that the derivative plaintiff instituted the  
24 derivative suit only as ‘leverage’ to further his individual claims.”); *Recchion on Behalf of*  
25 *Westinghouse Elec. Corp. v. Kirby*, 637 F. Supp. 1309, 1314-15 (W.D. Pa. 1986) (“Courts have  
26 recognized that the representative plaintiff might use the derivative action as leverage to obtain a  
27 favorable settlement in other actions brought against the corporation. A derivative suit can  
28 constitute a particularly effective weapon for purposes of obtaining a favorable settlement in



1 other actions . . . . In such circumstances, where there is substantial likelihood that the derivative  
2 action will be used as a weapon in the plaintiff shareholder's arsenal, and not as a device for the  
3 protection of all shareholders, other courts have properly refused to permit the derivative action  
4 to proceed.") (citations and quotation omitted).

5 Based on Plaintiff's personal animus against Moving Defendants, the non-derivative  
6 litigation between Plaintiff and Defendants (both the trust and estate litigation and the individual  
7 claims in this case), and Plaintiff's strong interest in regaining personal control of Reading,  
8 Plaintiff cannot adequately and fairly represent Reading shareholders in this action. The  
9 Complaint should therefore be dismissed.

10 D. Plaintiff, in His Individual Capacity, Was Not Owed Any Fiduciary Duty

11 Plaintiff brings this action both in his individual capacity and as a shareholder of  
12 Reading. If the Complaint is not dismissed in its entirety, each of the three purported causes of  
13 action in the Complaint should be dismissed to the extent they are brought by Plaintiff in his  
14 individual capacity. Each of the Complaint's three purported causes of action is based on an  
15 alleged breach of fiduciary duty *owed to the corporation*. Reading's Board of Directors did not  
16 owe Plaintiff any fiduciary duty in his capacity as an officer or executive of the company.  
17 Corporate officers owe a fiduciary duty to the corporation, but are owed no such duty in return.  
18 Moving Defendants are not aware of any case in any jurisdiction holding that a board of directors  
19 owes a fiduciary duty to an officer of the corporation. Because the Complaint fails to allege any  
20 fiduciary duty owed to Plaintiff individually, all claims brought by Plaintiff in his individual  
21 capacity must be dismissed.

22 ///

23 ///

V. CONCLUSION

WHEREFORE, based on the foregoing, Moving Defendants respectfully request the Court dismiss the Complaint in its entirety.

Dated this 10th day of August, 2015.

COHEN-JOHNSON, LLC

By /s/ H. Stan Johnson  
H. Stan Johnson, Esq.

Christopher Tayback  
Marshall M. Searcy  
QUINN EMANUEL URQUHART &  
SULLIVAN, LLP  
*Attorneys for Defendants*  
*Margaret Cotter, Ellen Cotter,*  
*Douglas McEachern, Guy Adams,*  
*and Edward Kane*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 10<sup>th</sup> day of August, 2015, I served a copy of the foregoing  
**MOTION TO DISMISS** upon each of the parties via Odyssey E-Filing System pursuant to  
NRCP 5(b)(2)(D) and EDCR 8.05 to:

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An employee of Cohen-Johnson, LLC

# **EXHIBIT A**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**Form 10-K/A  
Amendment No. 1**

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transaction period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-8625

**Reading International, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**95-3885184**  
(I.R.S. Employer  
Identification No.)

**6100 Center Drive, Suite 900**  
**Los Angeles, CA**  
(Address of Principal Executive Offices)

**90045**  
(Zip Code)

**(213) 235-2240**  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name Of Each Exchange On Which Registered</u>
Class A Nonvoting Common Stock, \$0.01 Par Value per Share	NASDAQ
Class B Voting Common Stock, \$0.01 Par Value per Share	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:  
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that

the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer or non-accelerated filer (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act) (Check one).

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting and nonvoting stock held by non-affiliates of the Registrant was \$139,379,701 as of June 30, 2014.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 6, 2015, there were outstanding 21,745,484 shares of class A non-voting common stock, par value \$0.01 per share, and 1,580,590 shares of class B voting common stock, par value \$0.01 per share.

## EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Amendment”) amends Reading International, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2014, originally filed with the Securities and Exchange Commission, or SEC, on March 7, 2015 (the “Original Filing”). We are amending and refiling Part III to include information required by Items 10, 11, 12, 13 and 14 because our definitive proxy statement will not be filed within 120 days after December 31, 2014, the end of the fiscal year covered by our Annual Report on Form 10-K.

In addition, pursuant to the rules of the SEC, we have also included as exhibits currently dated certifications required under Section 302 of The Sarbanes-Oxley Act of 2002. Because no financial statements are contained within this Amendment, we are not including certifications pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. We are amending Part IV to reflect the inclusion of those certifications.

Except as described above, no other changes have been made to the Original Filing. Except as otherwise indicated herein, this Amendment continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events that occurred subsequent to the date of the Original Filing. The filing of this Annual Report on Form 10-K/A is not a representation that any statements contained in items of our Annual Report on Form 10-K other than Part III, Items 10 through 14, and Part IV are true or complete as of any date subsequent to the Original Filing.

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### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of April 30, 2015. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ellen M. Cotter	49	Chair of the Board and Chief Operating Officer – Domestic Cinemas
James J. Cotter, Jr.	45	President, Chief Executive Officer and Director (1)(2)
Margaret Cotter	47	Vice Chair of the Board(1)
Guy W. Adams	64	Director(1)(5)
William D. Gould	76	Director (3)
Edward L. Kane	77	Director (1)(2)(4)(5)
Douglas J. McEachern	63	Director (4)
Tim Storey	57	Director (4)(5)

- 
- (1) Member of the Executive Committee.
  - (2) Member of the Tax Oversight Committee.
  - (3) Lead independent director.
  - (4) Member of the Audit and Conflicts Committee.
  - (5) Member of the Compensation and Stock Options Committee.

The following sets forth information regarding our directors and our executive officers:

Ellen M. Cotter. Ellen M. Cotter has been a member of the board since March 7, 2013, and on August 7, 2014 was appointed as Chair of our board. She joined our company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the board her 16 years of experience working in our company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our company's domestic cinema operations. She has also served as the Chief Executive Officer of our subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. Ms. Cotter also is a significant stockholder in our company.

James J. Cotter, Jr. James J. Cotter, Jr. has been a director of our company since March 21, 2002, and was appointed Vice Chair of the Board in 2007. The board appointed Mr. Cotter, Jr. to serve as our President, beginning June 1, 2013. On August 7, 2014, he resigned as Vice Chair and was appointed to succeed his late father, James J. Cotter, Sr., as our Chief Executive Officer. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a director to Cecelia Packing Corporation from February 1996 to September 1997 and as a director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter.

Mr. Cotter, Jr. brings to the board his experience as a business professional, including as chief Executive Officer of Cecelia Packing Corporation, and corporate attorney, and his operating experience as the Chief Executive Officer of Cecelia. As the Vice Chair of our company, since 2007 he has chaired the weekly

Australia/New Zealand Executive Management Committee and the weekly U.S. Executive Management Committee meetings. In addition, he is a significant stockholder in our company.

Margaret Cotter. Margaret Cotter has been a director of our company since September 27, 2002, and on August 7, 2014 was appointed as Vice Chair of our board. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Ms. Cotter receives no compensation for this position, other than the right to participate in our company's medical insurance program. Ms. Cotter manages the real estate which houses each of the four live theaters under our Theater Management Agreement with Ms. Cotter's company, OBI LLC. Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties as well as heads the day to day pre-development process and transition of our properties from theater operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates, which subsequently sold the business to our company along with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing our theater these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, she is a significant stockholder in our company.

Guy W. Adams. Guy W. Adams has been a director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past eleven years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this time, Mr. Adams provided investment advice to various family offices and invested his own capital in public and private equity transactions. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

William D. Gould. William D. Gould has been a director of our company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our board to provide oversight in such matters.

Edward L. Kane. Edward L. Kane has been a director of our company since October 15, 2004. Mr. Kane was also a director of our company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chair of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's Law

Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the board his many years as a tax attorney and law professor, which experience well-serves our company in addressing tax matters. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a director of our company since May 17, 2012 and Chair of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the board and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chair of the board of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since September 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm, Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the board his more than 37 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Tim Storey. Tim Storey has been a director of our company since December 28, 2011. Mr. Storey has served as the sole outside director of our company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chair of the board of that company on July 1, 2009. Since July 28, 2014, Mr. Storey has served as a director of JustKapital Litigation Partners Limited, an Australian Stock Exchange-listed company engaged in litigation financing. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, a New Zealand-listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chair of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities.

Mr. Storey brings to the board many years of experience in New Zealand corporate law and commercial real estate matters. He serves as a director of our New Zealand subsidiary.

Andrzej Matyczynski. Andrzej Matyczynski has served as our Chief Financial Officer since November 1999. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth below.

Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 57 years and, immediately before joining our company, served as the President of Loews Theatres Management Corporation.

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer

(handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, which experience will help us with our real estate and cinema developments there. Mr. Ellis graduated Phi Beta Kappa from Occidental College with a B.A. degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

Wayne D. Smith. Wayne D. Smith joined our company in April 2004 as our Managing Director - Australia and New Zealand, after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing that company's Australian and New Zealand operations via an AUD\$250 million expansion to more than 50 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

Devasis ("Dev") Ghose. On April 20, 2015, we agreed to retain Devasis Dev Ghose to be our new Chief Financial Officer and Treasurer, effective May 11, 2015. Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles for 25 years with three NYSE-listed companies: Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage), Skilled Healthcare Group (a health services company, now part of Genesis HealthCare), and HCP, Inc., (which invests primarily in real estate serving the healthcare industry), and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe). Earlier, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the US & KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

## **Relationships**

Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. are directors and officers of our company and of various of its subsidiaries, affiliates or consultants. According to their respective Schedules 13D filed with the SEC, all three consider their beneficial stock holdings in our company to be long-term family assets, and they intend to continue our company in the direction established by their father.

## **Committees of the Board of Directors**

Our board has a standing Executive Committee, Audit and Conflicts Committee, Compensation and Stock Options Committee, and Tax Oversight Committee. These committees are discussed in greater detail below.

The Cotter family members who serve as directors and officers of our company collectively own beneficially shares of our Class B Stock representing more than 70% of the voting power for the election of directors of our company. Therefore, our board has determined that our company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our board has unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to James J. Cotter, Sr., our former controlling stockholder, in order to be elected. The Cotter family, as the holders of a majority of the voting power of our company, are able under Nevada corporations law and our charter documents to elect candidates to our board and to remove a director from the board without the vote of

our other stockholders. Historically, Mr. Cotter, Sr. identified and recommended all nominees to our board in consultation with our other incumbent directors.

Our directors have not adopted any formal criteria with respect to the qualifications required to be a director or the particular skills that should be represented on our board, other than the need to have at least one director and member of our Audit and Conflicts Committee who qualifies as an “audit committee financial expert,” and have not historically retained any third party to identify or evaluate or to assist in identifying or evaluating potential nominees. We have no policy of considering diversity in identifying director nominees.

James J. Cotter, Sr. served as our Chair and Chief Executive Officer until August 7, 2014, when he stepped down for health reasons. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. In connection with his passing, our board determined to appoint Ellen M. Cotter as Chair of the Board with a view to rotating the office of Chair annually among the Cotter family members. The board also has designated William D. Gould to serve as our lead independent director. In that capacity, Mr. Gould chairs meetings of the independent directors and acts as liaison between our Chair and our Chief Executive Officer and our independent directors.

Our board oversees risk by remaining well-informed through regular meetings with management and the personal involvement of our Chief Executive Officer in our day-to-day business, including any matters requiring specific risk management oversight. Our Chief Executive Officer chairs regular senior management meetings addressing domestic and overseas issues. The risk oversight function of our board is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent directors.

#### **Executive Committee**

A standing Executive Committee, currently comprised of Mr. Cotter, Jr., who serves as Chair, Ms. Margaret Cotter and Messrs. Adams and Kane, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full board. Mr. Cotter, Sr. also served on the Executive Committee until May 15, 2014.

In 2014, the Executive Committee did not take any action with respect to any company matter. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation and Stock Options Committee, all matters requiring board approval during 2014 were considered by the entire board.

#### **Audit and Conflicts Committee**

Our board maintains a standing Audit and Conflicts Committee, which we refer to as the “Audit Committee.” The Audit Committee operates under a Charter adopted by our board that is available on our website at [www.readingrdi.com](http://www.readingrdi.com). Our board has determined that the Audit Committee is comprised entirely of independent directors (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. During 2014, our Audit and Conflicts Committee was comprised of Mr. McEachern, who served as Chair, and Messrs. Kane and Storey.

#### **Compensation and Stock Options Committee**

Our board has a standing Compensation and Stock Options Committee, which we refer to as the “Compensation Committee,” comprised entirely of independent directors. The current members of Compensation Committee are Mr. Kane, who serves as Chair, and Messrs. Adams and Storey. Mr. Adams replaced our former director, Alfred Villaseñor, on the Compensation Committee following his election to our board in June 2014.

The Compensation Committee evaluates and makes recommendations to the full board regarding the compensation of our Chief Executive Officer and other Cotter family members and performs other compensation related functions as delegated by our board.

## **Tax Oversight Committee**

Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our board formed a Tax Oversight Committee to review with management and to keep the board informed about our company's tax planning and such tax issues as may arise from time to time. This committee is comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr.

## **Code of Ethics**

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees. The Code of Ethics is available on our website at [www.readingrdi.com](http://www.readingrdi.com).

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission (the "SEC") and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transaction that occurred in 2014 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file one Form 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock.

All of the transactions involved were between the individual involved and our company or related to certain inter-family or estate planning transfers, and did not involve transactions with the public. Insofar as we are aware, all required filings have now been made.

## **ITEM 11. EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Role and Authority of the Compensation Committee**

Our board has established a standing Compensation Committee consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the authority delegated to the Compensation Committee from time to time by our board.

The Compensation Committee recommends to the full board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our company. Our board with the Cotter family directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or

take other compensation actions of its own. Prior to his resignation as our Chair and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated by our board responsibility for determining the compensation of our executive officers other than himself and his family members. The board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

On August 7, 2014, James J. Cotter, Jr. was appointed to succeed Mr. Cotter, Sr. as our Chief Executive Officer. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. No discretionary annual bonuses have yet been awarded to our executive officers, including the Cotter family executives for 2014.

Throughout this section, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

## **CEO Compensation**

The Compensation Committee recommends to our board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant. The Compensation Committee has established three components of our Chief Executive Officer's compensation -- a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element is to reasonably reward our Chief Executive Officer for his performance and leadership.

In 2007, our board approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our company and its predecessors. Neither Mr. James J. Cotter, Jr., Mr. Cotter, Sr.'s successor as our Chief Executive Officer, nor any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

## **2014 CEO Compensation**

The Compensation Committee originally engaged Towers Watson, executive compensation consultants, in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analysis, Towers Watson, in consultation with our management, including James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description.

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Compensation Committee engaged Towers Watson to update its analysis of Mr. Cotter, Sr.'s compensation as compared to his peers, which updated report was received on February 26, 2014. The company paid Towers Watson \$11,461 for the updated report.

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of United States and Australian companies and published compensation survey data, and to our company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66<sup>th</sup> percentile of the peer group.

The peer group consisted of the following 18 companies:

Acadia Realty Trust	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

Towers Watson predicted 2014 pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of \$260 million (i.e., our company's approximate annual revenues) for all companies, excluding financial services companies. Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits, except as Mr. Cotter, Sr.'s annual cash compensation may change.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, was above Mr. Cotter, Sr.'s pay levels in 2013. The peer group is partially comprised of companies that are larger than our company, and the 66<sup>th</sup> percentile level tends to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson was below our Chief Executive Officer pay levels.

Towers Watson averaged the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s 2013 cash compensation and total direct compensation, which includes the expected value of long-term incentive compensation, was in line with the 66<sup>th</sup> percentile.

Because our company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it was not necessary to separately adjust the peer group data based on the size of our company.

The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our board the following compensation for Mr. Cotter, Sr. for 2014 and on March 13, 2014, our board accepted the Compensation Committee's recommendation without modification:

Salary: \$750,000

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at its 2013 level of \$750,000, which approximates the 75<sup>th</sup> percentile of the peer group.

Discretionary Cash Bonus: Up to \$750,000.

In 2013, the Compensation Committee recommended and our board approved a total cash bonus to Mr. Cotter, Sr. of \$1,000,000, as compared to the target bonus of \$500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75<sup>th</sup> percentile of the peer group and total direct compensation near the 66<sup>th</sup> percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to \$750,000 from the 2013 target level of \$500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless



his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

At its meeting on August 14, 2014, the Compensation Committee determined that Mr. Cotter, Sr.'s successful completion of our sale of the Burwood property in Australia and other accomplishments in 2014 justified the award to Mr. Cotter, Sr. of the full \$750,000 cash bonus, plus an additional cash bonus of \$300,000. The Compensation Committee's determination to award the extraordinary cash bonus was based in part on the advice of Towers Watson.

Stock Bonus: \$1,200,000 (160,643 shares of Class A Stock).

At its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he was to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to \$1,200,000 divided by the closing price of the stock on February 27, 2014, the date the Committee approved the stock bonus. This compares to a similar stock bonus to Mr. Cotter, Sr. of \$750,000 in 2013.

The stock bonus was paid to the Estate of Mr. Cotter, Sr. in February 2015.

Following his appointment on August 7, 2014 as our Chief Executive Officer, James J. Cotter, Jr. continued to receive the same base salary of \$335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. has not yet been awarded a discretionary cash bonus for 2014.

#### Total Direct Compensation

We and our Compensation Committee have no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

#### Compensation of Other Named Executive Officers

The compensation of Mr. James J. Cotter, Jr. and Ms. Ellen M. Cotter as executive officers of our company is determined by the Compensation Committee based on the same compensation philosophy used to determine Mr. Cotter, Sr.'s 2014 compensation. The Cotter family members' respective compensation consists of a base cash salary, discretionary cash bonus and periodic discretionary grants of stock options.

Mr. Cotter, Sr. set the 2014 base salaries of our executive officers other than himself and members of his family. Mr. Cotter, Sr.'s decisions were not subject to approval by the Compensation Committee or our board, but our Compensation Committee and our board considered Mr. Cotter, Sr.'s decisions with respect to executive compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. informed us that he did not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor did he consult with compensation consultants on the matter. Mr. Cotter, Sr. also advised us that he considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:
  - attract and retain talented executives;
  - reward executives appropriately for their individual efforts and job performance; and

- afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our board.
2. In support of the foregoing, the total compensation paid to our named executive officers should be:
- fair both to our company and to the named executive officers;
  - reasonable in nature and amount; and
  - competitive with market compensation rates.

Personal and company performances were just two factors considered by Mr. Cotter, Sr. in establishing base salaries. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2014, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. No stock bonuses were awarded in 2014 to our named executive officers other than Mr. Cotter, Sr.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered by Mr. Cotter, Sr. in setting the base salaries may have included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we have awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our board of directors has delegated to our Chief Executive Officer the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives. Any discretionary annual bonuses to the Cotter family executive have historically been determined by our board based upon the recommendation of our Compensation Committee.

In light of Mr. Cotter, Sr.'s death in September 2014, cash bonuses for 2014 have not yet been determined by Mr. Cotter, Jr. or, in the case of the Cotter family members, recommended by the Compensation Committee or approved by our board. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Capital Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

Andrzej Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit in accordance with the terms of the deferred compensation plan discussed below in this section.

Other than Mr. Cotter, Sr.'s and Mr. Cotter, Jr.'s role as Chief Executive Officer in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

#### **2014 Base Salaries and Target Bonuses**

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals. Our Compensation Committee recommended and our board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2014:

<b>Name</b>	<b>2013 Base Salary (\$)</b>	<b>2014 Base Salary (\$)</b>
James J. Cotter, Jr.	195,417	335,000
Ellen M. Cotter	335,000	335,000

The base salaries of our other named executive officers were established by Mr. Cotter, Sr. as shown in the following table:

<b>Name</b>	<b>2013 Base Salary (\$)</b>	<b>2014 Base Salary (\$)</b>
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	339,000	324,295

All named executive officers are eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service. Our board reserves discretion to adjust bonuses for the Cotter family members based on its own evaluations of the recommendations of our Compensation Committee as it did in both 2013 and 2014 in Mr. Cotter, Sr.'s case.

We offer stock options and stock awards to our employees, including named executive officers, as the long-term incentive component of our compensation program. We sometimes grant equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we grant to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

## Other Elements of Compensation

### Retirement Plans

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings through our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

### Supplemental Executive Retirement Plan

In March 2007, our board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our company, Mr. Cotter, Sr. was to be entitled to receive from our company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested. In October 2014, following Mr. Cotter, Sr.'s death, we began accruing monthly supplemental retirement benefits of \$57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

### Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our board. Mr. Matyczynski's DCP vested as follows:

<b>December 31</b>	<b>Total Vested Amount at the End of Each Vesting Year</b>
2013	\$300,000
2014	\$450,000

Mr. Matyczynski resigned his employment with the company effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation until May 11, 2015. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65<sup>th</sup> birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

We currently maintain no other retirement plan for our named executive officers.

## Key Person Insurance

Our company maintains life insurance on certain individuals who we believe to be key to our management. These individuals include James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, director or independent contractor of our company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our company. In the case of named executive officers, the premium paid by our company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

## Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits, although in the past we provided Mr. Cotter, Sr. the personal use of our West Hollywood, California, condominium, which was used as an executive meeting place and office and sold in February 2015, a company-owned automobile and a health club membership. Historically, all of our other named executive officers also have received an automobile allowance. From time to time, we may provide other perquisites to one or more of our other named executive officers.

## Tax Gross-Ups

As a general rule, we do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation paid or provided by our company. In 2014, however, we reimbursed Ms. Ellen M. Cotter \$50,000 for income taxes she incurred as a result of her exercise of stock options that were deemed to be nonqualified stock options for income tax purposes, but which were intended by the Compensation Committee and her to be so-called incentive stock options, or "ISOs", when originally granted. Our Compensation Committee believe it was appropriate to reimburse Ms. Cotter because it was our company's intention at the time of the issuance to give her the tax deferral feature applicable to ISOs. Due to the application of complex attribution rules, even though she was an executive officer of our company and not a director, she did not in fact qualify for such tax deferral. Accordingly, upon exercise, she received less compensation than the Compensation Committee had intended.

## Tax and Accounting Considerations

### Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds \$1.0 million. The Compensation Committee and our board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

### Nonqualified Deferred Compensation

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

### Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to

Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

### **Say on Pay**

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our company's executive compensation. The Compensation Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote.

### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our board that the foregoing "Compensation Discussion and Analysis" be included in this Form 10-K/A.

Respectfully submitted,

Edward L. Kane, Chair  
Guy W. Adams  
Tim Storey

### **Compensation Committee Interlocks and Insider Participation**

There are no "interlocks," as defined by the SEC, with respect to any member of the Compensation Committee during 2014.

### **Executive Compensation**

This section discusses the material components of the compensation program for our executive officers named in the 2014 Summary Compensation Table below. In 2014, our named executive officers and their positions were as follows:

- James J. Cotter, Sr., former Chair of the Board and former Chief Executive Officer.
- James J. Cotter, Jr., Chief Executive Officer and President.
- Andrzej Matyczynski, Chief Financial Officer and Treasurer.
- Robert F. Smerling, President – Domestic Cinema Operations.
- Ellen M. Cotter, Chair of the Board, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Cinemas, LLC.
- Wayne Smith, Managing Director – Australia and New Zealand.

### **Summary Compensation Table**

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through

December 31, 2014, (iii) Mr. Andrzej Matyczynski, our financial officer, and (iv) the other three persons who served as executive officers in 2014. The following executives are herein referred to as our “named executive officers.”

### Summary Compensation Table

						Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(1)	Option Awards \$(1)	(\$)	(\$)	(\$)
James J. Cotter, Sr.(2) Chair of the Board and Chief Executive Officer	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000
James J. Cotter, Jr.(5) President and Chief Executive Officer	2014	335,000	--	--	--	--	27,000 (7)	362,000
	2013	195,000	--	--	--	--	20,000 (7)	215,000
	2012	--	--	--	--	--	0	0
Andrzej Matyczynski Chief Financial Officer and Treasurer	2014	309,000	--	--	33,000	150,000 (6)	26,000 (7)	518,000
	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling President – Domestic Cinema Operations	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter Chief Operating Officer Domestic Cinemas	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
	2013	335,000	--	--	--	--	25,000 (7)	360,000
	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith Managing director - Australia and New Zealand	2014	324,000	45,000	--	--	--	19,000 (7)	388,000
	2013	339,000	--	--	--	--	20,000 (7)	359,000
	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

- (1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 17, 2015.
- (2) Mr. Cotter, Sr. resigned as our Chair and Chief Executive Officer on August 7, 2014.
- (3) Represents the present value of the vested benefits under Mr. Cotter, Sr.’s SERP. In October 2014, we began accruing monthly supplemental retirement benefits of \$57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.’s designated beneficiaries. Under the SERP, such payments are to continue for a 180-month period.
- (4) Until February 25, 2015, we owned a condominium in West Hollywood, California, which we used as an executive meeting place and office. “All Other Compensation” includes the estimated incremental cost to our company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., our matching contributions under our 401(k) plan, the cost of a company automobile used by Mr. Cotter, Sr., and health club dues paid by our company.
- (5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014.
- (6) Represents the increase in the vested benefit of the DCP for Mr. Matyczynski. Payment of the vested benefit under his DCP will be made in accordance with the terms of the DCP.
- (7) Represents our matching contributions under our 401(k) plan, the cost of key person insurance, and any automobile allowances.
- (8) Includes the \$50,000 tax gross-up described in the “Tax Gross-Up” section of the Compensation Discussion and Analysis.

## Employment Agreements

James J. Cotter, Jr. On June 3, 2013, we entered into an employment agreement with Mr. James J. Cotter, Jr. to serve as our President. The employment agreement provides that Mr. Cotter, Jr. is to receive an annual base salary of \$335,000, with employee benefits in line with those received by our other senior executives. Mr. Cotter, Jr. also was granted a stock option to purchase 100,000 Class A shares at an exercise price equal to the market price of our Class A shares on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Cotter Jr.'s employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Cotter Jr. will be entitled to receive severance in an amount equal to the compensation he would have received had he remained employed by us for 12 months.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of \$350,000, with an annual target bonus of at least \$60,000. Mr. Ellis also received a "sign-up" bonus of \$10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 Class A shares at an exercise price equal to the closing price of our Class A shares on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

## 2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan (the "Plan") at the annual meeting of stockholders in accordance with the recommendation of the board of directors of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, directors, and consultants. The Plan permits issuance of a maximum of 1,250,000 shares of class A nonvoting common stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.



If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Capital Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

### **Certain Federal Income Tax Consequences**

Non-qualified Stock Options. There will be no federal income tax consequences to either the Company or the participant upon the grant of a non-discounted NQSO. However, the participant will realize ordinary income on the exercise of the NQSO in an amount equal to the excess of the fair market value of the common stock acquired upon the exercise of such option over the exercise price, and the Company will receive a corresponding deduction. The gain, if any, realized upon the subsequent disposition by the participant of the common stock will constitute short-term or long-term capital gain, depending on the participant's holding period.

Incentive Stock Options. There will be no regular federal income tax consequences to either the Company or the participant upon the grant or exercise of an incentive stock option. If the participant does not dispose of the shares of common stock for two years after the date the option was granted and one year after the acquisition of such shares of common stock, the difference between the aggregate option price and the amount realized upon disposition of the shares of common stock will constitute long-term capital gain or loss, and the Company will not be entitled to a federal income tax deduction. If the shares of common stock are disposed of in a sale, exchange or other "disqualifying disposition" during those periods, the participant will realize taxable ordinary income in an amount equal to the excess of the fair market value of the common stock purchased at the time of exercise over the aggregate option price (adjusted for any loss of value at the time of disposition), and the Company will be entitled to a federal income tax deduction equal to such amount, subject to the limitations under Code Section 162(m).

While the exercise of an incentive stock option does not result in current taxable income, the excess of (1) the fair market value of the option shares at the time of exercise over (2) the exercise price, will be an item of adjustment for purposes of determining the participant's alternative minimum tax income.

SARs. A participant receiving an SAR will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When a participant exercises the SAR, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and will be allowed as a deduction for federal income tax purposes to the Company, subject to limitations under Code Section 162(m). In addition, the Board (or Committee), may at any time, in its discretion, declare any or all awards to be fully or partially exercisable and may discriminate among participants or among awards in exercising such discretion.

Restricted Stock. Unless a participant makes an election to accelerate recognition of the income to the date of grant, a participant receiving a restricted stock award will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock, and the Company will be entitled to a corresponding tax deduction at that time, subject to the limitations under Code Section 162(m).

### **Outstanding Equity Awards**

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2014 under the Plan:

## Outstanding Equity Awards At Year Ended December 30, 2014

	Class	Option Awards				Stock Awards	
		Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested (\$)
James J. Cotter, Sr.	B	100,000	--	10.24	09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A	10,000	--	8.35	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	25,000	25,000	6.02	08/22/2022	--	--
Robert F. Smerling	A	43,750	--	10.24	09/05/2017	--	--

### Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2014:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
James J. Cotter, Sr.	--	--	160,643	1,200,000
Andrzej Matyczynski	35,100	180,063	--	--

### Pension Benefits

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2014:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James J. Cotter, Sr.(1)	SERP	27	\$ 7,595,000	\$ --
Andrzej Matyczynski(2)	DCP	5	\$ 450,000	\$ --

### Director Compensation

During 2014, all of our directors, except Mr. James J. Cotter Sr., Mr. James J. Cotter, Jr. and Ms. Ellen M. Cotter, received an annual fee of \$35,000 (prorated for the year in which a director is first elected or appointed). In addition to their annual directors fee, the following directors received a one-time fee of \$5,000 for their services as a member of the board and of all board committees on which they serve; Messrs. Adams, Gould, McEachern and Kane. Mr. Storey received a one-time fee of \$10,000, for his services as a member of the board and of all board committees on which he served. Messrs. McEachern and Storey also each received an additional \$6,000 for their participation in Special Committee Meetings. For 2014, the Chair of our Audit and Conflicts Committee received an additional fee of \$7,000, the Chair of our Compensation Committee received an additional fee of \$5,000, and the Chair of our Tax Oversight Committee received an additional fee of \$18,000.

Upon joining our board, new directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. From time to time our directors also are granted additional stock options as compensation for their service on our board. Historically, these awards were based upon the recommendations of our former Chair and principal shareholder, Mr. James J. Cotter, Sr., which recommendations were reviewed and acted upon by our entire board. When such additional awards have been made, typically, each sitting director (other than Mr. Cotter, Sr., who historically did not participate in such awards) was awarded the same number of options on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration.

In November 2014, our board of directors determined to make grants to our non-employee directors on January 15 of each year of stock options to purchase 2,000 shares of our Class A Stock. The options will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

The following table sets forth information concerning the compensation to persons who served as our non-employee directors during 2014 for their services as directors.

**Director Compensation Table**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Margaret Cotter (1)	35,000	0	0	35,000
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould	35,000	0	0	35,000
Edward L. Kane	63,000	0	0	63,000
Douglas J. McEachern	53,000	0	0	53,000
Tim Storey	51,000	0	21,000(3)	72,000
Alfred Villaseñor (4)	10,000	0	0	10,000

- (1) In addition to her director's fees, Ms. Margaret Cotter receives a combination of fixed and incentive management fees under the OBI Management Agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.
- (2) Mr. Adams joined the board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of \$7.40 per share.
- (3) This amount represents fees paid to Mr. Storey as the sole independent director of our company's wholly-owned New Zealand subsidiary.
- (4) Represents fees paid to Mr. Villaseñor prior to our 2014 Annual Meeting of Stockholders, when he declined to stand for re-nomination as a director.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 30, 2015 by:

- each of our incumbent directors;
- each of our incumbent named executive officers set forth in the Summary Compensation Table of this Proxy Statement;

- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent directors and incumbent executive officers as a group.

The beneficial ownership of 327,808 shares of our outstanding Class B Stock, which we refer to as the “disputed shares,” and 100,000 shares of Class B Stock underlying a currently exercisable stock option, which we refer to as the “disputed option,” is disputed by the Cotter family members, and the following table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown. An asterisk (\*) denotes beneficial ownership of less than 1%.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
<b>Directors and Named Executive Officers</b>				
James J. Cotter, Jr. (2)(9)(10)	3,220,251	14.7	696,080	44.0
Ellen M. Cotter (3)(9)(10)	2,818,995	13.0	746,080	47.2
Margaret Cotter (4)(9)(10)	3,111,572	14.3	731,180	46.3
Guy W. Adams	- 0 -	--	- 0 -	--
William D. Gould (5)	54,340	*	--	--
Edward L. Kane (6)	19,500	*	100	*
Andrzej Matyczynski	25,789	*	--	--
Douglas J. McEachern (7)	37,300	*	--	--
Tim Storey (8)	27,000	*	--	--
Robert F. Smerling (8)	43,750	*	--	--
<b>5% or Greater Stockholders</b>				
James J. Cotter Living Trust (9)(10)	1,897,649	8.7	696,080	44.0
James J. Cotter Living Trust/Estate of James J. Cotter, Deceased(9)(10)	408,263	1.9	427,808	25.5
Mark Cuban (11) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (12) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	97,500	6.2
All directors and executive officers as a group (10 persons)(13)	5,476,570	24.9	1,209,088	71.9

(1) Percentage ownership is determined based on 21,745,484 shares of Class A Stock and 1,580,590 shares of Class B Stock outstanding on May 6, 2015. Except as described in footnote (13) with respect to the beneficial ownership of all directors and executive officers as a group, the table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option. Except as described with respect to the disputed shares and the disputed option, beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of May 6, 2015, which are indicated by footnote, are deemed to be

beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

- (2) The Class A Stock shown include 97,500 shares subject to stock options. The Class A Stock shown also include 289,390 shares held by a trust for the benefit of James J. Cotter, Sr.'s grandchildren (the "Cotter grandchildren's trust") and 102,751 held by the James J. Cotter Foundation. Mr. Cotter, Jr. is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the James J. Cotter Living Trust, or the "Living Trust," which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (3) The Class A Stock shown includes 20,000 shares subject to stock options. The Class A Stock shown also include 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 408,263 shares that Ms. Cotter maintains are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and that Mr. Cotter, Jr. contends are held by the Living Trust. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (4) The Class A Stock shown includes 17,000 shares subject to stock options. The Class A shares shown also include 289,390 shares held by the Cotter grandchildren's trust and 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 408,263 shares that Ms. Cotter maintains are part of the Cotter Estate and that Mr. Cotter, Jr. contends are held by the Living Trust. As co-executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.
- (5) Includes 17,000 shares subject to stock options.
- (6) The Class A Stock shown includes 2,000 shares subject to stock options.
- (7) Includes 27,000 shares subject to stock options.
- (8) Consists of shares subject to stock options.
- (9) James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are the Co-trustees of the Living Trust. On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away in September 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. to our board and to take all actions to rotate the chairmanship of our board among the three of them. On February 6, 2015, Ellen Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. As co-trustees of the Living Trust, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter would share voting and investment power of the shares held by the Living Trust and, as such, would be deemed to beneficially own such shares. As trustee or co-trustees of the Reading Voting Trust, Margaret Cotter or Mr. Cotter, Jr., or both, would be deemed to beneficially own the Class B Stock shown. Each of Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter disclaims beneficial ownership of the shares held by the Living Trust except to the extent of his or her pecuniary interest, if any, in such shares.

- (10) Our stock register reflects that the 327,808 disputed shares of Class B Stock, which constitute approximately 20.7% of the voting power of our outstanding capital stock, and the disputed option to purchase 100,000 shares of Class B Stock, are standing in the name of Mr. Cotter, Sr. Ellen M. Cotter and Margaret Cotter dispute that Mr. Cotter, Sr. executed a written assignment that purported to transfer the disputed shares to the Living Trust and contend that, until such time as they pour over into the Living Trust, the disputed shares make up a part of the Cotter Estate. Ellen M. Cotter and Margaret Cotter also contend that the disputed option belongs to the Cotter Estate, while Mr. Cotter, Jr. disputes these contentions. Because the disputed shares and the shares underlying the disputed option together represent a material amount of our outstanding Class B stock, on April 29, 2015, we filed in the District Court of Clark County, Nevada, a petition requesting instructions from the Court regarding the disputed shares and the disputed option. A copy of our petition is set forth as an exhibit to our current report on Form 8 K filed with the SEC on May 4, 2015. Depending upon the outcome of this matter, the beneficial ownership of our Class B Stock will change, perhaps materially, from that presented in this table. The Cotter family also dispute whether the Class A Stock shown is held by the Living Trust or by the Cotter Estate.
- (11) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13G filed on February 14, 2012.
- (12) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on February 15, 2011.
- (13) The Class A Stock shown includes 408,263 disputed shares of Class A Stock and 251,250 shares subject to options. The Class B Stock shown includes the 327,808 disputed shares and the 100,000 shares subject to the disputed option.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

#### **Certain Relationships and Related Transactions**

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chair. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

#### **Sutton Hill Capital**

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company that is owned by Sutton Hill Associates, which was a 50/50 partnership between James J. Cotter, Sr. and Michael Forman. The Village East is the only cinema subject to this lease, and during 2014, 2013 and 2012 we paid rent to SHC in the amount of \$590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for \$5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than \$100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its \$3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

In February 2015, we and SHP entered into an amendment to the management agreement dated as of June 27, 2007 between us and SHC. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to \$750,000 (the “Renovation Funding Amount”) of renovations to Cinemas 1, 2 & 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2 & 3 over the average annual positive cash flow of the Cinemas over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations.

### **OBI Management Agreement**

Pursuant to a Theater Management Agreement (the “Management Agreement”), our live theater operations are managed by OBI LLC (“OBI Management”), which is wholly owned by Ms. Margaret Cotter who is our Vice Chair and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2014, OBI Management earned \$397,000, which was 20.9% of net cash flows for the year. In 2013, OBI Management earned \$401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned \$390,000, which was 19.7% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months’ prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

### **Live Theater Play Investment**

From time to time, our officers and directors may invest in plays that lease our live theaters. The play STOMP has played in our Orpheum Theatre since prior to our acquisition of the theater in 2001. Mr. Cotter, Sr. owned an approximately 5% interest in that play.

### **Shadow View Land and Farming LLC**

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed \$2.5 million of cash and \$255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is

owned by the James J. Cotter, Sr. Trust, while Ellen Cotter and Margaret Cotter contend that such interest is owned by the Cotter Estate. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit and Conflicts Committee.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

##### **Summary of Principal Accounting Fees for Professional Services Rendered**

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2014, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

##### **Audit Fees**

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2014 and 2013 were approximately \$661,700 and \$550,000, respectively.

##### **Audit-Related Fees**

Grant Thornton, LLP did not provide us any audit related services for 2014 or 2013.

##### **Tax Fees**

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2014 or 2013.

##### **All Other Fees**

Grant Thornton, LLP did not provide us any services for 2014 or 2013 other than as set forth above.

##### **Pre-Approval Policies and Procedures**

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2014 and 2013.

#### **ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a)(3) The following exhibits are filed as part of this report:

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certification of Principal Executive Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).



## **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **READING INTERNATIONAL, INC.**

Date: May 8, 2015

By: /s/ ANDRZEJ MATYCZYNSKI  
Name: Andrzej Matyczynski  
Title: Chief Financial Officer

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, James J. Cotter, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.

James J. Cotter, Jr.  
Chief Executive Officer

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Andrzej Matyczynski, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ ANDRZEJ MATYZYNSKI

Andrzej Matyczynski  
Chief Financial Officer