

IN THE SUPREME COURT OF THE STATE OF NEVADA

Supreme Court Case No.

72261

Electronically Filed
Feb 01 2017 11:12 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 7
Pgs. 1501-1750

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255 E. Warm Springs Road
Suite 100
Las Vegas, Nevada 89119
(702) 823-3500
sjohnson@cohenjohnson.com

CHRISTOPHER TAYBACK, ESQ.*
MARSHALL M. SEARCY, ESQ.*
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*Admitted Pro Hac Vice

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Exhibit 2

GWA Advisors, LLC

2011

Jan - Dec 11

Income		
GWA Capital	\$(84,285.11)	Note 1
Consulting Fee Income	54,500.00	
Mercer Stock	101,640.00	Note 2
Total Income	71,854.89	
Total Expense	00000.00	
Net Income	\$ 71,854.89	

2012

Jan - Dec 12

Income		
GWA Capital	\$(70,273.86)	Note 1
Consulting Fee Income	69,500.00	
Mercer Stock	29,850.00	Note 2
Total Income	29,076.14	
Expense	00000.00	
Net Income	\$ 29,076.14	

Note 1 Advisors has no expenses. Advisor owns Captial Partners
All income and expenses from Captial Partners are reflected
in this line item.

Note 2 Represents stock grant awards. This amount is shown for
tax purposes, as Income, however it is NOT CASH and cannot
be sold for one year.

GWA CAPITAL PARTNERS, LLC**Profit & Loss****January through December 2012****2012****Accrual Basis****Gain on Capital Account****GWA Investments****\$(7,191.72)****Other Income****3.29****Total Income****\$(7,188.43)****Moving Expense** **\$5,861.81****Bank Service Charge** **99.00****Data Service** **7,520.95****Depreciation** **393.69****Dues and Subscriptions** **743.99****Equipment Purchases** **1,746.07****Licenses and Permits** **1,047.00****Marketing and Sales** **68.33****Meals and Entertainment** **6,332.47****Miscellaneous** **162.80****Office Supplies** **1,518.71****Parking** **2,183.89****Postage and Delivery** **266.82****Accounting** **5,657.00****Legal** **460.00****Other Professional Services** **412.95****Total Professional Fees** **6,529.95****Rent - Office** **9,380.00****Rent - Other** **3,925.00****Repairs and Maintenance** **2,004.64****Software** **320.74****Income Tax** **1,600.00****Taxes - Other** **800.00****Total Taxes** **2,400.00****Telephone** **4,308.01****Airfare** **2,560.02****Lodging** **2,880.72****Other** **423.77****Taxi** **250.00****Transportation** **156.74****Total Travel** **6,271.25****Total Expense** **\$ 63,085.12****Net Income** **\$(70,273.55)**

GWA CAPITAL PARTNERS, LLC**Profit & Loss****January through December 2011****2011****Accrual Basis**

Gain on Capital Account

GWA Investments

\$(10,528.59)

Total Income

\$(10,528.59)

Bank Service Charge

49.00

Data Service

18,246.08

Depreciation

539.00

Dues and Subscriptions

1,379.48

Equipment Purchases

4,714.43

Licenses and Permits

1,469.00

Marketing and Sales

64.90

Meals and Entertainment

4,718.31

Miscellaneous

9.99

Office Supplies

1,508.99

Parking

1,976.03

Postage and Delivery

206.92

Accounting

5,455.00

Other Professional Services

737.63

Total Professional Fees 6,192.63

Rent - Other

3,968.00

Repairs and Maintenance

5,641.25

Software

1,130.38

Taxes

3,954.00

Telephone

5,117.29

Airfare

3,372.46

Lodging

9,411.07

Other

74.24

Taxi

245.00

Transportation

308.40

Total Travel

13,411.17

Total Expenses

\$74,296.85

Interest Income

1.33

Net Income

\$(84,824.11)

GWA Assets and Liabilities

(As Of August 31, 2013)

	<u>Cash</u>	<u>Stock</u>
Personal		
Cash	\$92,289	
Stock		\$143,975
Capital Partners		
Cash	2,994	
Stock		99,456
Advisors		
Cash	1,688	0
TOTALS	\$96,971	\$243,431
IRA		
Cash	\$44,804	
Stock		\$1,678
Retirement Plan for Decurion Corporation *		
Cash/ Stock Value	U / K	U / K
Debt and Liabilities	\$ 0	

* Defined Contribution Plan from past employment in 1994.

Exhibit 3

Average Combined Spending by Category

1/1/2011 through 12/31/2012 Category	Annual Expenses	
Auto Lease- LMK	\$ 6,600 *	
Auto:Fuel	4,800	
Auto:Fuel-LMK	2,400 *	
Auto:Insurance-Guy	763	
Auto:Insurance-LMK	1,650 *	
Auto:License - Fees	158	
Auto:Service	1,944	
Apartment Rent - Guy	36,000 *	
Bank Charge	121	
Charitable	1,097	
Christmas + Gifts	2,638	
Christmas + Gifts-LMK	3,000 *	
College Fees - LMK	30,000 *	
Clothing-Guy	2,400	
Clothing-LMK	4,000 *	
Dependent Support - LMK	6,000 *	
Entertainment - Guy	2,676	
Entertainment-LMK	2,400 *	
Groceries:Fast Foods	868	
Groceries:Food Store	8,222	
Groceries:Food Store-LMK	4,000 *	
Household:Gardener	5,100	Ave 425/ mo
Household:Maintenance	85	
Household:Maintenance-LMK	4,800 *	
Housing:Expenses (Wells)	3,460	
Housing:Expense (HB)	1,016	
Housing: Interest-LMK-Wells	61,126	
Housing Interest-LMK-SB	32,850	

Property Tax-Wells - LMK	13,938	
Property Tax - SB - LMK	\$12,878	
Santa Barbara Homeowners Fee-LMK	11,760 *	
Storage Rental	3,600	
Insurance:Life Insurance	1,383	
Insurance-Houses - LMK	1,500 *	
Medical-Guy	2,714	
Medical-LMK	3,000 *	
Misc-Guy	4,855	
Misc-LMK	5,000 *	
Utilities	12,600	
Vacation-Guy	6,000 *	
Vacation- LMK	1,500 *	
Major Expenditures-LMK	4,200 *	
Major Expenditures-Guy	<u>3,718</u>	
OVERALL TOTAL		
	/Yr	\$318,820
	/Mo	\$ 26,568

*Estimate

Exhibit 4

In Re Marriage of Adams

Petitioner's Income and Expense Declaration

Exhibit 4

13 q. Other. Miscellaneous Expenses (Monthly):

Gym membership and vitamins	\$ 222
Bed, furniture and furnishings for HB residence; Bed, furniture and furnishings for Santa Barbara condo; contribution to Grandchildren education	309
Political contributions (non-deductible)	15
Supplies and other expenses	117
Bank Charges	10
Credit Card Interest Expenses	6
Credit Card Fees/Costs for Card	16
<hr/>	
Total	\$ 695

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1 She is presently an Associate General Counsel at Amgen. Prior to starting work at
2 Amgen, Lois was a partner at Jones Day.

3 6. Lois' income far exceeds mine. Pursuant to our 2012 tax return, my
4 gross income from both of my businesses was \$100,350 before any business
5 expenses. (See 2012 tax returns, attached hereto as Exhibit "A"). Per schedule C of
6 our tax returns, my business expenses were \$63,962. (See Exhibit "A"). My current
7 income is approximately \$5,000 per month, most of which I earn from short-term
8 consulting assignments. Also, in 2013, my income has decreased because my 10
9 year contract that I had with Mercer, one of my major clients, ended on May 31, 2013.

10 7. In contrast to me, Lois' income has not been negatively impacted by the
11 recent economic recession. Pursuant to our 2012 tax return, Lois' gross income from
12 her employment at Amgen was \$742,035. (See Exhibit "A"). Considering Lois'
13 monthly income of \$61,833, my monthly income of \$5,000, both of us filing as single
14 and claiming one deduction, and Lois' property tax expenses of \$1,161 and mortgage
15 interest deduction of \$5,093, Lois' monthly spousal support obligation to me is
16 \$22,377. (See Dissomaster, attached hereto as Exhibit "B").

17 **ATTORNEYS FEES AND COSTS**

18 8. In addition to earning significantly more income than me, Lois has more
19 assets than me. In 2007, when Lois and I married, my IRA account had an
20 approximate balance of \$161,991. Today the balance of my IRA account is less than
21 \$50,000. Most of the loss in value of my IRA was a result of the 2007-08 market
22 decline. I have one other retirement account which has an approximate value of
23 \$20,000. Lois has several retirement accounts. Her 401(k) and IRAs have
24 appreciated significantly during our marriage, in large part due to the contributions by
25 her employer. I estimate that the current value of Lois' 401(k) and IRAs is in excess
26 of \$600,000. In addition to her retirement accounts, Lois has checking and savings
27 accounts to which I do not have access, so I am unaware as to their current balances.

28

EXHIBIT 17

Filed Separately Under Seal

pp. 1515-1517 Filed Under Seal

EXHIBIT 18

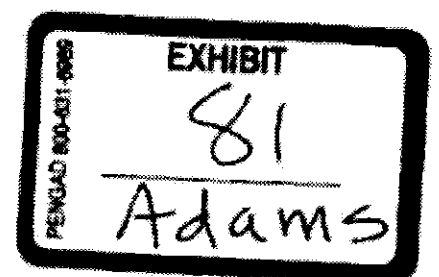
Filed Separately Under Seal

pp. 1519-1522 Filed Under Seal

EXHIBIT 19

From: Kane <elkane@san.rr.com>
Sent: Monday, May 18, 2015 10:16 PM
To: Guy Adams

See if you can get someone else to second the motion. If the vote is 5-3 I might want to abstain. and make it 4—3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.



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EXHIBIT 20

From: Kane <elkane@san.rr.com>
Sent: Tuesday, May 19, 2015 12:27 AM
To: Guy Adams
Subject: Re:

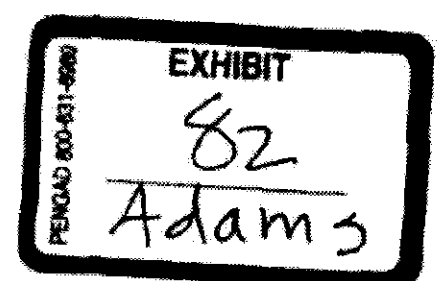
which are?

From: Guy Adams
Sent: Monday, May 18, 2015 3:26 PM
To: Kane
Subject: RE:

Ok.
Can you second the other motions?

From: Kane [mailto:elkane@san.rr.com]
Sent: Monday, May 18, 2015 3:16 PM
To: Guy Adams
Subject:

See if you can get someone else to second the motion. If the vote is 5-3 I might want to abstain, and make it 4-3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.



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EXHIBIT 21

Filed Separately Under Seal

pp. 1528-1529 Filed Under Seal

EXHIBIT 22

Filed Separately Under Seal

pp. 1531-1532 Filed Under Seal

EXHIBIT 23

Filed Separately Under Seal

pp. 1534-1536 Filed Under Seal

EXHIBIT 24

Filed Separately Under Seal

pp. 1538-1540 Filed Under Seal

EXHIBIT 25

Filed Separately Under Seal

pp. 1542-1552 Filed Under Seal

EXHIBIT 26

Filed Separately Under Seal

pp. 1554 Filed Under Seal

EXHIBIT 27

Message

From: Margaret Cotter [Margaret Cotter]
Sent: 6/4/2015 6:14:53 PM
To: James Cotter JR
CC: Ellen Cotter
Subject: RE: John Genovese

I told you. give me a call I will articulate over the phone.

From: James Cotter JR
Sent: Thursday, June 04, 2015 2:14 PM
To: Margaret Cotter
Subject: RE: John Genovese

Currently reviewing with lawyers.... can you please tell me your thoughts about John?

From: Margaret Cotter
Sent: Thursday, June 04, 2015 11:11 AM
To: James Cotter JR; Ellen Cotter
Subject: RE: John Genovese

Frankly, I would be more concerned about yourself and getting your position squared away than dealing with another employee. I think your priorities are a little skewed. What is the status of the paperwork we sent you yesterday.

From: James Cotter JR
Sent: Thursday, June 04, 2015 1:53 PM
To: Margaret Cotter; Ellen Cotter
Subject: RE: John Genovese
Importance: High

Bill and Dev do not believe Ellen's candidate has experience to oversee our U.S. real estate. I do not believe he does either. Bill and Dev are very impressed with John and believe he should be hired. We have met a lot of candidates and John is by far the best. If the Company waits any longer, we will lose this candidate. You should not view him as a threat to your role or Edifice's role. The decision to wait is not in the Company's best interest, whether I am here or not. This Company needs an experienced real estate developer who has been there and done that. He has long tenure at Macerich and Equity Office. This is a no-brainer. What are your reasons for not wanting to hire John? If he does not work out, we can fire him and lose one year salary. If he works out, we will be able to move all our properties forward at fast pace. You gave me one reason, that of him being arrogant. He has experience in all areas- retail leasing, construction, buying, selling, financing.... a full-service real estate guy. I would note that John scored highest on team play on Korn Ferry's test. He is to be viewed as a resource and he fully understands corporate structure here and the mandate to help everyone. There is now a fear of losing John as a candidate. Why he is not the right guy?

I am talking to Korn Ferry this morning and would like both of your input.

EXH 156
DATE 5-12-16
WIT M. Cotter
PATRICIA HUBBARD

RD10047818
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From: Margaret Cotter
Sent: Thursday, May 28, 2015 7:33 PM
To: William Ellis
Cc: James Cotter JR; Ellen Cotter; Dev Ghose; Craig Tompkins
Subject: Re: John Genovese

Bill and team: we are not finished with our search. Ellen has a candidate that she has worked with and spoke to you about. I am not in favor of hiring John for reasons I may have discussed with you personally. If not I will share when I see you. I think this search should and will continue.

Before hiring anyone I think we need to get Edifice's agreement signed. They have a staff of people working on our project and were anticipating getting signed in May.

Sent from my iPhone

On May 28, 2015, at 3:09 PM, William Ellis <William.Ellis@readingrdi.com> wrote:



William D. Ellis
General Counsel
Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045
Phone: (323) 271-1054
Fax: (213) 235-2229

<image001.jpg>

May 27, 2015

Candidate Assessment
Reading International, Inc.
FOR THE POSITION OF:

RDI0047819

001557

282

Head of Real Estate

John Genovese

President

GENCO Realty Group, LLC.

Korn Ferry's Four Dimensions of Leadership

By leveraging the largest set of data on talent—more than 2.5 million assessments—Korn Ferry has insight into the dimensions of talent crucial for executives. The four dimensions include competencies, traits, drivers, and experiences. Taking all four dimensions into account gives your company a holistic view of how each candidate's qualities fit a specific role.

Experiences

Experiences are the roles and assignments that make up a candidate's career history and resume. Examples of experiences include things like managing a turnaround, taking a global assignment, or managing a crisis. Learning from experiences is instrumental to developing readiness for new challenges and roles. Korn Ferry has identified the qualities that make an experience most developmental. Highly developmental assignments are those that take people out of their comfort zone and involve high visibility, a risk of failure, ambiguity, and a broad scope of responsibility.

Traits

Traits are personality characteristics that exert a strong influence on behavior. These include attitudes, such as optimism, and other natural leanings, such as social astuteness. Traits are core to who a person is, but they don't represent a predetermined fate. Depending on the role and context, specific traits may be more or less crucial for success. Korn Ferry has identified 14 key traits for executive candidates.

Competencies

Competencies are the leadership skills that matter most for success in the 21st century. Korn Ferry has identified key competencies related to high performance in executive roles. Examples include situational adaptability and global perspective. These skills enable leaders to make a meaningful impact because they determine how leaders drive results. The unique competency profile generated for this role is based on the nature of the position, the organization, and key requirements.

Drivers

Drivers are the preferences, values, and motivations that influence a person's career aspirations. They lie at the heart of critical questions: What is important to me? What do I find rewarding? Drivers are informed by who a person is, but also by the circumstances or context at any given time. Most importantly, Drivers factor in to culture fit, engagement and performance, as well as talent retention. They operate as a pivot point for all other dimensions (Traits, Competencies, Experiences).

Summary

John thrives on complex problems, and pursues cutting-edge solutions with intellectual rigor. Candidates like John place an ideal emphasis on working with other people in pursuit of collective goals, sharing credit for accomplishments, and building strong teams. They are passionate and steadfast in the pursuit of ambitious goals despite obstacles or setbacks. In general, John is motivated to integrate work and life in a sustainable, enjoyable, and meaningful way.

Experiences

Experiences comprise career history. They are key roles and assignments such as managing a turnaround, taking a global assignment, or handling a crisis. Korn Ferry has identified the experiences most instrumental to developing a leader's readiness for new challenges and roles. Depending on the industry, function, and level, certain experiences may be more or less crucial for success.

KEY EXPERIENCES FOR JOHN

- External stakeholders (government, lobbies, media, shareholders, unions)
- Financial acumen
- Development Project Depth
- Urban retail asset expertise
- Large scale team Leadership

John tackles complex challenges with an optimal Traits balance of creativity, flexibility and careful analysis. Candidates like John motivate and influence others with an ideal mix of strong interpersonal skills, emotional intelligence, and a focus on relationships. They have tremendous drive, very high expectations, and are not likely to give up easily.

Competencies

John establishes systems that monitor organizational performance and holds others accountable for meeting or exceeding objectives. Candidates like John create a culture that encourages experimentation and learning in order to identify new ideas and opportunities that will drive performance. They build partnerships across functional, cultural, organizational, and global boundaries to connect key people who can help accomplish goals.

Ensures accountability ★

Engages and inspires

Navigates networks

Develops talent

Nimble learning

Cultivates innovation

Aligns execution ★

Situational adaptability

Courage ★

Global perspective

Strategic vision ★

Financial acumen

Manages ambiguity ★

Balances stakeholders

Persuades

Drivers

John is motivated by a variety of tasks and responsibilities and the flexibility to set a schedule and pace. John is also motivated by the opportunity to work with others on a common goal. An ideal work context would allow for team efforts to be pursued at a sustainable pace. In general, John may be less energized by stability and consistency, and more invigorated when work is unpredictable and ambiguous.

<John Genovese.docx>

RDI0047822

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EXHIBIT 28

Confidential Settlement Memo of Understanding

The following is intended to be used as a part of confidential and "without prejudice" settlement negotiations between Ellen Marie Cotter ("EMC") and Ann Margaret Cotter ("AMC"), on the one hand, and James J. Cotter, Jr. ("JJC") on the other hand. It is provided under the understanding that the contents hereof are confidential, except to the extent the disclosure of certain terms are required by law, and is not to be used, including in any litigation, for any purpose other than to enforce the terms hereof.

The proposal outlined below sets forth the basis on which EMC and AMC would be willing to proceed towards a negotiated settlement, but, with respect to the items related to the management structure of Reading International, Inc. (the "Company") only, is subject to the ultimate approval of the independent directors, in the exercise of their fiduciary duties and obligations. Nothing herein is intended to interfere with the appropriate exercise by the directors of their fiduciary duties and obligations.

If these terms are acceptable to JJC, then JJC should sign below to indicate his agreement. AMC and EMC will do the same. By signing below, the parties agree that the terms of this Understanding represent a binding agreement, subject to approval by the independent directors of the Company Management Structure (as detailed below) and necessary court approvals. If the Company Management Structure is not approved by the Company Board or implemented, EMC and AMC (but not JJC) shall have the option to treat this agreement as void and no longer binding. If the necessary court approvals are not obtained, this agreement will be void and no longer binding. The parties acknowledge that their agreement will be memorialized in a more formal document, and the parties agree to work diligently and good faith to prepare all required documentation that reflects the terms of this Understanding. The initial draft of such documentation will be prepared by counsel to EMC and AMC.

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of these changes)	<p>JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below:</p> <p><i>Executive Committee Structure</i></p> <p>The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows:</p> <ul style="list-style-type: none"> • Members: EMC, AMC, JJC and Guy Adams (Chairman). Decision-making will be by majority rule. • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: <ul style="list-style-type: none"> (i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments with an overall exposure to the Company in excess of \$2.5 million; and

EXH 167
DATE 5-13-16
WIT M. Cotter
PATRICIA HUBBARD

MC00000435

	<p>(iii) Review and approval of annual Budget and Business Plan.</p> <p>Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO.</p> <p>Unless approved in advance by the Executive Committee, all investor relations will be handled by CEO with CFO in consultation with the GC. CEO will not conduct investor relations meetings alone. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC.</p> <p>The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JJC.</p> <p>EMC will be appointed President of the US Cinema division.</p> <p>Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JJC, AMC, SCT and WE).</p> <p>It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.</p> <p>The provisions above related to the Management Committee will be effective immediately upon approval by the Company's Board of Directors.</p> <p>For purposes of this agreement and the provisions herein, JJC, AMC and EMC agree that, as of the date hereof, the following are "independent" directors: Guy Adams, Edward Kane, William Gould, Tim Storey and Doug McEachran.</p>
<p>Reading Voting Stock – Class B</p>	<p>JJC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or right to serve as trustee or a successor trustee.</p> <p>Margaret Cotter will be the Sole Voting Trustee of the Voting Stock.</p> <p>It is acknowledged that the parties will work on a mutually agreeable successor trustee provision to be included in the final settlement documentation.</p> <p>JJC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation. Unless AMC agrees otherwise, JJC, EMC and</p>

	AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JJC have any right to serve as Chair.
Cooperation of Parties to explore division of Estate/Trust	With respect to any specific bequest of assets of the trust and estate which are required to be distributed to EMC, AMC and JJC jointly, the parties agree to work cooperatively together to explore a way to divide these assets so that co-ownership of the assets will not be required. The parties understand that the foregoing provisions are subject to final payment of federal estate tax, costs of administration, and receipt of the closing letter from the IRS for the federal estate tax return.
2014 Trust Amendment	Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.
Trustees of the Living Trust	JJC resigns as Trustee and renounces any right to serve as a trustee or successor trustee.
Specific Bequests	<p>The Laguna Beach Condo will be sold immediately to a third party for cash to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.</p> <p>The parties acknowledge that the gift to AMC in Article III K of the trust of the condominium/coop at 120 Central Park South shall be satisfied with Trustor's interest in 59th Street LLC (an LLC to which the condo was transferred in 2014 and which owns no other assets other than the condo).</p>
Ownership of Agriculture Assets	<p>Article III H of the trust shall be clarified to reflect Trustor's intent that the Trustees of the Citrus Trust shall distribute the assets of the Citrus Trust outright to the Trustor's issue, by right of representation, and terminate the Citrus Trust. JJC, EMC and AMC will also sign an acknowledgment that they have unanimously agreed that subject to payment of estate taxes and costs of administration in the Trustor's estate, the assets of the Citrus Trust, including ownership interests in the LLC, SHALL be distributed outright to the Trustor's issue, by right of representation.</p> <p>Cotter Family Farms, LLC Agreement amended as follows:</p> <ul style="list-style-type: none"> • Majority rule for decision-making by Co-Managers; and • Remove restrictions on distributions or sale of assets, such that a majority of the Co-Managers can decide in their discretion to make distributions or sell assets.
JJC's "Lead Director" Agreement with Cecelia - \$200,000 per annum	EMC and AMC acknowledge that JJC's "Lead Director" Agreement will continue.
\$1.5 million Loan	The parties recognize the forgiveness of the \$1.5 million loan from the Trustor to JJC, and acknowledge that there are no other outstanding loans/amounts personally due from EMC, AMC, JJC, or their issue to the trust or estate. (Note: there are, however,

	outstanding balances due to estate/trust from James J. Cotter, Jr. 2012 Trust; Ellen M. Cotter 2012 Trust; Margaret Cotter 2012 Trust; and the James J. Cotter 2013 Irrevocable Trust, in which EMC, AMC, JJC or their issue have an interest.)
RDI Stock owned by SR individually	JJC, EMC, and AMC agree that the RDI stock (voting and non-voting) listed on RDI's stock register as still held in the name of SR on the date of death is owned by SR's Estate, not the Trust.
Legal Expenses	All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will be reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable.
Mutual Releases	<p>JJC, EMC, and AMC agree to abate all litigation amongst each other and to refrain from instituting any new claims based on conduct that has occurred as of the date of this agreement pending obtaining approval of the Company Management Structure above and all necessary court approvals of this settlement.</p> <p>Once all approvals have been obtained, JJC, EMC, and AMC agree to the following:</p> <ul style="list-style-type: none"> -JJC, EMC, and AMC will enter into mutual releases for all claims, known or unknown, relating to SR's Trust, SR's Estate, the management of the Company, or any matter covered by this Agreement (excluding any claim to enforce this Agreement) that have been brought against JJC, EMC, and AMC (all whether in their individual or representative capacities). -JJC will release all claims against the Company's Officers/Directors/Consultants or the Company based on conduct occurring prior to the date of the release. -JJC will disclaim any right to bring a derivative claim against the Company's Officers/ Directors/Consultants, and JJC will agree not to cooperate or participate in any suit by another asserting claims that JJC will release under this agreement. -EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement. -JJC will dismiss the petition filed in NV relating to the Company Voting Stock. -JJC, EMC, and AMC will take whatever action is necessary to cause Company to dismiss its request for instructions filed in NV relating to the RDI stock owned by SR.

2014 Gifts	JJC delivers EMC check for \$28,000.
Gerald Cotter	The parties acknowledge that the typographical error in Article III A. of the trust (gift to Gerard Cotter) shall be corrected to reflect Trustor's intent that the gift to Gerard Cotter is \$150,000 without offset.
James J. Cotter Foundation	AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. With respect to funds to be donated annually by the foundation to other charities, AMC, EMC and JJC in his or her capacity as a trustee or director will each designate a proportionate one-third share of the funds to be distributed to the charitable beneficiaries as each shall select. Otherwise, decision making will be done by majority rule. This paragraph is subject to any requirements of federal or state tax or substantive law.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.
Confidentiality	JJC, AMC, and EMC agree that this agreement will be kept confidential, except to the extent the disclosure of certain terms are required by law, and the fact of the agreement or any of its terms is not to be used, including in any litigation, for any purpose other than to enforce the terms hereof.

AGREED:

James J. Cotter, Jr. (individually and in all representative capacities)

Ellen Cotter (individually and in all representative capacities)

Margaret Cotter (individually and in all representative capacities)

EXHIBIT 29

Filed Separately Under Seal

pp. 1568-1572 Filed Under Seal

EXHIBIT 30

Filed Separately Under Seal

Message

From: Gould, William D. [WGould@troygould.com]
Sent: 5/20/2015 4:54:07 PM
To: Tim Storey [tim.storey@prolex.co.nz]
Subject: FW: Agenda - Board of Directors Meeting - May 21, 2015
Flag: Follow up

From: Kane [mailto:elkane@san.rr.com]
Sent: Tuesday, May 19, 2015 8:21 PM
To: Gould, William D.
Subject: Re: Agenda - Board of Directors Meeting - May 21, 2015

As of now and after your astonishing and ridiculous assertion that Margaret cost this company \$20 million I see no reason to meet. I think you have self anointed and self appointed yourself as some kind of person in charge of the so-called independent committee and in my opinion you are certainly not independent. I know full well that a couple of years ago Jim Cotter had dinner with you to remove you from the Board and told you we had to "get younger"; that you said Al was older than you and Jim was caught and then terminated Al. You know this and I know this and we both know that if Jim could rise again he would likely throw you out the 9th floor window. He never intended for you to have this kind, or any kind, of authority. You have desecrated his memory and you are not the Bill Gould I knew for so many years. You have become an embarrassment to all. The die is cast and we will meet as a full Board and if you don't like it don't show up.

From: Gould, William D.
Sent: Tuesday, May 19, 2015 5:56 PM
To: Ellen.Cotter@readingrdi.com ; margaret.cotter@readingrdi.com ; james.j.cotter@readingrdi.com ; elkane@san.rr.com ; dmoechem@deloitte.com ; tim.storey@prolex.co.nz ; Guy Adams
Cc: William Ellis
Subject: FW: Agenda - Board of Directors Meeting - May 21, 2015

All:

Tim and I are personally requesting this meeting of the independent directors before the formal meeting. We feel that the independent directors might face possible claims for breach of duty if the Board takes action without following a process designed to insure that the Board members have properly fulfilled their fiduciary duties.

We would not be addressing the merits of the action scheduled to be taken but rather the process to be followed in reaching a decision to take such action.

Also we would like to discuss a proposal which might be acceptable to all parties.

I would find it quite surprising and disappointing if the other independent directors would refuse our personal request to meet privately.

Bill

TG **TroyGould**
ATTORNEYS

William D. Gould
(310) 789-1338 • Fax (310) 201-4746

EXH 282
DATE 6-8-16
WIT
PATRICIA HUBBARD

Confidential

TS_0000069
53 001576

wgould@troygould.com
TroyGould PC
1801 Century Park East, Suite 1600
Los Angeles, CA 90067-2367
www.troygould.com

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From: Kane [<mailto:ekane@san.rr.com>]
Sent: Tuesday, May 19, 2015 4:54 PM
To: Gould, William D.; Ellen.Cotter@readingrdi.com; margaret.cotter@readingrdi.com; james.i.cotter@readingrdi.com; dmcachern@deloitte.com; tim.storey@prolex.co.nz; Guy Adams
Cc: William Ellis
Subject: Re: Agenda - Board of Directors Meeting - May 21, 2015

It is not my understanding that the meeting commence with only the independent directors. We all know what matters are to be discussed and I, for one, see no need for an independent director meeting Thursday nor any other day going forward.

From: Gould, William D.
Sent: Tuesday, May 19, 2015 3:23 PM
To: Ellen.Cotter@readingrdi.com; margaret.cotter@readingrdi.com; james.i.cotter@readingrdi.com; Kane; dmcachern@deloitte.com; tim.storey@prolex.co.nz; Guy Adams
Cc: William Ellis
Subject: FW: Agenda - Board of Directors Meeting - May 21, 2015

All:

With respect to the agenda that Ellen sent out, it is my understanding that the proceedings will commence with a meeting of the independent directors. The purpose of this meeting will be to make certain that independent directors are fully informed of the matters to be discussed at the formal board meeting.

Bill



William D. Gould
(310) 789-1338 - Fax (310) 201-4746
wgould@troygould.com
TroyGould PC
1801 Century Park East, Suite 1600
Los Angeles, CA 90067-2367
www.troygould.com

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Confidential

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From: Ellen Cotter [<mailto:Ellen.Cotter@readingrdi.com>]

Sent: Tuesday, May 19, 2015 11:38 AM

To: Margaret Cotter; James Cotter JR; Kane (ellane@san.r.com); dmoeachem@deloitte.com; Tim Storey; Guy Adams (GAdams@qvacap.com); Gould, William D.

Cc: William Ellis

Subject: Agenda - Board of Directors Meeting - May 21, 2015

Dear All: Below is the agenda for Thursday's Meeting of the Board of Directors. Please note that Bill Gould asked that the Meeting begin at 11.15am.

Reading International, Inc.
Meeting of the Board of Directors
May 21, 2015 - 11.15am

1. Status of President and CEO
2. Directors' Compensation
3. Tim Storey's Compensation
4. Nevada Interpleader Action
5. Proposed By-Law Amendments
6. Status of Craig Tompkins and Robert Smerling
7. Status of Ellen Cotter and Margaret Cotter
8. Director of Real Estate Candidate Search
9. Stomp Litigation Update
10. Review of Operations

Chairperson of the Board
Ellen M. Cotter

EXHIBIT 31

From: Kane <elkane@san.rr.com>
Sent: Thursday, June 11, 2015 1:43 PM
To: Cotter Jr. James

This morning, without the wine I was drinking last night during and after talking with your mother, I'm thinking more about your call to me last night and our conversation. I can see that from your point of view having Guy in on the meetings with your sisters could be a problem and doesn't solve the need to be able to work with them cohesively going forward. If you explain that to them they may be willing to accommodate you.

But, the main question is what are you going to do to accommodate them?

1. For now, I think you have to concede that Margaret will vote the B stock. As I said, your dad told me that giving Margaret the vote was his way of "forcing" the three of you to work together. Asking to change that is a *nonstarter*. Again, you need to compromise your "wants" as they have been willing to do. If you can work together than it becomes a non-issue and eventually your and her kids will have the vote. What's wrong with that?
2. For now you need ASAP to agree on the nominees for the Board going forward. As I told you months ago, changes are necessary and you need some quality people with expertise in fields where it is needed and lacking. You also need to get rid of divisive persons.
3. I do believe that if you give up what you consider "control" for now to work cooperatively with your sisters, you will find that you will have a lot more commonality than you think. You all want the same things: a vibrant growing business. After trust is established you can all go back to where you want to be.
4. I think if you make the proper and needed concessions, they might well relent on having Guy in the meetings as they can easily see there is great animosity between the two of you.
5. Bottom line: recognize you are not dealing from strength right now and be willing to compromise as they are rational and reasonable people who have been hurt and demeaned and you need to help heal the family. Otherwise you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity.
6. I am willing to help but I'd much prefer that you bend a bit and work it out between you to build the trust that is necessary so that you don't lose control of the company, as you presently have.

EXH 306
DATE 6-9-16
WIT Kane
PATRICIA HUBBARD

EXHIBIT 32

Redacted

From: Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
Sent: Wednesday, May 27, 2015 3:39 PM
To: Adam Streisand
Cc: Meg Lodise
Subject: Confidential Settlement Proposal--Subject to R. 408

Adam: Attached is the proposal that I mentioned on the phone.

Attention: This message is sent by a law firm and may contain information that is privileged or confidential. If you received this transmission in error, please notify the sender by reply e-mail and delete the message and any attachments.



JCOTTER002362

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Confidential Settlement Memo of Understanding

The following is intended to be used as a part of confidential and "without prejudice" settlement negotiations between Ellen Cotter and Margaret Cotter, on the one hand, and James J. Cotter, Jr. ("JJC") on the other hand. It is provided under the understanding that the contents hereof are confidential and not to be used in any litigation or other proceeding.

The proposal outlined below sets forth the basis on which Ellen Cotter ("EMC") and Margaret Cotter ("AMC") would be willing to proceed towards a negotiated settlement, but, with respect to the items related to the Company's management structure only, is subject to the ultimate approval of the independent directors, in the exercise of their fiduciary duties and obligations. Nothing herein is intended to interfere with the appropriate exercise by the directors of their fiduciary duties and obligations.

If these terms are acceptable to JJC, then JJC should sign below to indicate his agreement. AMC and EMC will do the same. By signing below, the parties agree that the terms of this Understanding represent a binding agreement, subject to approval by the independent directors of the RDI management structure and necessary court approvals. However, the parties acknowledge that their agreement will be memorialized in a more formal document, and the parties agree to work diligently and good faith to prepare all required documentation that reflects the terms of this Understanding. The initial draft of such documentation will be prepared by counsel to Ellen Cotter and Margaret Cotter.

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of this changes)	<p>JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below:</p> <p><i>Executive Committee Structure</i></p> <p>The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows:</p> <ul style="list-style-type: none"> • Members: EMC, AMC, JJC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: <ul style="list-style-type: none"> (i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of \$1 million; and (iii) Review and approval of annual Budget and Business Plan. <p>Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would</p>

	<p>endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO.</p> <p>Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC.</p> <p>The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JR.</p> <p>EMC will be appointed President of the US Cinema division.</p> <p>Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JIC, AMC, SCT and WE).</p> <p>It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.</p>
Reading Voting Stock – Class B	<p>JIC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee.</p> <p>Margaret Cotter will be the Sole Voting Trustee of the Voting Stock.</p> <p>JIC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation; JIC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JR wish to serve as Chair.</p>
Immediate Release and Waiver signed by JIC with respect to all litigation, including any matters covered by the specified litigation.	<ol style="list-style-type: none"> 1. California Superior Court case 2. Nevada case filed by JIC 3. All threats against Directors 4. All threats of Company Derivative Action 5. Agreement that Reading International, Inc. can drop the Interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option 6. JIC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company
2014 Trust Amendment	Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.
Trustees of the Living Trust	JIC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive.
Specific Bequests	Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.

Ownership of Agriculture Assets	<p>Cotter Family Farms, LLC Agreement amended</p> <ul style="list-style-type: none"> • Majority rule for decision-making by Co-Managers; • Remove restrictions on distributions or sale of assets; • JJC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JJC.
JJC's "Lead Director" Agreement with Cecelia - \$200,000 per annum	JJC's "lead director" Agreement will be voided. JJC will relinquish any remaining rights in such Agreement.
\$1.5 million Loan	As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JJC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will be reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable.
Release by EMC and AMC	EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the \$1.5 million loan (in which case the parties will work to carve out such claims).
2014 Gifts	JJC delivers EMC check for \$28,000.
James J. Cotter Foundation	AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.

AGREED:

James J. Cotter, Jr. (individually and in all representative capacities)

Ellen Cotter (individually and in all representative capacities)

Margaret Cotter (individual and in all representative capacities)

Timestamp: 5/27/2015 3:40 PM CDT

JCOTTER002366

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301

EXHIBIT 33

From: Margaret Cotter <margaret.cotter@readingrdi.com>
Sent: Tuesday, June 09, 2015 3:32 AM
To: amcotter1@aol.com
Subject: Fwd: Confidential- For Settlement

Sent from my iPhone

Begin forwarded message:

From: Margaret Cotter <margaret.cotter@readingrdi.com>
Date: June 8, 2015 at 11:20:04 PM EDT
To: James Cotter JR <james.j.cotter@readingrdi.com>
Cc: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Subject: Re: Confidential- For Settlement

I object. I will notify the board that you are unwillingly to take our offer despite your acceptance to most of it last week.

Sent from my iPhone

On Jun 8, 2015, at 11:14 PM, James Cotter JR <james.j.cotter@readingrdi.com> wrote:

I cannot agree to your latest take-it or leave-it global settlement proposal for a number of reasons. However, I remain willing to promptly follow through on a formal settlement process to attempt to resolve all of our family disputes. In the meantime, I remain agreeable to a complete standstill that would bring a halt to all litigation activities and all boardroom or other Reading related threats and posturing. I am agreeable to any reasonable steps to implement a complete standstill and promptly follow through on the best settlement process we can employ. What objection do either of you have to proceeding in that matter?

From: James Cotter JR
Sent: Friday, June 05, 2015 2:17 PM
To: Ellen Cotter; Margaret Cotter
Subject: Confidential- For Settlement

My plan is to have response Monday.

Regards,

Jim



EXHIBIT 34

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Tuesday, May 19, 2015 6:38 PM
To: Margaret Cotter; James Cotter JR; Kane (elkane@san.ri.com);
dmceachern@deloitte.com; Tim Storey; Guy Adams; wgould@troygould.com
Cc: William Ellis
Subject: Agenda - Board of Directors Meeting - May 21, 2015

Dear All: Below is the agenda for Thursday's Meeting of the Board of Directors. Please note that Bill Gould asked that the Meeting begin at 11.15am.

Reading International, Inc.
Meeting of the Board of Directors
May 21, 2015 - 11.15am

1. Status of President and CEO
2. Directors' Compensation
3. Tim Storey's Compensation
4. Nevada Interpleader Action
5. Proposed By-Law Amendments
6. Status of Craig Tompkins and Robert Smerling
7. Status of Ellen Cotter and Margaret Cotter
8. Director of Real Estate Candidate Search
9. Stomp Litigation Update
10. Review of Operations

Chairperson of the Board
Ellen M. Cotter



GA00005340

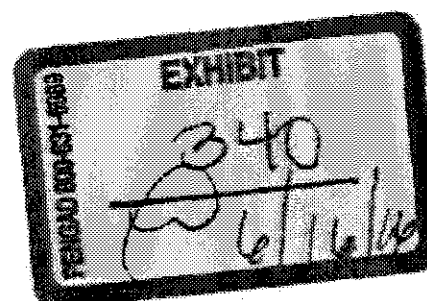
EXHIBIT 35

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Wednesday, May 27, 2015 7:10 PM
To: dmceachern@deloitte.com; wgould@troygould.com; Tim Storey; Kane
(elkane@san.rr.com); Margaret Cotter; James Cotter JR; Guy Adams
Cc: William Ellis
Subject: Board Meeting - May 29 - 11am

Dear All: This is a reminder that the Board Meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The Board Meeting will begin at 11:00am at our Los Angeles office.

Thank you.

Ellen Cotter



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EXHIBIT 36

Filed Separately Under Seal

EXHIBIT 37

Filed Separately Under Seal

EXHIBIT 38

Filed Separately Under Seal

EXHIBIT 39

Filed Separately Under Seal

EXHIBIT 40

Filed Separately Under Seal

EXHIBIT 41

Filed Separately Under Seal

EXHIBIT 42

Filed Separately Under Seal

EXHIBIT 43

Filed Separately Under Seal

EXHIBIT 44

Filed Separately Under Seal

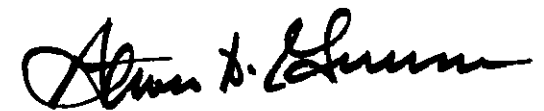
EXHIBIT 45

Filed Separately Under Seal

EXHIBIT 46

Filed Separately Under Seal

Tab 16



CLERK OF THE COURT

OPP
MARK G. KRUM (Nevada Bar No. 10913)
MKrum@LRRC.com
LEWIS ROCA ROTHGERBER CHRISTIE LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
(702) 949-8200
(702) 949-8398 fax

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, WILLIAM GOULD, JUDY
CODDING, MICHAEL WROTONIAK, and
DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada
corporation;

Nominal Defendant.

AND ALL RELATED CLAIMS.

CASE NO. A-15-719860-B
DEPT. NO. XI
Coordinated with:
CASE NO. P-14-082942-E
DEPT. NO. XI
CASE NO. A-16-735305-B
DEPT. NO. XI
Jointly administered

**PLAINTIFF JAMES J. COTTER, JR.'S
OPPOSITION TO INDIVIDUAL
DEFENDANTS' MOTION FOR
PARTIAL SUMMARY JUDGMENT
(NO. 1) RE PLAINTIFF'S
TERMINATION AND
REINSTATEMENT CLAIMS**

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Plaintiff James J. Cotter, Jr., (“JJC” or “Plaintiff”), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to **INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 1) RE: PLAINTIFF’S TERMINATION AND REINSTATEMENT CLAIMS** filed by Reading International, Inc. (the “Motion”), as follows.

I. INTRODUCTION¹

This matter concerns breaches of fiduciary duty by individual defendants as directors of Reading International, Inc. (“RDI” or the “Company”), a public company, in threatening to terminate plaintiff James J. Cotter, Jr. (“Plaintiff” or “JJC”) as President and Chief Executive Officer (“CEO”) of RDI, if he did not resolve disputes between him and his sisters, EC and MC, on their terms and, when Plaintiff did not acquiesce to the threat, voting to terminate him.

The first (breach of the duty of care), second (breach of the duty of loyalty) and fourth (aiding and abetting breach of the duty of loyalty) claims made in Plaintiff’s Second Amended Complaint (“SAC”) are based in part on the conduct of certain director defendants in threatening to terminate Plaintiff as President and CEO of RDI, if he did not resolve disputes he had with EC and MC on terms satisfactory to them and, after he failed to do so, terminating him as President and CEO. The undisputed material facts are the following:

- Plaintiff was President and CEO of RDI until he purportedly was terminated by the RDI board of directors on June 12, 2015.
- On January 15, 2015, all five of the non-Cotter members of the RDI board of Directors unanimously agreed and resolved that, for the RDI board of directors to terminate Plaintiff, a majority of the outside directors would be required to vote in favor of doing so.
- In May 2015, Plaintiff was told that three of five outside directors of RDI, namely, Adams, Kane and McEachern, were prepared to vote to terminate him as President and CEO if he failed to resolve certain disputes he had with EC and MC.

¹ Defendants’ Summary Judgment Motion No. 1 is in some respects the counterpart to Plaintiff’s motion for summary judgment, and Plaintiff therefore incorporates the evidence and arguments from his motion by way of reference.

- At a reconvened supposed special meeting of the RDI Board of Directors May 29, 2015, EC told the RDI board that she and MC had reached a resolution of their disputes with Plaintiff. No vote regarding termination of Plaintiff was then had.
- Plaintiff, EC and MC thereafter failed to resolve their disputes.
- EC called another supposed special board meeting for June 12, 2015. At the meeting, three of five outside directors, namely, Adams, Kane and McEachern, voted to terminate Plaintiff as President and CEO. Storey and Gould voted against termination.
- Defendant Adams in May and June 2015 (and for some time previously, as well as since then) relied on companies controlled by EC and MC for a majority of his recurring income.
- Defendant Kane had a five-decade, close personal and *quasi-familial* relationship with James J. Cotter, Sr. (“JJC, Sr.”); Kane believed he knew what JJC, Sr.’s wishes were regarding a fundamental dispute between Plaintiff, on one hand, and EC and MC on the other hand, regarding whether MC alone or MC together with Plaintiff was to be trustee(s) of a voting trust which would hold approximately seventy percent of the voting stock of RDI; Kane’s view was that JJC, Sr.’s wishes were that MC alone be the trustee.

Thus, defendants lacked disinterestedness and independence, either generally or with respect to the particular challenged actions (here, the decisions to threaten Plaintiff with termination and to terminate him). Plaintiff has rebutted the presumption that the business judgment rule applies, and the burden shifts to the individual director defendants to demonstrate the entire fairness of both their process and the result (measured objectively) reached.

Here, defendant Adams lacked independence because he was dependent on EC and MC for a majority of his income, including at the time he took the challenged actions. Additionally, he lacked disinterestedness with respect to the challenged action(s) because, he and his financial benefactors, EC and MC, personally stood to gain while other RDI shareholders would not.

Defendant Kane generally lacked independence because of (1) his five-decade relationship with JJC, Sr.; (2) his view that he knew what Sr.’s wishes were regarding a critical item in dispute between Plaintiff and EC and MC, who would be the trustee(s) of the voting trust; (3) his view that it was the wishes of JJC, Sr. that MC alone be the trustee of that voting trust; and (4) his

1 insistence that Plaintiff accede the demands of EC and MC or be terminated. Likewise, Kane
2 lacked disinterestedness with respect to the subject decisions, including for the same reasons.

3 The individual defendants cannot satisfy the entire fairness test with respect to the
4 “process” by which they threatened and effected Plaintiff’s termination. Nor can they demonstrate
5 the objective fairness of threatening him with termination unless he resolved disputes with MC
6 and EC on terms satisfactory to the two of them and terminating him when he failed to do so.

7 Where, as here, director defendants cannot satisfy their burden of demonstrating the entire
8 fairness of the challenged conduct, the challenged conduct may be avoided by the corporation or
9 by its shareholders. That is exactly the relief Plaintiff seeks hereby, which RDI and he are entitled
10 to receive, namely, an order that declares the decision to terminate Plaintiff as President and CEO
11 of RDI as void or voidable and, to the point, of no force or effect.

12 **II. PROCEDURAL HISTORY OF AND THE CLAIMS MADE IN THIS CASE**

13 Plaintiff’s SAC states four claims, for breach of the fiduciary duty of care, breach of the
14 fiduciary duty of loyalty, breach of the fiduciary duty of candor and disclosure, and aiding and
15 abetting breach of fiduciary duty.

16 The SAC alleges a wrongful course of conduct by the director defendants to seize control
17 of RDI in order to further their personal financial and other interests, in derogation of their
18 fiduciary duties. (SAC, ¶ 1.) The SAC alleges an ongoing course of conduct, including (1)
19 threatening Plaintiff with termination if he did not settle trust and estate disputes on terms
20 satisfactory to EC and MC and terminating him when he failed to do so (SAC, ¶¶ 4, 72-94); (2)
21 activating and repopulating an executive committee and forcibly “retiring” Tim Storey, to secure
22 their control of RDI and eliminate the participation of Plaintiff and Storey as directors (SAC, ¶¶ 8,
23 99,127-134); (3) misusing RDI’s corporate machinery, including through Kane and Adams as
24 members of the RDI Board of Directors Compensation Committee authorizing the exercise of a
25 supposed option to acquire 100,000 shares of RDI Class B voting stock (SAC, ¶¶ 10, 102-108); (4)
26 stacking the RDI Board of Directors with persons whose sole “qualification” to be an RDI director
27 was personal friendship with a Cotter family member (SAC, ¶¶ 11, 121-134); (5) manipulating
28 RDI’s SEC disclosures and annual shareholders meetings to disguise and effectuate their

1 entrenchment scheme (SAC, ¶¶ 12, 13, 101-135 and 136); (6) manipulating and aborting a CEO
2 search process to ensure that EC was selected (SAC, ¶¶ 14, 13-147); (7) looting the Company,
3 including by employing MC in a highly compensated senior executive position for which she had
4 no prior experience or professional qualifications (SAC, ¶¶ 15, 148-153) and, most recently, by
5 rejecting third-parties' Offer to purchase all the outstanding stock of RDI at a price well in excess
6 of the price at which it traded in the market, without taking any action to determine what was in
7 the best interests of RDI and its shareholders other than EC and MC (SAC, ¶¶ 16, 154-162).

8 Plaintiff's claims all arise from an ongoing course of conduct, aptly described as
9 entrenchment, not from a series of unrelated, one-off, coincidental actions as they are framed in
10 the Interested Director Defendants' MSJs.

11 **III. RESPONSE TO FACTUAL ASSERTIONS**

12 The Director Defendants portray Plaintiff's appointment as CEO as some accident
13 occasioned by JJC, Sr.'s death. In reality, JJC, Sr. intended Plaintiff to succeed him. In a memo
14 to the compensation committee dated January 16, 2009, JJC, Sr. expressly suggested JJC succeed
15 him. (Appendix Ex. [1] (JCOTTER0145336).)

16 The Director Defendants devote a section of their brief to discussing an invented argument
17 they call "Significant Problems with Plaintiff's Managerial Skills Become Obvious." (Defs.' Mot.
18 for Summ. J. No. 1 at p. 5:17.) This theme, and the flimsy evidence taken out of context to
19 support it, contradicts what at least some directors actually felt at the time, that is, before they had
20 a motive to retroactively color their statements and give testimony that serve their present
21 litigation goals. For example, Director Kane proclaimed in a June 8, 2015 email to JJC that "there
22 is no one more qualified to be the CEO of this company than you." (Appendix Ex. [2]
23 (JCOTTER009286).) A day earlier, Kane said "I want you to be CEO and run the company for
24 the next 30 years or more." (*Id.*) And, these statements came in the midst of the meetings that led
25 to Plaintiff's ouster. So, contrary to the spin Defendants give the evidence, no uniform body of
26 evidence shows that Plaintiff's managerial style caused concern for the directors. This remains a
27 sharply disputed point incapable of resolution through a summary process.
28

Director Defendants mischaracterize Director Storey’s feeling regarding Plaintiff’s work as CEO. They claim “Storey concluded that Plaintiff ‘needs to make progress in the business and with Ellen and Margaret [Cotter] quickly, or the board will need to look to alternatives to protect the interests of the company.’” (Defs.’ Mot. Summ. J. at p. 8:27–9:1.)

First, this ambiguous statement does not explicitly reflect any desire by Director Storey to terminate Plaintiff. Director Storey subsequently expressed his approval of Plaintiff’s work. Specifically, Storey’s notes from May 21, 2015, say that “none of the steps [Plaintiff] proposes to take or has in fact taken are unusual or untoward.” (Appendix Ex. [5] (TS0000061).) Storey then added “[o]ther than from Margaret or Ellen, . . . I haven’t heard of any material negativity from any other executive as to the CEOs requirements.” (*Id.*) Storey recognized the particular governance challenges Plaintiff faced in his sisters. (*Id.*) Despite all this, Storey concluded that “progress has been made in a number of respects,” and cautioned that “the resolution need not necessarily be removal of the CEO . . . it could be the removal of the other executives—or all of them.” (*Id.* at -62–63; *see also* Appendix Ex. [3] (WG Dep. Ex. 61) (discussing progress).)

Once again, the evidence shows a factual dispute concerning the mindset of RDI directors as to Plaintiff’s termination.

The Defendants portray the May 21, 2015 meeting as a natural progression of events—“a months-long effort to address and alleviate ongoing conflicts.” (Defs’ Mot. Summ. J. No. 1 at 6–8.) In reality, on Tuesday May 19, 2015, EC distributed an agenda for a RDI board of directors meeting on Thursday, May 21, 2015. (Appendix Ex. [6] (EC Dep. Ex. 339).) The first agenda item was “Status of President and CEO.” (*Id.*) This subject had not been previously addressed at an RDI Board of Directors meeting. Indeed, a draft agenda a few days earlier made no mention of the subject. (Appendix Ex. [7] (EC Dep. Ex. 338).) Storey wrote in a May 20, 2015 email to Director Gould that “I am only assuming the matter before us is a resolution to immediately remove the CEO—that isn’t clear from the agenda, or any direct comment made to me by any party.” (Appendix Ex. [8] (TS0000073).) The Defendants have attempted to obscure the official record of the May 21, 2015 board meeting, producing the fictional minutes in redacted form, which excise the advice of counsel. (Appendix Ex. [9] (GA000003864).)

1 The evidence does not support Defendants' argument that JJC was fired after a deliberate,
2 regular, and lawful process. (*See* Defs.' Mot. Summ. J. 9:27-10:2.) Rather, Plaintiff was
3 threatened with termination if he failed to resolve disputes with his sisters on their terms, and then
4 terminated when Kane, Adams, and McEachern voted to terminate him.

5 On June 8, 2015, JJC advised EC and MC that he could not accept their lawyers'
6 settlement document. MC responded that she "would notify the board that you are unwilling to
7 take our offer despite your acceptance to most of it last week." (JJC Dec. at ¶ 18; Appendix Ex.
8 [12] (MC Dep. Ex. 327); Appendix Ex. [13] (MC 5/13/16 Dep. Tr. at 368:13-369:22); *see also*
9 Appendix Ex. [13] (MC 5/12/16 Dep. Tr. 271:22-279:7); Appendix Ex. [14] (Dep. Ex. 156);.)

10 On June 10, 2015, EC transmitted an email to all RDI board members stating, among other
11 things, that "we would like to reconvene the Meeting that was adjourned on Friday, May 29th, at
12 approximately 6:15 p.m. (Los Angeles time.)" (JJC Dec. at ¶ 19).

13 When the tentative agreement did not come to fruition, Kane resumed his advocacy toward
14 Plaintiff, including on June 11, 2015, stating: "I do believe that if you give up what you consider
15 'control' for now to work cooperatively with your sisters," Kane admonished, "you will find that
16 you will have a lot more commonality than you think." (Appendix Ex. [15] (Kane Dep. Ex. 306 at
17 p. EK 00001613).) "Otherwise," Kane threatened, "you will be sorry for the rest of your life, they
18 and your mother will be hurt and your children will lose a golden opportunity." (*Id.*) Tellingly,
19 Kane also wrote that JJC, Sr. gave MC the right to vote the B stock to force them to work together,
20 and that trying to change that would be a "nonstarter." (Appendix Ex. 15 Kane Dep. Ex. 306).)
21 Kane testified repeatedly that Plaintiff's failure to accede to his sisters' settlement demands cost
22 him his job. (Appendix Ex. [16] (Kane 5/2/16 Dep. Tr.194–195 (testifying that he told JJC to
23 "take [the settlement offer]. . . . You're going to get terminated if you don't.").

24 On Friday, June 12, 2015, a supposed RDI board of directors special meeting was
25 convened. Adams and Kane (and McEachern) voted to terminate JJC (as did MC and EC). Storey
26 and Gould voted against terminating JJC as President and CEO. (JJC Dec. at ¶ 20; Appendix Ex.
27 [16] (Kane 5/2/16 Dep. Tr. 191:25-192:12, 193:3-194-10); Appendix Ex. [4] (Storey 2/12/16
28 Dep. Tr. 139:22-140-11); *see also* Appendix Ex. [17] (TS 8/3/16 Dep. Tr. 75:4-76:16 and 81:22-

82:6).) In January 2016, EC was made permanent President and CEO of RDI. (JJC Dec. at ¶ 21).

Adams, MacEachern, and Kane predetermined their vote before any actual deliberations—and they did so over the protests of other directors, who felt railroaded into a foregone outcome. Prior to May 19, 2015, each of Adams and Kane (and McEachern) communicated to EC and/or among themselves their respective agreement to vote as RDI directors to terminate JJC as President and CEO of RDI. (Appendix Ex. [30] (EC 6/16/16 Dep. Tr. 175:17-176:8); Appendix Ex. [4] (Storey 2/12/16 Dep. Tr. at 96:5-91:4, 98:21-100:8, 100:14-101:11); Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. at 98:7-17; 98:18-99:22); Appendix Ex. [21] (Adams 4/29/16 Dep. Tr. 378:15-370:5); *see also* Appendix Ex. [18] (TS 8/31/16 Dep. Tr. 66:22-67:20) and Appendix Ex. [19] (Dep. Ex 131).) During their planning prior to the May 21 meeting, Kane on May 18, 2016 sent an email to Adams in which Kane agreed to second the motion for JCJ's termination, if necessary:

See if you can get someone else to second the motion [to terminate Plaintiff]. If the vote is 5-3 I might want to abstain and make it 4-3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.

(Appendix Ex. [28] (Dep. Ex. 81 at GA00005500).)

Gould and Storey objected that the non-Cotter directors had not employed a proper process regarding terminating JJC and requested that the non-Cotter directors meet before the May 21 meeting. Gould warned they could “face possible claims for breach of fiduciary duty if the Board takes action without following a process.” (Appendix Ex. [23] (Gould Dep. Ex. 318).) Storey used the term “kangaroo court,” and noted, “[A]s directors we can't just do what a shareholder [, meaning EC and MC,] asks.”² (Appendix Ex. [24] (Kane Dep. Ex. 116).) Kane responded they did not need to meet, stating “the die is cast.” (Appendix Ex. [25] (EK Dep. Ex. 117 at TS000069).)

The supposed special board meeting on May 29 commenced, and Adams made a motion to terminate Plaintiff as President and CEO. In response, Plaintiff questioned Adams' independence and/or disinterestedness. (JJC Dec. at ¶ 15). The meeting eventually was adjourned until 6:00 PM.

² Gould and Storey also were of the view that the ombudsman process was to continue into June 2016, at which time Storey would report further and the five would determine next steps. (Appendix Ex. [17] (TS 8/3/16 Dep. Tr. 33:12-36:16 and 37:15-38:20).)

1 Plaintiff was told that he needed to resolve his disputes with his sisters or suffer termination. (*Id.*)

2 Defendants have wrongfully insisted that Plaintiff resign as Company director. For
3 example, on June 15, 2016 EC declared that Plaintiff's unlawful termination "obligates you to
4 resign immediately from the board of Directors," which requirement, EC argued, was an
5 obligation of Plaintiff's employment contract. (Appendix Ex. [26] (Jun 15, 2016 Letter).) RDI's
6 SEC Form 8-K dated June 12, 2015 repeated this false claim. (Appendix Ex. [27] (Ellis Dep. Ex.
7 347).) Gould, who drafted Plaintiff's employment contract, testified that this was not required: "I
8 drafted the contract And it did say in there he would resign. But what we intended that to
9 mean was his position as president." (Appendix Ex. [20] (Gould 6/8/16 Dep. Tr. 244:16–246:6.)
10 Gould communicated the wrongfulness of EC's position to the Board, to RDI's in-house attorney,
11 and to EC—but EC sent the letter in question and caused the erroneous SEC filing. (*Id.*)

12 **IV. ARGUMENT**

13 **A. Director Defendants' Fiduciary Duties.**

14 The power of directors to act on behalf of a corporation is governed by their fiduciary
15 relationship to the corporation and to its shareholders. *Shoen v. SAC Holding Corp.*, 137 P.3d
16 1171, 1178 (Nev. 2006) (citations omitted). Generally, those duties are described as the duty of
17 care and the duty of loyalty. (*Id.*) The duty of good faith may be viewed as implicit in the duties
18 of care and loyalty, or as part of a "triumvirate" of fiduciary duties. *See In re BioClinica, Inc.*
19 *Shareholder Litig.*, No. CV 8272-VCG, 2013 WL 5631233, at *5 (Del. Ch. Oct. 16, 2013);
20 *Brookstone Partners Acquisition XVI, LLC v. Tanus*, No. CIV.A. 7533-VCN, 2012 WL 5868902,
21 at *2 (Del. Ch. Nov. 20, 2012).

22 **1. The Duty of Care**

23 The duty of care typically is described as requiring directors to act on an informed basis.
24 *Schoen*, 137 P.3d at 1178. Whether directors acted on an informed basis "turns on whether the
25 directors have informed themselves "prior to making a business decision, of all material
26 information reasonably available to them." *Smith v. Van Gorkom*, 488 A. 2d 858, 872 (Del. 1985)
27 (*quoting Aronson v. Lewis*, 473 A. 2d 805, 812 (Del. 1984). Due care thus is a function of the
28 decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument*

1 *Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises “[t]he question [of] whether the
2 process employed [in making the challenged decision] was either rational or employed in a good
3 faith effort to advance the corporate interests.” *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R.
4 324, 339 (Bankr. D.D.C. 2006).

5 **2. The Duty of Loyalty**

6 The director’s duty of loyalty requires that directors “maintain, in good faith, the
7 corporation’s and its shareholders’ best interests over anyone else’s interests.” *Schoen*, 137 P.3d at
8 1178 (citations omitted). The duty of loyalty was described in *Guth v. Loft* as follows:

9 “Corporate officers and directors are not permitted to use their position of
10 trust and confidence to further their private interests. While technically not
11 trustees, they stand in a fiduciary relation to the corporation and [to] its
12 shareholders. A public policy, existing through the years, and derived from
13 a profound knowledge of human characteristics and motives, has
14 established a rule that demands of a corporate . . . director, peremptorily and
15 inexorably, the most scrupulous observance of his duty [of loyalty], not
16 only affirmatively to protect the interests of the corporation committed to
17 his charge, but also to refrain from doing anything that would work injury
18 to the corporation [or its shareholders] . . . The rule that requires an
19 undivided and unselfish loyalty to the corporation demands that there shall
20 be no conflict between duty and self-interests.”

21 *Guth v. Loft*, 5 A.2d 503, 510 (Del. 1939).

22 The terms “loyalty” and “good faith,” are “words pregnant with obligation” and
23 “[d]irectors should not take a seat at the board table prepared to offer only conditional loyalty,
24 tolerable good faith, reasonable disinterest or formalistic candor.” *In re Tyson Foods, Inc.*,
25 *Consol. Shareholder Litig.*, 2007 WL 2351071, at *4 (Del. Ch. Aug. 15, 2007).

26 **3. The Duty of Disclosure**

27 “Whenever directors communicate publicly or directly with shareholders about the
28 corporation’s affairs . . . directors have a fiduciary duty to shareholders to exercise due care, good
faith and loyalty.” *Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). “Shareholders are entitled to
rely upon the truthfulness of all information disseminated to them by the directors [of the
corporation].” *Id.* at 10-11. When directors communicate with stockholders, they must do so with
“complete candor.” *In re Tyson Foods, Inc.*, No. CIV.A. 1106-CC, 2007 WL 2351071, at *3 (Del.
Ch. Aug. 15, 2007).

1 **4. Directors' Fiduciary Duties Are Owed to All Shareholders, Not Just the**
2 **Controlling Shareholder(s)**

3 Directors owe all stockholders, not just the stockholders who appointed them, "an
4 uncompromising duty of loyalty." *In re Trados Inc. S'Holder Litig.*, 73 A.3d 17, 36 (Del. Ch.
5 2013). Under some circumstances, it is a breach of loyalty for directors not to act to protect the
6 minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v.*
7 *Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the
8 face of a controlling stockholder's threat to the corporation and its minority stockholders
9 supported a reasonable inference that the board of directors breached its duty of loyalty).

10 **B. The Business Judgment Rule Is a Rebuttable Presumption, Rebutted Here**

11 The business judgment rule is a rebuttable presumption that "in making a business decision
12 the directors of a corporation acted on an informed basis, in good faith, and in the honest belief
13 that the action was taken in the best interests of the company." *See, e.g., In Re Walt Disney Co.*
14 *Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del.
15 1984)). In Nevada, the business judgment rule is codified in NRS § 78.138.3, which provides that
16 "[d]irectors and officers, in deciding upon matters of business, are presumed to act in good faith,
17 on an informed basis and with a view to the interests of the corporation."

18 The business judgment rule typically is articulated as consisting of four elements: (i) a
19 business decision, (ii) disinterestedness and independence, (iii) due care, and (iv) good faith.
20 *Roselink Investors, L.L.C. v. Shenkman*, 386 F. Supp. 2d 209, 2016 (S.D.N.Y. 2004) (citations
21 omitted). The presumptions of the business judgment rule are rebutted where any of the four
22 elements is absent. *Id.* at 216-17. Here, at least each of the last three elements is absent.

23 With respect to disinterestedness and independence, because two (Gould and Storey) of the
24 five non-Cotter directors voted against termination, Plaintiff need only show that one of the three
25 directors who voted to terminate Plaintiff had an interest in the challenged conduct or lacked
26 independence from others (here EC and MC) who had an interest in the challenged conduct.

27 There is no dispute that, as to at least any matters of disagreement between EC and MC
28 and JJC, MC and EC lack disinterestedness and lack independence. The Interested Director
Defendants admit that in their summary judgment motions, including as follows:

The Individual Defendants, for the purposes of this motion [regarding “director independence”], do not contest the independence of Ellen and Margaret Cotter as RDI directors with respect to the transactions and, or corporate conduct at issue--- which are addressed in the Individual Defendants’ other, contemporaneously-filed summary judgment motions.

(“Individual Defendants’ Motion for Partial Summary Judgment (No. 2) Re: the Issue of Director Independence” at p. 14, fn. 2.)

1. Individual Defendants’ Lack of Disinterestedness

With respect to disinterestedness, because the business judgment rule presumes that directors have no conflict of interest, the business judgment rule does not apply where “directors have an interest other than as directors of the corporation.” *Lewis v. S.L. & E., Inc.*, 629 F.2d 764, 769 (2d Cir. 1980). This is because “[d]irectorial interest exists whenever divided loyalties are present . . .” *Rales v. Blasband*, 634 A. 2d 927, 933 (Del. 1993) (internal citations and quotations omitted). Thus, a director must be disinterested in the challenged conduct in particular and, as a general matter, otherwise independent. *Beam*, 845 A.2d at 1049.

As the Interested Director Defendants acknowledge, EC and MC lack disinterestedness with respect to the challenged actions, starting with the threat to terminate Plaintiff unless he resolved the California Trust Action and other matters on terms satisfactory to EC and MC, and continuing thereafter with the termination of him on account of his failure to do so.

The same is true, for largely the same reasons, for defendant Kane, who is called “Uncle Ed” by EC and MC and who, by his contemporaneous conduct demonstrated that he acted as “Uncle Ed” throughout to effectuate what he thought were JJC, Sr.’s wishes, and not as a disinterested RDI director exercising disinterested business judgment.

Likewise, Adams admittedly picked sides in a family dispute. He also demonstrated his lack of disinterestedness by, among other things, vigorously pursuing the EC and MC agenda, starting with the termination of Plaintiff, to further his own interest (including to be interim CEO) and to protect the interests of EC and MC, on whom he is financially dependent.³

For such reasons, among others, EC, MC, Kane, and Adams each lack disinterestedness

³ Plaintiff does not concede that McEachern was disinterested and/or independent. Because Plaintiff can prevail on this Motion without showing McEachern to have lacked disinterestedness or independence, he chooses not to address McEachern.

1 with respect to the challenged action of threatening Plaintiff and terminating Plaintiff. For that
2 reason alone, each is not entitled to the presumptions of the business judgment rule in connection
3 with their actions to threaten Plaintiff and to terminate him as President and CEO of RDI.

4 **2. Individual Defendants' Lack of Independence**

5 Independence, as used in the context of an element of the business judgment rule, requires
6 a director to engage in decision-making "based on the corporate merits of the subject before the
7 board rather than extraneous considerations or influences." *Gilbert v. El Paso, Co.*, 575 A.2d
8 1131, 1147 (Del. 1990); *Rales*, 634 A.2d at 936. "Directors must not only be independent, [they
9 also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003).
10 Assessing directorial independence "focus[es] on impartiality and objectiveness." *In Re Oracle*
11 *Corp. Derivative Litig.*, 824 A.2d 917, 920, 938 (Del. Ch. 2003) (*quoting Parfi Holding AB v.*
12 *Mirror Image Internet, Inc.*, 794 A.2d 1211, 1232 (Del. Ch. 2001), *rev'd in part on other grounds*,
13 817 A.2d 149 (Del. 2002); *see Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993)
14 ("We have generally defined a director as being independent only when the director's decision is
15 based entirely on the corporate merits of the transaction and is not influenced by personal or
16 extraneous considerations") *modified in part on other grounds*, 636 A.2d 956 (Del. 1994).

17 "Independence is a fact-specific determination made in the context of a particular case.
18 The Court must make that determination by answering the inquiries: independent from whom and
19 independent for what purpose?" *Beam*, 845 A.2d at 1049-50.

20 Independence is lacking in situations in which a corporate fiduciary derives a
21 benefit *from the transaction* that is not generally shared with the other shareholders.
22 In situations in which the benefit is derived by another, the issue is whether the
23 [corporate fiduciary]'s decision resulted from that director being *controlled* by
24 another." *Orman v. Cullman*, 794 A.2d 5, 25 n.50 (Del. Ch. 2002) (explaining the
25 distinction between interest and independence). Control may exist where a
26 corporate fiduciary has close personal or financial ties to or is beholden to another.

27 *Id.* A close personal friendship in which the director and the person with whom he or she
28 has the questioned relationship are "as thick as blood relations" would likely be sufficient
to demonstrate that a director is not independent. *In re MFW S' Holders Litig.*, 67 A.3d
496, 509 n.37 (Del. Ch. 2013).

Similarly, a director who is financially beholden to another person, such as a controlling

1 stockholder, is not independent of that person. *In re Emerging Commc'n, Inc. S'holders Litig.*,
2 2004 WL 1305745, at *33 (Del. Ch. May 3, 2004). The Court of Chancery has found that
3 directors who derive a substantial portion of their income from a controlling stockholder are not
4 independent of that stockholder. *Id.* at *34. "In such circumstances, a director cannot be expected
5 to exercise his or her independent business judgment without being influenced by the . . . personal
6 consequences resulting from the decision." *Beam v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004)
7 (quoting *Rales v. Blasband*, 634 A.2d 927, 936 (Del. 1993)).

8 Here, the conduct of EC, MC, Kane, and Adams to extort Plaintiff into resolving trust and
9 estate disputes on terms dictated by EC and MC are squarely and unequivocally efforts to obtain
10 personal benefits for EC and MC not shared with other RDI shareholders. Kane's personal
11 relationship with JJC, Sr., Kane's view that JJC, Sr. intended MC control the Voting Trust, and
12 Kane's actions to make that happen, among other things, demonstrate his lack of independence.
13 As shown by his own sworn testimony in his Los Angeles Superior Court divorce proceeding and
14 in this case, Adams as a general matter is not independent of EC and MC, because he is financially
15 dependent upon income he receives from companies that EC and MC control. For such reasons,
16 among others, each of Kane and Adams (and MC and EC) lacked independence and therefore are
17 not entitled to the presumptions of the business judgment rule.

18 **3. Individual Defendants' Lack of Good Faith**

19 The element of good faith requires the director to act with a "loyal state of mind."
20 *Hampshire Group, Ltd., v. Kuttner*, 2010 WL 2739995, at *12 (Del. Ch. July 12, 2010). The
21 concept of good faith is particularly relevant in cases in which there is a "controlling shareholder
22 with a supine or passive board." *In Re Walt Disney Co. Derivative Litig.*, 907 A.2d 693, 761
23 n.487 (Del. Ch. 2005), *aff'd*, 906 A.2d 27 (Del. 2006). In such cases, "[g]ood faith may serve to
24 fill [the] gap [between a fiduciary duties of care and loyalty] and insure that the persons entrusted
25 by shareholders to govern [the] corporations do so with an honesty of purpose and with an
26 understanding of whose interests they are there to protect." *Id.*

27 Here, in threatening plaintiff with termination and terminating him when he failed to
28 succumb to the threats, Adams and Kane demonstrated unwavering loyalty—to MC and EC—not

1 to RDI by its other shareholders. Adams and Kane contemporaneously evidenced this, including
2 by their own emails to one another and, as to Kane, to Plaintiff. (Appendix Ex. [28] (Dep. Ex. 81
3 at GA00005500); Appendix Ex. [29] (Adams Dep. Ex. 85 at GA00005544–45; *see also* Appendix
4 Ex. [17] (TS 8/3/16 Dep. Tr. 65:12-66:20).) They diligently pursued and protected the interests of
5 EC and MC, not the interests of RDI and its other shareholders.

6 **4. Individual Defendants Failed To Exercise Due Care**

7 Even had EC, MC, Kane, Adams, and McEachern acted in good faith and in a manner
8 that each reasonably could have believed to be in the best interests of RDI in taking the actions
9 complained of herein, which was not the case, they failed to engage in a process to decide and act
10 on an informed basis in view of the nature and importance of the decisions made. Indeed, the lack
11 of process was contemporaneously memorialized by each of directors Storey and Gould. Storey
12 referred to a “kangaroo court,” and Gould predicted that they all would be sued for breaching
13 their fiduciary duties. (Appendix Ex. [23] (Gould Dep. Ex. 318); Appendix Ex. [24] (Kane Dep.
14 Ex. 116).) Adams and Kane acknowledged that their conduct entailed picking sides in the family
15 dispute to threaten Plaintiff with termination and thereafter to carry out the termination threat after
16 Plaintiff declined succumb to the coercion. (Appendix Ex. [29] (Adams Dep. Ex. 85 at
17 GA00005544–45; *see also* Appendix Ex. [17] (TS 8/3/16 Dep. Tr. 65:12-66:20).) The result was
18 that his termination was a *fait accompli* determined by EC, MC, Kane, Adams, and McEachern
19 prior to the first (May 21, 2015) supposed special RDI Board of Directors meeting at which the
20 subject was raised. (Appendix Ex. [24] (Kane Dep. Ex. 116); Appendix Ex. 8 (TS0000073);
21 Appendix Ex. [30] (EC 6/16/16 Dep. Tr. 175:17-176:8); Appendix Ex. [4] (Storey 2/12/16 Dep.
22 Tr. at 96:5-91:4, 98:21-100:8, 100:14-101:11); Appendix Ex. [31] (Adams 4/28/16 Dep. Tr. at
23 98:7-17; 98:18-99:22); Appendix Ex. [21] (Adams 4/29/16 Dep. Tr. 378:15-370:5); *see also*
24 Appendix Ex. [18] (TS 8/31/16 Dep. Tr. 66:22-67:20) and Appendix Ex. [19] (Dep. Ex 131).)
25 This conduct and the lack of process alone constitutes a breach of the duty of care.

26 **C. Defendants Must and Cannot Satisfy the Entire Fairness Standard**

27 “If the shareholder succeeds in rebutting the presumption of the business judgment rule,
28 the burden shifts to the defendant directors to prove the ‘entire fairness’ of the transaction.”

1 *McMullin v. Brand*, 765 A.2d 910, 917 (Del. 2000). *Horwitz v. SW. Forest Indus., Inc.*, 604
2 F.Supp. 1130, 1134 (D. Nev. 1985), which defendants cite for the platitude that the business
3 judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary
4 and does not address circumstance of where, as here, the plaintiff has rebutted the presumption of
5 the business judgment rule.⁴ In *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 137 P.3d 1171
6 (2006), the Nevada Supreme Court adopted the entire fairness doctrine, citing *Oberly v. Kirby*, 592
7 A.2d 445, 469 (Del. 1991). *Id.* at 640 n. 61, 137 P.3d at 1185 n. 61 Under that doctrine, when a
8 transaction is effected or approved by directors with an interest therein, “[t]he interested directors
9 bear the burden of proving the entire fairness of the transaction in all its aspects, including both the
10 fairness of the price and the fairness of the directors’ dealings.” *Oberly*, 592 A.2d at 469; *accord*
11 *Reis v. Hazelett Strip-Casting Corp.*, 28 A.3d 442, 459 (Del. Ch. 2011) (“Once entire fairness
12 applies, the defendants must establish to the court's satisfaction that the transaction was the
13 product of both fair dealing and fair price.”) (quotation omitted).

14 Under the entire fairness test, “[d]irector defendants therefore are required to establish to
15 the court’s satisfaction that the transaction was the product of both fair dealing and fair price.”
16 *Cinerama, Inc. v. Technicolor*, 663 A.2d 1156, 1163 (Del. 1995) (quoting *Cede & Co. v.*
17 *Technicolor*, 634 A.2d 345, 361 (Del. 1993). Thus, a test of entire fairness is a two-part inquiry
18 into the fair-dealing, meaning the process leading to the challenged action and, separately, the end
19 result. *In re Tele-Comm’s Inc. Shareholders Litig.*, 2005 Del. Ch. LEXIS 206, at *235, 2005
20 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

21 The Motion makes no mention of this standard. In addition the Motion does not discuss the
22 “omnipresent specter” that the Defendants were acting primarily in their own interests or for
23 entrenchment purposes. *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946, 954 (Del. 1985); *see*
24 *also eBay Domestic Holdings, Inc. v. Newmark*, 16 A.3d 1, 36 (Del. Ch. 2010).

25
26 ⁴ Citing NRS §§ 78.139 and 78.140, the Interested Director Defendants in a footnote (Motion at 20, fn. 5) posit that
27 “an ‘entire fairness’ review can be triggered only” under the particular circumstances addressed by those two statutory
28 provisions. NRS § 78.139 concerns the duties of directors in circumstances where there is a change or potential
change of control of the corporation and NRS 78.140 is Nevada’s version of the standard statutory modification of the
common law principal that all interested director transactions are void. By their terms, on their face, those two
statutory provisions do not speak to circumstances other than those described above. Understandably, no authority is
cited for the obviously unsupported and erroneous conclusion proffered in that footnote.

1 The entire fairness requirement entails “exacting scrutiny” to determine whether the
2 challenged actions were entirely fair. *Paramount Commc’ns, Inc. v. QVC Network Inc.*, 637 A.2d
3 34, 42 n.9 (Del. 1994). Under the entire fairness standard, the challenged action itself must be
4 objectively fair, independent of the beliefs of the director defendants. *Geoff v. II Cindus, Inc.*, 902
5 A.2d 1130, 1145 (Del. Ch. 2006); *see also Venhill Ltd. P’ship ex rel. Stallkamp*, No. CIV.A. 1866-
6 VCS, 2008 WL 2270488, at *22 (Del. Ch. June 3, 2008). “The fairness test therefore is “an
7 inquiry designed to assess whether a self-dealing transaction should be respected or set aside in
8 equity.” *Venhill*, 2008 WL 2270488 at *22.⁵

9 Here, Defendants cannot carry their burden of proving the entire fairness of their actions in
10 threatening to terminate and terminating Plaintiff as President and CEO of RDI. They cannot
11 carry their burden of demonstrating the entire fairness of the “process” leading to the termination
12 threats and the termination. They cannot carry their burden of showing that the threatened
13 termination and the termination were objectively fair, independent of the personal beliefs of any or
14 all of Kane, Adams, McEachern, EC and MC.⁶

15
16 ⁵ First, invocation of Nevada’s exculpatory statute, NRS 78.138.7, misapprehends the function of the statute, which is
17 to limit monetary liability and recovery, not to serve as a means by which the legal sufficiency of a fiduciary duty
18 claim is assessed. *Emerald Partners v. Berlin*, 787 A.2d 85, 92 (Del. 2001) (“a Section 102(b)(7) provision does not
operate to defeat the validity of a plaintiff’s claim on the merits,” but “it can operate to defeat the plaintiff’s ability to
recover monetary damages.”)

19 Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as
20 here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41
21 (Del. Ch. 2000) (the exculpatory statute does not apply to breaches duty of loyalty because “conduct not in good
22 faith, intentional misconduct, and knowing violations of law” are “quintessential examples of disloyal, i.e., faithless,
conduct”). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty
23 (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of
loyalty claim where it “pled facts which made it reasonable to question the independence and disinterest of a
majority of the Board that decided what information to include in the Proxy Statement”); *O’Reilly v. Transworld*
24 *Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) (“right complaint alleges or pleads facts
sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the
alleged violation implicates the duty of loyalty” and is relevant to the availability of the exculpatory provisions of
section 102(b)(7)); *In re Wheelabrator Techs., Inc. Sh. Litig.*, 1992 Del. Ch. LEXIS at *41 n.18, 1992 WL 212595,
at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that “the
breach of the duty of disclosure wasn’t intentional violation of the duty of loyalty”).

25 ⁶ The Interested Director Defendants apparently intend to defend their decision to terminate JJC under NRS
26 78.138.2(b) by asserting reliance on counsel. (See Motion at 19:17 (“utilized the services of outside counsel”) and
Motion at p. 20, fn 4) (“the fact that the RDI Board utilized both the Company’s outside counsel and its own counsel,
27 separately retained, when evaluating Plaintiff’s performance and its duties is further evidence of the exercise of
protected business judgment.”) However, the Interested Director Defendants have failed to produce any documents
28 concerning advice from counsel and, at their depositions, invariably refused to disclose such information on the
grounds that it is privileged. As the Court previously ruled (and admonished counsel for the Interested Director
Defendants), they cannot have it both ways. Plaintiff respectfully submits that the Court cannot consider the claimed

1 First, as to the process, the evidence shows that EC, MC, Kane, Adams, and McEachern
2 had communicated and agreed, prior to the May 19, 2015 agenda EC distributed that listed “status
3 of President and CEO” as the first item, to vote to terminate Plaintiff as President and CEO of
4 RDI. It is undisputed that there had been no prior discussion at RDI board meeting of the possible
5 termination of Plaintiff as President and CEO. There also is no dispute that, at the time, both
6 Directors Storey and Gould objected to the lack of process. Storey used the term “kangaroo
7 court.” Gould observed that all of the directors could be sued for breaching their fiduciary duties.
8 In short, the “process” leading to the threat to terminate Plaintiff if he did not resolve trust and
9 estate disputes with MC and EC and to terminate him all was set in private communications
10 among EC, MC, Kane, Adams and McEachern prior to the supposed May 21 board meeting.

11 What followed at the two-part supposed May 29, 2015 board meeting was that Plaintiff
12 was told that the meeting would be adjourned until 6:00 p.m. that evening and that he had until
13 then to resolve the disputes he had with his sisters and that, if he failed to do so, the vote would
14 proceed and he would be terminated. No honest or colorable argument can be made that what
15 amounted to attempted extortion constitutes a process that meets the entire fairness standard.

16 Of course, the termination vote did not occur on May 29, 2015 because a tentative
17 resolution had been struck by Plaintiff with his sisters. When that resolution did not come to
18 fruition, EC convened another supposed special board meeting on June 12, 2015 and the
19 threatened termination vote was held. Kane, Adams and McEachern (and EC and MC) each voted
20 to terminate Plaintiff as President and CEO and the “process” concluded. Thus, the “process”
21 consisted of secret machinations and agreements, attempted extortion and execution on the
22 extortion threat. No conceivable interest of RDI or its shareholders persuasively or honestly can
23 be argued in an unavailing effort to prove that the “process” was entirely fair.

24 Likewise, the end result, whether the threatened termination of Plaintiff if he did not
25 resolve disputes with his sisters on terms satisfactory to the two of them, the termination of him
26 after he failed to do so, or both, is not a result the individual defendants can demonstrate was
27 objectively fair. There is nothing objectively fair about attempted extortion. Nor is there anything
28

reliance on counsel in connection with the Motion or any other Motion brought by the Interested Director Defendants.

objectively fair about executing on an extortion threat when it fails to bring about the conduct sought. The individual defendants cannot satisfy their burden of showing that the end result, the termination of Plaintiff after he failed to resolve disputes with this sisters on terms satisfactory to the two of them, was objectively fair.

D. The Interested Director Defendants' Efforts to Avoid Having Their Actions As Fiduciaries Evaluated As Such Is Mistaken, and Damning

The Defendants devote the first two sections of their "ARGUMENT" (Motion at 14:6-17:9) to arguments that effectively assert that the actions of the directors of RDI in threatening to terminate JJC and then terminating him when he did not acquiesce to their threats are actions that ought not be analyzed as the actions of directors as fiduciaries. In support, they cite inapposite cases concerning, for example, termination of an employee (an operating manager). (See Motion at 14: 13-14, citing *Ingle v. Gilmore Motor Sales, Inc.*, 73 N.Y.2d 183, 190 (1989) and holding that "the law of employment relations" should be the exclusive applicable legal construct where the plaintiff also is the terminated person (See Motion at 14:15-18 (citation omitted).) This is a different version of the same argument the Court rejected previously in denying the motion by RDI to stay this case and compel arbitration. Indeed, the interested director defendants invocation of RDI's bylaws—rather than JJC's employment agreement (Motion at 15:14-21)—tacitly acknowledges that the conduct at issue here is that of defendants as directors, not RDI as the employer. In this regard (only), their citation to *Klassen v. Allegro Dev. Corp.*, C.A. Case No. 8262-VCL, 2013 WL 5967028, at *15 (Del. Ch. Nov.7, 2013) for the proposition that "[o]ften it is said that a board's most important task is to hire, monitor, and fire the CEO[,]” unintentionally points up what is at issue here, namely, whether the Director defendant breached fiduciary duties in threatening to terminate and terminating the CEO of RDI.⁷

In short, these arguments are damning because they show that the Interested Director Defendants are desperate to avoid analysis of their actionable conduct as fiduciaries.

E. The Interested Director Defendants' "Economic Harm" Argument Is

⁷ The interested director defendants cite *Klassen* for the proposition that "Directors need not give a CEO advance notice of a plan to remove him at a regular board meeting." (Motion at 21:6.) Here, however, the supposed board meeting was a special meeting first convened on May 21, 2016, following a May 19, 2016 E-mail from EC that attached an agenda that included a purposefully vague and misleading agenda item entitled "status of president and CEO."

Erroneous, as a Matter of Law

The Individual Director Defendants assert that, to avoid summary judgment, Plaintiff must produce “cognizable evidence” showing “that the breach [of fiduciary duty] proximately caused the damages” claimed incurred by the Company. For that proposition, they cite *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). (Motion at 14:18-24.) The Individual Director Defendants also assert that, to sustain a fiduciary duty claim, there must be “cognizable evidence” of “economic harm suffered” by the Company resulting from the alleged breaches of fiduciary duty, citing a federal district court case from Colorado and an Arizona state court case. (Motion at 22:13-21.)

The Individual Director Defendants’ “economic harm” argument is mistaken as a matter of law and is in reality a disguised exercise at question-begging. The Individual Director Defendants argue that their complained of conduct is governed by the business judgment rule. However, Plaintiff has introduced evidence sufficient to rebut the presumptions of the rule and require the Individual Director Defendants to satisfy the entire fairness test, as to which they bear the burden. Part of that burden is to show that the challenged result was entirely fair. The Individual Director Defendants’ “economic harm” argument, therefore, begs the question of what is the standard by which the Individual Director Defendants’ conduct is to be assessed.

The Delaware Supreme Court in *Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345 (Del. 1993), *modified* 636 A.2d 956 (Del. 1994), concluded that a requirement that a plaintiff show proof of loss “may” be “good law” in a tort action seeking to recover damages for negligence, but that such a requirement does not apply to a breach of fiduciary duty claim where the issue is the appropriate standard of review of the director defendants’ challenged conduct. *Id.* at 370. The Delaware Supreme Court explained that that is the proper rule of law because “[t]he purpose of a trial court’s application of an entire fairness standard of review to a challenged business transaction is simply to shift to the defendant directors the burden of demonstrating to the court the entire fairness of the transaction.” *Id.* at 369.

In a subsequent decision in the same case, the court emphasized that “[t]o inject a requirement of proof of injury into the [business judgment] rule’s formulation for burden shifting

1 purposes is to lose sight of the underlying purpose of the rule.” *Cinerama, Inc. v. Technicolor,*
2 *Inc.*, 663 A.2d 1156, 1166 (Del. 1995). Explaining further, the Delaware Supreme Court stated
3 that “[t]o require proof of injury as a component of the proof necessary to rebut the business
4 judgment presumption would convert the burden shifting process from a threshold determination
5 of the appropriate standard of review to a dispositive adjudication on the merits.” *Id.*

6 Separately and, contrary to the “economic harm” argument proffered by the Individual
7 Director Defendants in most—if not all—of their MSJ’s, the Delaware Supreme Court has made
8 clear that the courts may “fashion any form of equitable and monetary relief as may be
9 appropriate.” *Technicolor*, 663 A.2d at 1166 (quoting *Technicolor*, 634 A.2d at 371).

10 Here, the Individual Director Defendants’ repeated erroneous reliance on an imaginary
11 “economic harm” requirement ignores the nature of this action, which is for breach of fiduciary
12 duty—an action in equity in which equitable relief may be sought and obtained.

13 Here, the prayer for relief in Plaintiff’s SAC includes several requests for equitable relief,
14 relating both to the termination of Plaintiff and to subsequent actions of the Individual Director
15 Defendants to entrench themselves in control of the Company. Such relief may be sought and
16 secured by way of a breach of fiduciary duty claim.

17 “A general common law presumption is that a director’s or officer’s conflict of interest
18 can result in the voiding of a transaction.” Keith Paul Bishop & Jeffrey P. Zucker, Bishop and
19 Zucker on *Nevada Corporations and Limited Liability Companies*, § 8.16, 8-44 (2013). The
20 Nevada Supreme Court in *Kendall v. Henry Mountain Mines, Inc.*, stated that directorial conflicts
21 are such that the challenged action of the directors “may be avoided by the corporation or its
22 stockholders.” 78 Nev. 408, 410-11, 374 P.2d 889, 890 (1962) (quoting *Marsters v. Umpqua*
23 *Valley Oil, Co.*, 90 P. 151, 153 (Or. 1907).

24 Here, as demonstrated above, the decisions of Kane and Adams to terminate Plaintiff as
25 President and CEO of RDI, after he failed to acquiesce to their threats to terminate him if he did
26 not resolve trust and estate litigation with EC and MC on terms satisfactory to the two of them,
27 was a decision with respect to which each of Kane and Adams lacked both disinterestedness and
28 independence, and with respect to which each failed to act independently. Instead, each simply

1 picked sides in a family dispute and power struggle as it suited their own quasi-familial, financial
2 and/or other personal interests, as well as the personal interests of EC and MC. The decision to
3 remove Plaintiff as President and CEO of RDI raises exactly the sort of conflicts and conflicted
4 decision-making and consequence that “may be avoided by the corporation or its stockholders.”

5 That is particularly so given the nature of the decision and the nature of subsequent actions
6 taken to the same end. The subsequent actions include the effective dismantling of RDI’s Board
7 of Directors, including by the creation of the EC Committee populated by EC and MC and the two
8 individuals most personally and financially beholden to them, Kane and Adams, and the
9 usurpation of the authority of RDI’s Board of Directors. That is even more true given the
10 misleading public disclosure, both by commission and omission, caused by EC and those other
11 defendants who act at her behest and direction. All of these actions constitute ongoing breaches of
12 fiduciary duty, and each and all of them were undertaken to usurp management and control of the
13 Company, in derogation of the interests of all RDI shareholders other than EC and MC. Those
14 type of actions constitute or give rise to irreparable injury. *See Vanderminden v. Vanderminden*,
15 226 A.D.2d 1037, 1041 (1996) (the “alleged harm, an opportunity for defendants to shift the
16 balance of power and assume management and control of the company, and may properly be
17 viewed as irreparable injury” (citing *Matter of Brenner v. Hart Sys.*, 114 A.D.2d 363, 366, 493
18 N.Y.S.2d 881, 884 (1985))).

19 Additionally, although not required to do so, given the nature of the claims made and the
20 relief sought, plaintiff has produced evidence of damages. For example, Plaintiff has claimed, and
21 defendant’s own documents duplicative or redundant compensation including, for example,
22 monies paid to third-party consultants (e.g., Edifice) and/or monies paid to MC arising from the
23 fact that MC has no prior real estate development experience, which requires the third-party
24 consultants be paid to do what is part of her job Plaintiff has claimed and publicly available
25 information shows diminution in the price at which RDI stock traded in the days following
26 disclosure of the termination of Plaintiff, as well as on the day of and following disclosure of the
27 selection of EC as permanent President and CEO.

28

1 Plaintiff has claimed and evidence shows corporate waste and monetary damages to RDI,
2 including from the inflated salary paid to MC and including from what amounted to a gift of
3 \$200,000 to MC (supposedly for services she had provided over a number of preceding years, for
4 which neither her father is the former CEO or the board saw fit to compensate her at the time) and
5 a gift of \$50,000 Adams (for serving as a director over the course of the preceding year, during
6 which there was nothing memorializing his supposed special services as such, much less the
7 notion that he should receive special compensation for those services which only were identified
8 after the fact).

9 **F. The Interested Director Defendants' Argument that Plaintiff Is an Inadequate**
10 **Derivative Plaintiff Is Mistaken and Has Been Rejected by the Court**
11 **Previously**

12 The (understandably) next to last arguments made in the Motion attempt to revive the
13 subjects of demand futility and adequacy of the derivative plaintiff, which the Interested Director
14 Defendants twice argued and lost on motions to dismiss. (Motion at 23:18- and 28:16.) Nothing
15 has changed, except that the intervening plaintiffs have given up and gone home, which is of no
16 moment. These arguments remain unavailing as a matter of law. Plaintiff respectfully refers the
17 Court to his prior briefing of these issues, and incorporates same herein.

18 First, in response to the individual defendants' MSJs, Plaintiff has introduced substantial
19 evidence of self-dealing entrenchment conduct by the Interested Director Defendants—who still
20 comprise a majority of the Board of Directors. For example, the evidence shows that and how EC,
21 MC, Kane, and Adams misused their positions as directors to enable EC and MC to exercise an
22 option supposedly held by the estate to acquire 100,000 shares of RDI Class B voting stock. The
23 evidence also shows that and how EC, MC, Kane, Adams, and McEachern acted to force Storey to
24 resign and to replace him and fill a new director slot with unqualified individuals effectively
25 selected by and loyal to EC and MC. Of course, this is in addition to evidence regarding
26 Plaintiffs' termination, which was merely the beginning of an ongoing course of entrenchment
27 motivated conduct.

28 Second, the Motion's demand argument is unavailing as a matter of law, for several
reasons. First, a majority of the current Board of Directors are the same directors with respect to

whom the Court previously found demand excused. That the composition of the RDI Board has changed therefore is a “red herring.” Under both these so-called *Aronson* and *Rales* tests, the entire board need not suffer from disqualifying interest or lack of independence to excuse demand, because where “there is not a majority of independent directors . . . demand would be futile.” *Beam*, 845 A.2d at 1046, n. 8; *see, e.g., Beneville v. York*, 769 A.2d 80,82 (Del. Ch. 2000) (demand is excused where the board is evenly divided). Second, demand futility is assessed based on “the circumstances at the commencement of a derivative suit.” *Aronson v. Lewis*, 473 A.2d 805, 810 (Del. 1984). That is because, in assessing whether demand is excused, “[i]t is th[e] board [at the time the derivative complaint is filed], and no other, that has the right and responsibility to consider a demand by a shareholder to initiate a lawsuit to redress his grievances.” *In re infoUSA, Inc. Shareholders Litig.*, 953 A.2d at 985-986. The simple reason for this rule of law is that “that is the board on which demand would be made.” *In re VeriSign, Inc. Derivative Litig.*, 531 F. Supp 2d. 1173, 1189 (N.D. cal. 2007); *see also Kaufman v. Beal*, 1983 WL 2029, at *9 (Del. Ch. Feb. 25, 1983) (stating it “offends notions of fairness to require a plaintiff in a stockholder’s derivative suit to make a new demand every time the Board of Directors of the corporation has changed”).⁸

In sum, the renewed demand futility made in the Motion is unavailing.

The Interested Director Defendants also revive their factually and legally deficient arguments that plaintiff is not an adequate derivative representative. (Motion at 23:18- 28:26.) The Court previously rejected these arguments based on the same claimed facts (except for the intervening plaintiffs dropping out) and same asserted law.

The interested director defendants once again assert that “economic antagonisms” exist, that the remedy sought is personal and that other litigation is pending. The supposed “economic

⁸ The two cases cited in the Motion are not to the contrary. Each reflect nothing other than that a poorly pleaded complaint will require substantially additional work on the part of the court, including to determine what claims are direct and what claims are derivative. Thus, in *MCG Capital Corp. v. Maginn*, No. CIV.A. 4521-CC, 2010 WL 1782271 (Del. Ch. May 5, 2010) an unpublished opinion, the court found that the complaint contained both direct and derivative claims, that it failed to specify which was which and that the parties disagreed, concluding “that after undergoing this exercise I appreciate more fully MacDuff’s sentiment: ‘confusion now hath made his masterpiece.’” *Id.* at *4. Similarly, *Khanna v. McMinn*, No. CIV.A. 20545-NC, 2006 WL 1388744 (Del. Ch. May 9, 2006) was an action in which the plaintiffs made claims relating to six separate transactions (other than disclosure claims) allegedly resulting from breaches of fiduciary duty. Those six separate transactions did not all arise out of the same set of facts and circumstances or even make the same claims against the same directors in each instance. As such, the case is readily distinguishable.

1 antagonisms” once again incorrectly assume that Plaintiff is not a significant shareholder and that
2 the value of his RDI stock, and the stock held by the trust of which his children are three of five
3 beneficiaries, pales in comparison to the value of the compensation to which he would be entitled
4 pursuant to his executive employment agreement. There is no dispute the facts are exactly to the
5 contrary. That one remedy sought also relates to Plaintiff’s position as CEO is a function of the
6 fact that the termination of Plaintiff as CEO was the beginning of the ongoing course of
7 entrenchment activities that are the subject of this lawsuit. That equitable relief is available
8 because of the lack of disinterest and lack of independence on the part of Adams and Kane in
9 threatening to terminate Plaintiff and then terminating him does not change the fact that such relief
10 is available and here, appropriate. The claim that Plaintiff is using this derivative action to obtain a
11 favorable settlement another action is nothing more than interested director defendants imputing to
12 Plaintiff exactly the conduct in which they engaged, when they threatened Plaintiff with
13 termination if he did not settle trust and estate disputes with EC and MC on in terms satisfactory to
14 the two of them. They proffered no evidence the Plaintiff has reciprocated, because there is none.
15 Likewise, the Interested Director Defendants simply word processed their factually erroneous
16 arguments that Plaintiff invoked the name ”Corleone” to refer in this action to defendant Kane
17 when, as evidence shows, it was Kane himself who used that name.

18 Literally the only portion of this argument that is new, or different, is the claim that
19 Plaintiff has no shareholder support. Of course, the Court knows that claim is inaccurate, as
20 reflected by the objections to the T2 Plaintiffs’ request for court approval of their settlement, filed
21 by the largest holders of both RDI class A and class B stock.

22 In sum, the revived demand and adequacy of plaintive arguments remain unveiling, as a
23 matter of law.

24 **G. The Interested Director Defendants Rely on Inapposite Authority Concerning**
25 **Employment Matters and Cases**

26 Finally, the Interested Director Defendants assert that “Plaintiff’s reinstatement demand is
27 unsupportable and untenable.” (Motion at 20:27– 30:21.) In support of that conclusion, they cite in
28 case after case in which the plaintiff sought relief personally as a terminated employee. This

1 simply is a different version of the Company's unsuccessful motion to compel arbitration which
2 explicitly (as compared to here, implicitly) was predicated on the notion that because Plaintiff is a
3 former executive, he has no rights as an RDI shareholder. That conclusion is erroneous as a matter
4 of law, as the Court previously determined.

5 Perhaps recognizing that Plaintiff, the court, or both will recognize their slightly disguised
6 arguments as a rehash of what the Company previously argued unsuccessfully, the Interested
7 Director Defendants also make a "long period of time" since termination argument and an
8 "irreparable animosity between the parties" argument. The first of those arguments ignores the fact
9 that, rather than hiring a CEO pursuant to a CEO search process, the defendants instead aborted
10 that process and hired one of their own, EC. The second argument assumes, incorrectly, that RDI
11 is a private company and that the interests of public shareholders do not matter, both of which are
12 erroneous and show the cases cited to be inapposite.

13 **V. CONCLUSION**

14 For the forgoing reasons, Plaintiff respectfully submits that Individual Defendants' Motion
15 for Summary Judgment (No. 1) should be denied.

16 DATED this 13th day of October, 2016.

17 LEWIS ROCA ROTHGERBER CHRISTIE LLP

18 /s/ Mark G. Krum

19 Mark G. Krum (Nevada Bar No. 10913)
20 3993 Howard Hughes Pkwy, Suite 600
21 Las Vegas, NV 89169-5958

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

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CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of October, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath
An employee of Lewis Roca Rothgerber Christie LLP

3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

Lewis Roca
ROTHGERBER CHRISTIE

APEN
Mark G. Krum (SBN 10913)
Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996
Tel: 702-949-8200
Fax: 702-949-8398
E-mail: mkrum@lrcc.com

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,

vs.

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

Defendants.

READING INTERNATIONAL, INC., a
Nevada corporation,

Nominal Defendant.

T2 PARTNERS MANAGEMENT, LP, a
Delaware limited partnership, doing business as
KASE CAPITAL MANAGEMENT, et al.,

Plaintiffs,

vs.

MARGARET COTTER, ELLEN COTTER,
GUY ADAMS, EDWARD KANE, DOUGLAS
McEACHERN, WILLIAM GOULD, JUDY
CODDING, MICHAEL WROTONIAK, CRAIG
TOMPKINS, and DOES 1 through 100,
inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a
Nevada corporation,

Nominal Defendant.

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

Coordinated with:

Case No. P-14-082942-E
Dept. No. XI

Case No. A-16-735305-B
Dept. No. XI

Jointly Administered

Business Court

**APPENDIX OF EXHIBITS IN SUPPORT
OF PLAINTIFF JAMES J. COTTER, JR.'S
OPPOSITION TO INDIVIDUAL
DEFENDANTS' MOTION FOR PARTIAL
SUMMARY JUDGMENT (NO. 1) RE
PLAINTIFF'S TERMINATION AND
REINSTATEMENT CLAIMS**

3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

Lewis Roca
ROTHGERBER CHRISTIE

APPENDIX OF EXHIBITS

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<u>Exhibit</u>	<u>Description</u>	<u>Page Nos.</u>
1	JCOTTER014536	001
2	JCOTTER009286	002
3	Depo Exhibit 61	003-005
4	Excerpts from February 12, 2016 deposition of Timothy Storey	006-018
5	TS0000061	019-021
6	Depo Exhibit 339	022
7	Depo Exhibit 338	023
8	TS00000073	024-026
9	GA00003863	027-030
10	Excerpts from June 15, 2016 deposition of Margaret Cotter	031-035
11	Depo Exhibit 322	036-040
12	Depo Exhibit 327	041
13	Excerpts from May 13, 2016 deposition of Margaret Cotter	042-058
14	Depo Exhibit 156	059-063
15	Depo Exhibit 306	064
16	Excerpts from May 2, 2016 deposition of Edward Kane	065-071
17	Excerpts from August 3, 2016 deposition of Timothy Storey	072-085
18	Excerpts from August 31, 2016 deposition of Timothy Storey	086-089
19	Depo Exhibit 131	090

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20	Excerpts from June 8, 2016 deposition of William Gould	091
21	Excerpts from April 29, 2016 deposition of Guy Adams	092-097
22	Depo Exhibit 82	098
23	Depo Exhibit 318	099-104
24	Depo Exhibit 116	105-106
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30	Excerpts from June 16, 2016 deposition of Ellen Cotter	123-126
31	Excerpts from April 28, 2016 deposition of Guy Adams	127-130
32	Excerpts from June 8, 2016 deposition of William Gould	131-136
33	JJC Declaration	137-151

DATED this 13th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: /s/ Mark G. Krum

Mark G. Krum (SBN 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996
Tel: 702.949.8200
Fax: 702.949.8398

Attorneys for Plaintiff James J. Cotter, Jr.

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 1) RE PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS INDEPENDENCE** to be electronically served only to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath

An employee of Lewis Roca Rothgerber Christie
LLP

3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

Lewis Roca
ROTHGERBER CHRISTIE

Exhibit 1

Exhibit 1

JAMES J. COTTER
120 N. Robertson Boulevard
Los Angeles, CA 90048
(310) 659-7224 (t)
(310) 659-7226 (f)

MEMO

To: Alfred Villaseñor, Chairman of the Compensation Committee

From: James J. Cotter

Date: January 16, 2009

Subject: James J. Cotter, Jr.

CC: Andrzej Matyczynski
James J. Cotter, Jr.
Rita Rice

A few years ago, the Board had expressed its concern that Reading needed a succession plan in the event that I became incapacitated or resigned from the company. Thereafter, I suggested that James Cotter, Jr., a Board member for over five years, begin spending more time at the company's office in Commerce liaising with the top management.

The Board agreed and James Cotter, Jr. began a program of meeting with the top executives of the company here and telephonically with those in Australia, New Zealand, and New York. He furthermore went to New Zealand and Australia with me this last year and besides seeing some of our properties, he met all the key executives.

On each Monday and Wednesday for one and a half to two hours each time, he has chaired discussions on all aspects of domestic and foreign exhibition and real estate development and operations in New Zealand, Australia, and the USA. After such meetings, he prepares and distributes to these same executives management reports on the discussions and follow-up assignments. He has also been on conference calls involving these same executives outside of the Monday and Wednesday meetings. His compensation was agreed to be \$100,000 per annum, which was paid out of my salary and duly noted in our minutes and public filings.

Now his first year assignment is up and I believe it was a success; he is most informed on all aspects of our business and, in addition, is completely conversant with top management. As he now begins the 2009 fiscal year, I am suggesting the Board consider its objectives met and have Reading assume the responsibility for Jim's \$100,000 per year compensation.

Exhibit 2

Exhibit 2

From: Kane
To: James Cotter JR
Sent: 6/8/2015 9:30:15 PM
Subject: Re: A proposal

My only response is: shit!! I won't say who it is directed at but there is no one more qualified to be the CEO of this company than you. That is not to say you don't have warts like the rest of us, but there is no one else to pinch hit. So stay in there, if not for your mom's sake or for you dad's memory or your sisters' sake, do it for your kids, so they can grow up and fight with their cousins!! This too shall pass and, if I'm not too maudlin, you will be stronger for it.

-----Original Message-----

From: James Cotter JR
Sent: Monday, June 08, 2015 10:34 AM
To: 'Kane (elkane@san.r.com)'
Subject: RE: A proposal

I offered Ellen and Margaret a complete time-out standstill...stop all litigation...stop all boardroom and Reading threats and posturing. All I asked of them was that they agree to a formal mediation process. Their response was that I had to accept their settlement proposal or be terminated as President and CEO, I remain willing to proceed on the basis of a complete standstill.

From: Kane [mailto:elkane@san.r.com]
Sent: Sunday, June 07, 2015 5:15 PM
To: James Cotter JR
Subject: A proposal

The people who count: Mother-Mary, Ellen , Margaret and I want you to be CEO and run the company for the next 30 years or more. Now you have been presented with a proposal – I have not read or heard all the particulars – that you obviously find objectionable, at least in some aspects. Your and their "legal advisors", who don't give a fuck about any of you other than to see their bills are paid, will argue back and forth with the hope that more lucrative litigation will ensue.

So, why not consider a 6-month time-out standstill. If your original prognostication holds, the stock price may well increase during this period so there is nothing to lose on your part.

You tell the sisters what you now find objectionable but will agree to try it as is for 6-months. After that period, the three of you agree to sit down and go over all your objections with a tacit agreement that if things improve and you have arrived at a way of working together the three of you will address all of your concerns in good faith; that the goal will be a solid long-term relationship of working together and each of you then to return to and concentrate on your respective responsibilities with you assuming leadership once more. What's there to lose? All you really need to do is restore trust and understanding and take back control of your company.

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Exhibit 3

Exhibit 3

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Tuesday, October 14, 2014 10:42 PM
To: Guy Adams; Tim Storey; wgould@troygould.com
Subject: Corporate Framework Notes

Bill, Guy & Tim -- Thank you for your help over the last few weeks. As promised, below are some notes which reflect my thoughts. I am available at 917 689 1923 with any questions or comments.

Thank you again.

Ellen

PROPOSAL FOR A RECONSTITUTED READING INTERNATIONAL, INC. EXECUTIVE COMMITTEE

There presently exists an Executive Committee of the Board. Such Committee presently has no charter or express duties. In light of the passing of James J. Cotter, Sr., it is deemed advisable for both the short- and mid-term for the Executive Committee to be reconstituted and (1) to take an active role in setting the strategic plan for the Company and (2) to oversee and approve certain key Company actions. It is anticipated that the Executive Committee would meet no less frequently than once a month, on a scheduled basis. Special meetings could be called at any time by any two members. One of the non-Cotter family members of the Executive Committee would be designated as the Chair. All actions taken by the Executive Committee would be reported to the Board. The actions that the Executive Committee would approve, and other aspects of the suggested reconstitution of the Executive Committee, include the following:

Proposed membership of the Executive Committee

- 1) Cotter Family - Ellen M. Cotter, Ann Margaret Cotter and James Cotter, Jr.
- 2) Two non-Cotter Family directors
- 3) As management members of the Executive Committee, Ellen, Margaret and Jim, Jr. would submit monthly reports to the Executive Committee with respect to their respective operational areas. Such reports would also describe the progress made since the last report regarding to any agreed strategic plan.

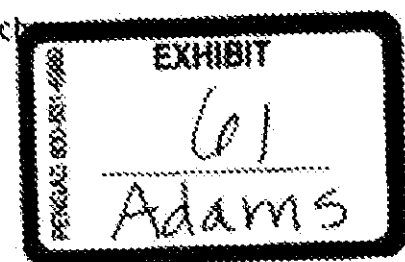
Actions that would require the prior approval of the Executive Committee

- 1) Employment decisions with respect to key Company officers.
 - a. Determine role, compensation and reporting lines
 - b. Interview final three candidates for each relevant position
- 2) Company commitments in excess of [\$1,000,000], including, without limitation with respect to (a) lease commitments and real property acquisitions, (b) operational contracts of any type and (c) indebtedness and other financing arrangements

Other responsibilities of the Executive Committee

- 1) Periodic review of progress on the agreed strategic plan and determination as to any changes should be made to such plan.

CONFIDENTIAL



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2) Non-Cotter family members of the Executive Committee would provide express feedback to the Compensation Committee with respect to the compensation of the Cotter family members of the Executive Committee.

Ellen Cotter and Margaret Cotter

Because of the informal nature of their employment with the Company prior to Jim, Sr.'s passing, the desire of Jim, Sr. that his children remain officer/employees of the Company for the remainder of their professional careers and the fact that Jim, Jr. was given a formal employment agreement in 2013, Ellen and Margaret should immediately be offered formal employment agreements with the Company comparable to the agreement between the Company and Jim, Jr. and, *inter alia*, reflecting the following. In addition, an agreement need be agreed and executed among Ellen, Margaret and Jim, Jr. pursuant to which all vote the Company stock each owns or controls to assure each remains a member of the Company's Board.

Ellen Cotter

Ellen's present title, Chief Operating Officer (U.S. Cinemas), does not reflect the fact that Ellen oversees and directs the operations of the Company's U.S. cinema business on a day to day basis. Bob Smerling, who currently holds the title of President (U.S. Cinemas), acts not as a president or CEO, but instead in a senior adviser role. Prior to his passing, Jim, Sr. had told Ellen he wanted her also to play a senior management role involving the Company's global (non-U.S.) cinema business.

Specifics of Ellen Cotter's Employment Agreement:

- 1) Titles: Executive Vice President and President of U.S. Cinemas
- 2) Responsibilities: oversight of all operations (including, without limitation, hiring of executives employees and consultants) of and for the U.S. cinemas business; creation of synergies among U.S. and all non-U.S. cinema operations; monthly reporting to Executive Committee
- 3) Key terms:
 - a. term - 12 month evergreen
 - b. reporting to - Executive Committee
 - c. compensation - to be determined
 - d. indemnification from the Company to the fullest extent permitted by law

Margaret Cotter

Margaret has been a consultant of the Company for many years. She is the owner and President of DBI, LLC, a company that provides live theatre management services to Liberty Theatres LLC, the Company's subsidiary through which the Company own its theaters at which live productions are presented. She also is the key Company contact, negotiator and knowledge holder with respect to the pre-development activities for the Company's Union Square and Cinemas 123 properties in Manhattan. Prior to his passing, Jim, Sr. had told Margaret that he wanted her to be an executive officer employee of the Company, with a title and compensation reflective of her live theater and real estate development work.

Specifics of Margaret Cotter's Employment Agreement:

- 1) Titles: Executive Vice President and President of Live Theatres

2) Responsibilities: oversight of all operations (including, without limitation, hiring of executives employees and consultants) of and for the U.S. live theatre; oversight of development activities related to the Company's Union Square and Cinemas 123 properties in Manhattan; monthly reporting to Executive Committee

3) Key terms:

- a. term - 12 month evergreen
- b. reporting to - Executive Committee
- c. compensation - to be determined
- d. indemnification from the Company to the fullest extent permitted by law

Compensation - Cotter Family

Subject to the guidelines above, compensation for Ellen, Margaret and Jim, Jr. would be set by the Compensation Committee. The non-Cotter family members of the Executive Committee would participate in discussions about Cotter compensation with the Compensation Committee. It is anticipated that compensation for Ellen, Margaret and Jim, Jr. will be structured to include a significant incentive compensation component tied to achieving certain objective pre-determined metrics set by the Executive Committee.

Exhibit 4

Exhibit 4

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DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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.

No. A-15-719860-B
Coordinated with:
P-14-082942-E

DEPOSITION OF TIMOTHY STOREY, a defendant herein,
noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at
1453 Third Street Promenade, Santa Monica,
California, at 9:28 a.m., on Friday, February 12,
2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

1 a communication from the Stomp producers with respect to
2 issues of the nature that were raised in the letter to
3 which you referred?

4 MR. SEARCY: Occasion. Vague.

5 THE WITNESS: My understanding was that there had
6 been some correspondence in the preceding year, and that
7 those issues had been dealt -- we thought those issues
8 had been dealt with.

9 MR. KRUM:

10 Q. How did you come to have that understanding?

11 A. I don't recall a specific matter, but I think
12 Margaret said that to me.

13 Q. Do you recall that Bill Gould expressed some
14 concern about the Stomp issue?

15 MR. SEARCY: Objection. Vague.

16 MR. RHOW: Join.

17 THE WITNESS: I don't specifically recall Bill
18 Gould making a comment. On reflection, I do recollect
19 that we did have a discussion amongst board members, but
20 I think all of us were concerned about the matter. But
21 I don't have a specific recollection.

22 MR. KRUM:

23 Q. Did you ever hear or were you ever told, or did
24 you ever learn that Bill Gould had said, in words or
25 substance, that the Stomp issue could or might cost RDI

1 **\$20 million or some other figure of a similar magnitude?**

2 MR. RHOW: Form of the question.

3 MR. SEARCY: Join. It's vague.

4 MR. KRUM:

5 **Q. You may answer.**

6 MR. RHOW: You can answer.

7 THE WITNESS: I'm sorry. Can you repeat the
8 question?

9 MR. KRUM: I'll ask the court reporter to read it
10 for me.

11 (The record is read by the reporter.)

12 THE WITNESS: Yes, I think people were of the view
13 that something like that had been said by Bill Gould.

14 MR. KRUM:

15 **Q. And what do you recall either Mr. Gould or**
16 **anybody else saying about such a statement?**

17 A. It was a general comment. I can remember that
18 Mr. Kane was not very happy about the comment.

19 **Q. Why do you say that? What did he -- In other**
20 **words --**

21 A. Just a memory.

22 **Q. -- what did Mr. Kane say or do that prompts**
23 **that memory?**

24 A. I don't know that he said anything, but I think
25 this is a subject of an exchange of e-mails between Ed

1 Kane and Bill Gould, which Bill Gould took umbrage to,
2 but I don't -- to be fair, I don't recollect that
3 specifically.

4 Q. Did you ever hear or were you ever told that
5 anybody said or thought that the Stomp issue was or
6 might be relevant to Margaret's employment or possible
7 employment with RDI?

8 MR. SEARCY: Objection. Vague.

9 THE WITNESS: Well, I think at this point in time,
10 which from memory is in May, right, that all sorts of
11 things were happening around the board table, and it was
12 one of the issues that was live at the time.

13 MR. KRUM:

14 Q. When you say, "it was one of the issues that
15 was live," does that mean that yes, there were
16 discussions about whether -- or the possibility that the
17 Stomp issue should be taken into consideration in
18 assessing Margaret's employment situation?

19 MR. SEARCY: Objection. Vague.

20 THE WITNESS: I don't recollect that that was
21 discussed. I think that, as I say here in paragraph 6
22 of Exhibit 9, you know, it was -- as I said, it was an
23 issue on the table. But as I see here, it was agreed
24 that a review could wait for another day. Our efforts
25 should be on trying to recover the money if Stomp moved.

1 got lost.

2 MR. KRUM: I'll just repeat it.

3 MR. FERRARIO: Yeah.

4 MR. KRUM:

5 **Q. When did you first hear or learn or when were**
6 **you first told that any of the non-Cotter directors had**
7 **concluded that Jim Cotter should be removed as CEO?**

8 A. About a week before the meeting, I would say,
9 mid- -- around about the 15th of May, I got a phone call
10 from Doug McEachern, who informed me that there had been
11 various discussions. It was intended to remove Jim at
12 the board meeting. That he had been in discussions with
13 Guy Adams, and that Guy Adams was -- my recollection,
14 was leading the charge or was involved with it.

15 I made some commentary on the procedure. And
16 Mr. McEachern said he was aware of that, but that's
17 where things stood. And the next day, I got a phone
18 call -- the next day, I had a phone call from Guy Adams,
19 who basically affirmed that.

20 **Q. And what did Mr. Adams say, in sum and**
21 **substance, unless you actually remember the words?**

22 A. I think he said, in substance, that the time
23 had come for the matter to be dealt with, that they had
24 the legal advice that they could do that, that it
25 shouldn't be an issue. My recollection is, it was a

1 pretty short conversation.

2 Q. And when you say "the matter" should be dealt
3 with, what was "the matter"?

4 A. The removal of the CEO.

5 Q. Did he indicate from whom they had received
6 legal advice?

7 A. No.

8 Q. Did you ever subsequently learn who that was?

9 MR. FERRARIO: Object that --

10 MR. KRUM: I'm not asking for the substance. I'm
11 asking --

12 MR. FERRARIO: Assumes he got any legal advice.

13 MR. KRUM: Okay. He testified that Adams said he
14 had legal advice. So I'm not doing anything other than
15 following on that testimony.

16 Q. So did you ever hear or learn or did you ever
17 otherwise develop an understanding as to whom Mr. Adams
18 was referring when he talked about legal advice?

19 A. I don't recollect.

20 Q. Was it Akin Gump?

21 A. I don't know.

22 Q. It's just an appropriate follow-up question.

23 MR. RHOW: The reason I have a problem with the
24 question, sometimes when you say, "Did you ever
25 subsequently learn," first, I don't know if what his --

1 what the relevance is of his current knowledge, but I
2 understand why you're asking.

3 MR. KRUM: I just want to know who it was.

4 MR. RHOW: My other concern in general is, if he's
5 learning from me or other sources, that's not
6 necessarily something I can object to, since I'm not
7 sure if he currently knows. But anyway, that question
8 is fine.

9 MR. KRUM: Well, I assume you prepared him, but let
10 me make it clear.

11 Q. Mr. Storey, when I ask questions that in any
12 respect call for anything touching on legal advice, I'm
13 not asking you to disclose the substance of any legal
14 advice, whether it was provided to you as a director of
15 the company by in-house or outside counsel representing
16 the company, whether it was provided to you by your own
17 counsel. If the question calls for information of that
18 type, all I want to hear is the identity of the lawyer
19 and the subject matter of the advice, not the substance.

20 A. Thank you.

21 Q. So the call with Adams was -- when in time was
22 it relative to the -- to your receipt of the notice from
23 Ellen Cotter of the special meeting?

24 A. From recollection, prior to.

25 Q. And the call from Adams was the day after you

1 spoke to McEachern; correct?

2 A. Correct.

3 Q. And in the McEachern call, he told you that he,
4 Adams, and Kane had determined to vote to remove Jim
5 Cotter, Jr. as CEO; is that correct?

6 MR. SEARCY: Objection. Vague.

7 THE WITNESS: For some reason, my recollection of
8 the conversation is that it was going to be -- that the
9 time had come to remove the CEO, or to that effect.

10 MR. KRUM:

11 Q. Well, when you hung up from the call with
12 Mr. McEachern that you just described, did you
13 understand that he had communicated to you that he had
14 decided to vote to remove Jim Cotter, Jr. as CEO?

15 A. Yes.

16 Q. The next day when you hung up the call from
17 Mr. Adams, did you understand that Mr. Adams had told
18 you that he also had decided to vote to remove Jim
19 Cotter, Jr. as CEO?

20 MR. SEARCY: Objection. Lacks foundation.

21 THE WITNESS: Yes.

22 MR. KRUM: Okay.

23 Q. And as best you can recall, what were the words
24 Mr. Adams used that led you to that conclusion?

25 A. I don't recollect specific words.

1 spoke to McEachern; correct?

2 A. Correct.

3 Q. And in the McEachern call, he told you that he,
4 Adams, and Kane had determined to vote to remove Jim
5 Cotter, Jr. as CEO; is that correct?

6 MR. SEARCY: Objection. Vague.

7 THE WITNESS: For some reason, my recollection of
8 the conversation is that it was going to be -- that the
9 time had come to remove the CEO, or to that effect.

10 MR. KRUM:

11 Q. Well, when you hung up from the call with
12 Mr. McEachern that you just described, did you
13 understand that he had communicated to you that he had
14 decided to vote to remove Jim Cotter, Jr. as CEO?

15 A. Yes.

16 Q. The next day when you hung up the call from
17 Mr. Adams, did you understand that Mr. Adams had told
18 you that he also had decided to vote to remove Jim
19 Cotter, Jr. as CEO?

20 MR. SEARCY: Objection. Lacks foundation.

21 THE WITNESS: Yes.

22 MR. KRUM: Okay.

23 Q. And as best you can recall, what were the words
24 Mr. Adams used that led you to that conclusion?

25 A. I don't recollect specific words.

1 our somebody else told you that Mr. Kane had decided to
2 vote to remove Jim Cotter, Jr. as president and CEO?

3 MR. SEARCY: Objection. Vague.

4 THE WITNESS: You'll have to repeat the question.

5 MR. KRUM: Sure.

6 Q. When did you first learn or were you first told
7 that Ed Kane had decided to vote to remove Jim
8 Cotter, Jr. as president and CEO?

9 A. I don't recollect.

10 Q. Okay.

11 A. Obviously, prior to those discussions.

12 Q. Right. Now, during your call with
13 Mr. McEachern about what you've testified already, what
14 did you say to him?

15 A. I don't recollect that I said much. I think I
16 talked about adopted process, and looking at the matter
17 properly as a board. As I said earlier, my recollection
18 is that Mr. McEachern said "yes," he understood that
19 position.

20 I didn't see it as my position, at that point or at
21 any point, to be an advocate one way or another. My
22 concern was around adopting a robust procedure to go
23 through that process.

24 Q. Did you say to Mr. McEachern, in words or
25 substance, that there had not been to that point in time

1 with respect to trust and estate matters that was
2 reported on or about 6:00 o'clock in the evening on
3 May 29th, had not come to fruition?

4 A. Yes, I had understood that it didn't come to
5 fruition.

6 Q. How did you learn that or what were you told?

7 A. I don't recollect.

8 Q. Do you recall that a board meeting was convened
9 on or about June 12?

10 A. I do.

11 Q. That was a Friday; correct?

12 A. Was it telephonic or in person?

13 Q. I believe it was in person.

14 Do you recall -- Okay. I believe it was
15 telephonic. I misspoke. You're correct.

16 A. I think.

17 Q. Thank you.

18 And do you recall that --

19 A. Telephonic for me, I think. I don't know about
20 anybody else.

21 Q. Understood. Thank you for the clarification.

22 Do you recall that there was a vote to terminate
23 Jim Cotter, Jr. as president and CEO?

24 A. I do.

25 Q. And what was the outcome of that?

1 A. I think that two voted against it, and the
2 others -- Two voted against; is that right? I have to
3 look at the record, but certainly I voted against.

4 **Q. Is it your best recollection that Mr. Gould**
5 **also voted against?**

6 A. Yes. I was just thinking about Mr. Cotter.
7 Perhaps it was three against.

8 **Q. And the votes for termination were by**
9 **Messrs. Kane, Adams and McEachern, and by Ellen and**
10 **Margaret Cotter; correct?**

11 A. Correct.

12 Actually, on reflection, perhaps Mr. Cotter
13 abstained and didn't vote because he was interested. I
14 don't recollect.

15 **Q. Or at least he acknowledged that he was**
16 **interested?**

17 A. Yes.

18 **Q. Do you recall learning at some point that on or**
19 **about June 15th, Ellen Cotter had sent a letter to Jim**
20 **Cotter, Jr. asserting that, pursuant to his executive**
21 **employment agreement, he was required to resign as a**
22 **director upon termination as an officer?**

23 A. Yes, I do.

24 **Q. When did you first learn that?**

25 A. I think at or shortly after the termination

1 I, Teckla T. Hollins, CSR 13125, do hereby declare:

2 That, prior to being examined, the witness named in
3 the foregoing deposition was by me duly sworn pursuant
4 to Section 30(f)(1) of the Federal Rules of Civil
Procedure and the deposition is a true record of the
testimony given by the witness.

5 That said deposition was taken down by me in
6 shorthand at the time and place therein named and
thereafter reduced to text under my direction.

7 That the witness was requested to review the
8 transcript and make any changes to the
9 transcript as a result of that review
pursuant to Section 30(e) of the Federal
Rules of Civil Procedure.

10 No changes have been provided by the witness
11 during the period allowed.

12 The changes made by the witness are appended
to the transcript.

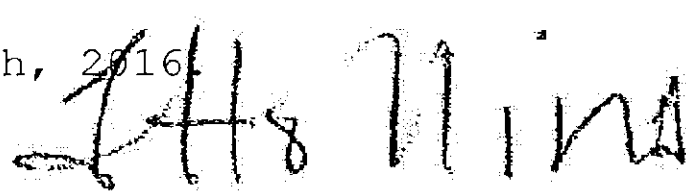
13 No request was made that the transcript be
14 reviewed pursuant to Section 30(e) of the
Federal Rules of Civil Procedure.

15 I further declare that I have no interest in the
16 event of the action.

17 I declare under penalty of perjury under the laws
18 of the United States of America that the foregoing is
true and correct.

19 WITNESS my hand this 3rd day of

20 March, 2016.

21 

22 Teckla T. Hollins, CSR 13125

23

24

25

Exhibit 5

Exhibit 5

21 May 2015

DRAFT

You appointed me as a special committee (of one for the time being) to assist the CEO to progress the business, particularly in his dealings with two executives, Margaret and Ellen. I took particular care not to stray into the realm of management – I made suggestions as to possible ways forward etc – and gave him the benefit of my experience around how a business is usually run. In many respects, this is about getting the processes right – for example, adopting business plans, budgets, meeting schedules and procedures and dealing with legacy issues. With a change from a strong entrepreneurial CEO and as a public company, the company needs to adopt proper management structures and procedures – a very considerable evolution for the company to make.

The CEO can provide detail direct regarding his progress and achievements – if you would like me to comment further in this particular then I can do so.

In my view, none of the steps he proposes to take or has in fact taken are unusual or untoward. The CEO operates to an action plan; I don't think any of the steps there – or the timelines – are out of line.

Other than from Margaret or Ellen, except as noted I haven't heard of any material negativity from any other executive as to the CEO's requirements. I have heard very positive support from Wayne Smith and Matthew Bourke as to the CEO's performance. Dev seems to be happy with the direction Jim is taking, as Bill Ellis does. Andrzej and Craig try to sit in the middle but don't appear to criticise his operational priorities – I think they would say he does have difficulties sometimes in how he goes about things – his style – but all are trying to help modify this. Bob Smerling appears critical – I haven't really spoken with him, but I have heard so from a number of sources. Given his interests, I largely dismiss his comments for obvious reasons.

In Margaret and Ellen, the CEO has had to deal with entrenched executives who have been resistant to change. A CEO dealing with entrenched executives reluctant to change is difficult enough; to deal with such executives as family members even more difficult; add to that the litigation and the matter is even more difficult.

Nevertheless, progress has been made in a number of respects. The CEO and Ellen have agreed a business plan for the division, and an agreed list of action items to be undertaken. A mechanism to resolve the various concerns around the "metrics" has been agreed – I comment further below. Margaret is still to provide a business plan; Jim has articulated to Margaret some detail as to how he expects the NY development projects to be advanced through a committee structure including her, the new RE director and other executives.

In undertaking my task, as previously advised, my hope was that sufficient progress could be made around plans and the like so that executives would be clearly tasked and could then be allowed to get on and implement their agreed plans, subject to the usual type of review from "corporate

office". As you know, this is the usual situation for any company. I think we could be well on the way to achieving this position.

I also thought it would be beneficial to have processes in place to allow for a proper review of the performance of business units. To that end, as said arrangements are agreed between the CEO and Ellen this would be done over the balance of this year, with Dev and his team assisting in an objective analysis of the metrics – both internally and against external benchmarks. Matters are not as advanced in discussions with Margaret so these issues around process haven't been raised with her. One issue that may need review is the Stomp situation and how it arose and has been handled. There are clearly issues to be looked at, but the CEO has agreed this is a matter that can be looked at in the fullness of time; the more important issue is to see if there is a solution for the company.

Another impediment has been the disunity amongst various executive staff (other than between the CEO and Ellen and Margaret). Some of this arises from legacy issues – things left over from the Snr regime around income and retirement benefits expectations. The CEO has largely settled these arrangements as previously advised – although some implementation is outstanding (somewhat complicated by the on-going tensions with Ellen and Margaret and board members). This disharmony is also fostered by board members intervening and giving time and credence to employees' comments. Again, such matters are an issue for the CEO – not for individual directors.

As we all acknowledge, the CEO is less than experienced and can need assistance at times with interpersonal skills – particularly in relation to dealings with Ellen and Margaret. Since my involvement with the committee process I think the CEO has made considerable effort to modify his behaviour – of course, it is still not the best – but I suspect that would be very difficult to achieve given the circumstances and the entrenched views between all three of them.

Finally I observe that the CEO has offered to finalise employment contracts with Ellen and Margaret. The terms are based I understand on a company standard. He has delayed in distributing them over quite some time – but I understand that Margaret's has been distributed this week. He has reservations in these steps (see note to Margaret around his concerns with her employment), but has said he will look to proceed – but he does point out he wants board involvement and comment before proceeding.

One issue that comes up is around the CEO and "anger management" issues. We know there is some foundation to this, but I think the principal concerns were connected to Linda and Debbie – both of which are no longer in the office. There clearly remains an issue with/for Ellen. I am not aware of any recent issues in this regard. I do think some ongoing steps could be taken but as we have all discussed and agreed this is a sensitive matter.

If you ask me whether Jim is doing a good job as CEO I would note he is less than fully experienced and has some "inter personal" skills issues (particularly when dealing with his sisters Ellen and Margaret) but that he is needing to implement a change culture and that can be very difficult at the best of times. In my observation, he is taking reasonable and usual steps in his approach. Frankly, more experienced CEOs might well have taken more aggressive and timely steps but as I say Jim has constraints in this regard.

If the issue is the culture in the company and the disharmony particularly arising from the issues between the CEO and two executives (Margaret and Ellen) then the resolution need not necessarily be the removal of the CEO – alternatively – and perhaps more usually - it could be the removal of the

other executives – or all of them. If a change is to be made, then we need to weigh which approach is in the best interests of the company.

Exhibit 6

Exhibit 6

From: Ellen Cotter <Ellen.Cotter@readingrd.com>
Sent: Saturday, May 16, 2015 1:35 AM
To: nalie1438@gmail.com

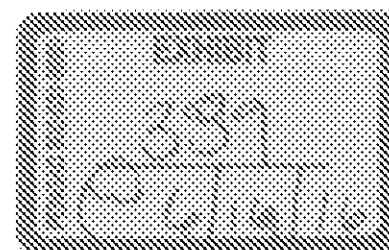
Meeting of the Board of Directors

May 21, 2015 - 11am

Agenda

1. Status/Compensation: Cotter's - Jim, Jr., Margaret & Ellen
2. Status/Compensation: Craig Tompkins & Bob Seuring
3. Directors Compensation
4. Status/Compensation: Tim Storey
5. Nevada Interpleader Action - Bill Ellis
6. Stamp Litigation - Margaret Cotter
7. Real Estate Candidate Search

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Exhibit 7

Exhibit 7

From: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Sent: Tuesday, May 19, 2015 6:08 PM
To: Margaret Cotter; James Cotter Jr; Kane (elkane@sanix.com);
dmcaascherm@deloitte.com; Tim Storey; Gay Adams; wgould@troygould.com
Cc: William Ellis
Subject: Agenda - Board of Directors Meeting - May 21, 2015

Dear All: Below is the agenda for Thursday's Meeting of the Board of Directors. Please note that Bill Gould asked that the Meeting begin at 11:15am.

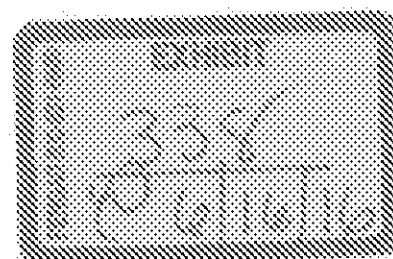
Reading International, Inc.

Meeting of the Board of Directors

May 21, 2015 ~ 11:15am

1. Status of President and CFO
2. Directors' Compensation
3. Tim Storey's Compensation
4. Nevada Interpleader Action
5. Proposed By-Law Amendments
6. Status of Craig Tompkins and Robert Smerling
7. Status of Ellen Cotter and Margaret Cotter
8. Director of Real Estate Candidate Search
9. Storey Litigation Update
10. Review of Operations

Chairperson of the Board
Ellen M. Cotter



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Exhibit 8

Exhibit 8

Message

From: Tim Storey [tim.storey@prolex.co.nz]
Sent: 5/20/2015 4:45:47 AM
To: 'William David Gould' [wgould@troygould.com]
Subject: FW: Thursday board meeting
Flag: Follow up

Can we discuss - a draft response below

Ed – good to hear directly from you.

I am not sure how to respond to this.

But in any event I don't understand the import of your comments here - they suggest Margaret and Ellen's view is determinative of the issues. In my analysis, the view of the shareholder/s is immaterial to the matters before the board. Each director and the board needs to act in the best interests of the company etc – as I have said, a different concept to your apparent view that we should act as directed by a shareholder or as what we think a shareholder might desire (and again as previously noted, noting even the issue of who the shareholder is, is yet to be clarified!)

My concern is we need to act appropriately from a procedural point of view – see my earlier email. If we act inappropriately, that is not cured by any steps I may be able to take subsequently as you suggest. Just to do as the Chair may ask is not an appropriate response.

And for the record, I am only assuming the matter before us is a resolution to immediately remove the CEO – that isn't clear from the agenda, or any direct comment made to me by any party.

Tim Storey
Director

Prolex Advisory

PO Box 2974 Shortland Street, Auckland
Phone +64(0)21 633-089

From: Kane [mailto:elkane@san.rr.com]
Sent: Wednesday, 20 May 2015 3:40 p.m.
To: Tim Storey

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Cc: Adams Guy; Cotter Ellen; Cotter Margaret; Cotter Jr. James; McEachern Doug (US - Retired); Gould Bill
Subject: Re: Thursday board meeting

Tim, I respect your concerns. However, we have heard from Nevada counsel via their memos and I assume that appropriate counsel will be present at the Board meeting called by the Chairperson. We owe her the duty and respect to attend the meeting she has called for the purposes set out in her agenda. I see no purpose in holding a pre-meeting to discuss what is already on her agenda. If, after the meeting, you feel another so-called "independent committee" meeting is advisable you can suggest this at the end of the meeting called by Ellen. From my perspective a pre meeting can only exacerbate the tensions now felt by all and can only rehash what will be discussed at the Chairperson's meeting. You well know what we will be discussing/debating so let's move forward as requested by the Chairperson. We owe her that.

From: Tim Storey
Sent: Tuesday, May 19, 2015 12:29 PM
To: Kane ; Gould Bill
Cc: Adams Guy ; Cotter Ellen ; Cotter Margaret ; Cotter Jr. James ; McEachern Doug (US - Retired)
Subject: RE: Thursday board meeting

My apologies for my delay in response – I have been travelling. (And my apologies in advance for a lengthy comment!) I am surprised by the tone and possible implications of this email. I think we need to take time to carefully consider the legal position and our clear duties as directors.

My understanding was that this Thursday we were to have a meeting of the independent directors to hear from the CEO as to progress, and also from each of the Cotters separately so they can express their views to us (I am not sure in what capacity/on what basis this is being done, but I have no objection to hearing from people). I was also to make some comments, as requested when I was appointed to the independent committee (and following on from my prior comments and my brief emails reporting progress). All this to keep the independent board members informed as to the current position, and perhaps/likely in preparation for a further review of the position.

But I have heard from Bill Gould that it may be that someone will propose a resolution on Thursday morning that the CEO be removed from office with immediate effect. I have just seen an agenda for the meeting - while preparing this note at about 1130 am – and that simply has an agenda item captioned "Status of CEO and President"), otherwise I have not heard directly from anyone in this regard.

With respect, I think as directors we need to ensure we are acting in an appropriate manner, following an appropriate path. I have no doubt whatever way all this turns out litigation will likely ensure so we should be very concerned about the manner in which we act.

As directors, we have to act properly – with deliberation and reason – we can't act arbitrarily, capriciously etc. You will recall we also resolved/reconfirmed some months ago that we would all act in accord with best governance principles. All this imposes duties on us as directors; as directors we can't just do what a shareholder asks – or do what we think a shareholder might want (not to mention that at the moment there remains significant uncertainty as to the (ultimate) identity of some shareholders).

If we are to look at the position of the CEO and whether he should be removed, then we should do so properly – with proper notice, having determined the basis on which we are conducting this review (presumably based on his performance to date as CEO) and following due enquiry. We should also take into account the implications for the company – and that I think would include a clear view as to an alternative way forward.

We also need to look at the proper way to conduct this review. My recollection is that we have previously resolved that the removal of any Cotter needs to be approved by a majority of the independent directors, so presumably this may not be a full board issue.

I think the issue may be further complicated as when we talked to the CEO in April (I think) we advised the CEO we all agreed that the committee approach was short term and said that we would look to review his progress as CEO in June and at which point we would evaluate how he and the company were performing, and what other steps may need to be taken.

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In my view, we need to get our procedure correct. This is a separate issue to the merits of a decision before us. We should be clear between us as to the proper procedure – [REDACTED]

This is a matter of urgency; I for one don't want to take part in a kangaroo court (or what might appear to be a kangaroo court).

To be clear, my concern here is we act with appropriate procedure. The merits of the matter (whether the CEO should be removed, I assume) are a separate issue to be considered with care – and one concluded following an appropriate procedure.

Of course, I am not a US native so perhaps some of my views may be off key – perhaps Bill Gould as an experienced US corporate and board adviser can comment!

Happy to discuss.

Tim Storey
Director

Prolex Advisory

PO Box 2974 Shortland Street, Auckland
Phone +64(0)21 633-089

From: Kane [<mailto:elkane@san.rr.com>]

Sent: Tuesday, 19 May 2015 7:24 a.m.

To: Gould Bill

Cc: Adams Guy; Cotter Ellen; Cotter Margaret; Cotter Jr. James; McEachern Doug (US - Retired); Tim Storey

Subject: Thursday board meeting

As a follow-up to yesterday's phone conversation, I strongly suggest that the "independent" committee not meet before the 11:00 AM Board meeting scheduled by the Chairperson. We are all fully aware of the topics to be discussed and there is nothing to be gained by hashing them over before the Board meeting and then again at the Board meeting. Some of the items are obviously contentious and nothing can be gained by double exposure. We are all adults – I assume – so let's get right to the major issues. If, after the formal Board meeting, you feel we should have a meeting of the "independents" I will not be opposed to staying and discussing topics of your choosing.

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Exhibit 9

Exhibit 9



**Minutes of the
Meeting of the Board of Directors
of
Reading International, Inc.**

May 21, 2015

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held in the Company's offices in Los Angeles on May 21, 2015 at approximately 11:15 a.m. (Los Angeles time).

Present were Ellen M. Cotter, Chairperson of the Board, and Board members Margaret Cotter, Vice Chairperson, James J. Cotter, Jr., William D. Gould, Edward L. Kane, Doug McEachern, Tim Storey and Guy Adams.

In attendance at the invitation of the directors were William D. Ellis, Company Secretary and General Counsel, and Craig Tompkins. Also in attendance at the request of the Chairperson were Company counsel, Gary McLaughlin and Frank Reddick, of Akin Gump Strauss Hauer & Feld, LLP. On behalf of James J. Cotter, Jr., Mark Krum of Lewis Roca Rothgerber LLP was also present.

In advance of the meeting, the Chairperson had distributed to each of the directors a notice of the meeting and an agenda. In addition, Neal Brockmeyer, counsel for the independent directors, had reported to each of the independent directors as to a telephone conversation he had on May 20, 2015 with Mr. Krum, who had informed Mr. Brockmeyer that if the Board took action at its meeting on May 21, 2015 to terminate Mr. James Cotter's employment with the Company, he would file a lawsuit in Nevada court against the directors personally based on an alleged breach of fiduciary duty of care and duty of loyalty. Further, on May 19, 2015, Mr. James Cotter had requested the Chairperson to place on the agenda of this meeting the following matters: (x) a report by him on a Review of the Company's Operations and the search for a Director of Real Estate, (y) employment agreements for Ms. Ellen Cotter and Ms. Margaret Cotter and (z) his request that the Company repurchase 100,000 shares of Class A non-voting stock owned by him.

Call to Order

Ms. Ellen Cotter, Chairperson of the Board, called the meeting to order at approximately 11:15 a.m. (Los Angeles time) and did a roll call of the attendees. Ms. Ellen Cotter acted as recording secretary for the meeting and took these minutes.

Presence of Attorneys

Prior to moving to the agenda, the Board took up the question of whether counsel from Lewis Roca Rothgerber and Akin Gump Strauss Hauer & Feld should participate in the meeting. The Chairperson informed the board that non-board members are entitled to attend the meeting only at the invitation of the Board and that Mr. Krum did not represent the Company and had indicated an intention to file a lawsuit on behalf of Mr. James Cotter against each of the other directors. Following discussion, Mr. Adams made a motion, seconded by Mr. Kane, that Mr. Krum be requested to leave the meeting. Upon a vote of 7-1, with Mr. Cotter voting against, the motion was approved.

The Board then discussed whether it was appropriate for Messrs. Reddick and McLaughlin to be present at the Meeting. The Chairperson stated that Akin Gump Strauss Hauer & Feld had been engaged by the Company on employment and certain other matters for over ten years and Messrs. Reddick and McLaughlin were present at her request. Following discussion, Mr. McEachern made a motion, seconded by Mr. Kane, to invite Messrs. Reddick and McLaughlin to attend the meeting. By a vote of 5-3, with Messrs. Cotter, Storey and Gould voting against, the motion was adopted.

Mr. Krum then addressed the Board stating that, in his opinion, the Board had not engaged in an adequate process in order to make a determination to terminate Mr. Cotter as Chief Executive Officer and that Messrs. Adams and Kane were not disinterested directors. Redacted

Redacted

Review of Operations

Ms. Ellen Cotter then stated that she would like take up the last item on the agenda, Mr. Cotter's report on operations, out of order as the first order of business. Mr. Cotter stated that he was not prepared to make a presentation on the Company's operations but instead would like to address the Board on his performance as Chief Executive Officer and the reasons he believed it appropriate that he continue in that role. Mr. Cotter then proceeded to speak to the Board at length about his position of President and Chief Executive Officer of the Company. He told the Board that he firmly believed that his father, James J. Cotter, Sr., the Company's former Chairman and Chief Executive Officer, had intended for him to have this role and his continuation as Chief Executive Officer would be consistent with his father's wishes. He also took issue with the independence of Mr. Kane and Mr. Adams and repeated the statements his counsel had addressed to the Board urging that they be disqualified from voting with respect to any action to terminate him as Chief Executive Officer.

The Board then proceeded to discuss at length the performance of Mr. Cotter as Chief Executive Officer and President of the Company since he was appointed in August 7, 2014.

For over the next two hours the Board discussed Mr. James Cotter's performance as Chief Executive Officer. Messrs. Adams and Kane and Madams Ellen Cotter and Margaret Cotter each stated that it would be in the best interests of the Company and its shareholders that the Board conduct a search for a qualified chief executive officer and that Mr. Cotter be relieved of his positions as Chief Executive Officer and President of the Corporation and reviewed the reasons underlying this assessment. As part of that discussion, it was noted that the independent directors had met numerous times to discuss this matter and Mr. Cotter's progress in this role. Messrs. Adams and Kane and Madams Ellen Cotter and Margaret Cotter reviewed their assessment of deficiencies that they observed in Mr. Cotter's leadership, understanding of the Company's business, temperament, managerial skills, decision-making and other attributes in the role of Chief Executive Officer. Messrs. Gould and Storey expressed their views on Mr. Cotter's performance and their conclusion that a decision to make a change in this position would not be in the best interests of the Company at this time.

At approximately 2:00 p.m. (Los Angeles time), Messrs. Gould, Kane, McEachern, Storey and Adams suggested that they continue the discussion in executive session and Ms. Ellen Cotter, Ms. Margaret Cotter, and Messrs. James Cotter, Ellis, Tompkins, McLaughlin and Reddick left the meeting.

Independent Directors Session

Messrs. Gould, Kane, McEachern, Storey and Adams continued in executive session for the next two hours during which time they continued their review of Mr. James Cotter's performance and the course of action that would be in the best interests of the Company.

Resumption of the Meeting with the Full Board

At approximately 4:00 p.m. (Los Angeles time), Ms. Ellen Cotter, Ms. Margaret Cotter, and Mr. James Cotter rejoined the meeting.

After much further discussion amongst Board members, Mr. Gould suggested that Mr. Cotter continue as President of the Company and the Board commence a search for a new Chief Executive Officer. Mr. Cotter twice refused to continue in the role of President under a new Chief Executive Officer.

After much further discussion, the Board determined to take no action at this meeting with respect to Mr. Cotter's position as Chief Executive Officer and President of the Company and that the Board would reconvene the meeting on May 29, 2015 to continue its deliberations. In the interim, the Directors would be provided the opportunity to reflect on the discussion during the meeting and Mr. Cotter indicated that he would give further consideration to continuing in the role of President of the Company under the leadership of a new Chief Executive Officer. At the request of the Board, Mr. Cotter agreed to maintain during the upcoming week a "low profile," to not take any significant corporate action and take some time out of the office.

Independent Director Compensation

The Board then discussed the inordinate amount of director time that had been spent addressing the management and personnel issues at the Company.

A motion was made by Mr. McEachern and seconded by Mr. Storey that each of the directors who are not employed by the Company or members of the Cotter family, receive a one-time bonus of \$25,000 in recognition of the significant additional time required addressing these matters. Upon motion duly made, seconded and unanimously adopted, the Board approved such one-time bonus.

Ms. Ellen Cotter then adjourned the Meeting at approximately 5:00 p.m., to be reconvened on May 29, 2015 at 10:00 a.m. (Los Angeles time) at the Company's Los Angeles offices.

Ellen M. Cotter, Chairperson, Recording Secretary

Exhibit 10

Exhibit 10

1 DISTRICT COURT
2 CLARK COUNTY, NEVADA
3 JAMES J. COTTER, JR.)
4 individually and derivatively)
5 on behalf of Reading)
6 International, Inc.,)
7 Plaintiff,)
8 vs. Index No. A-15-179860-B)
9 MARGARET COTTER, ELLEN)
10 COTTER, GUY ADAMS, EDWARD)
11 KANE, DOUGLAS WILLIAM GOULD,)
12 and DOES 1 through 100,)
13 inclusive,)
14 Defendants.)
15 -----)
16 READING INTERNATIONAL, INC.,)
17 a Nevada corporation,)
18 Nominal Defendant.)
19 -----)
20
21
22
23
24 VIDEOTAPED DEPOSITION OF MARGARET COTTER
25 New York, New York
Wednesday, June 15, 2016
Reported by:
MICHELLE COX
JOB NO. 316939

1 Q These were the -- this was the revised
2 papers that followed the prior board meeting
3 at, which, on a telephone call -- strike that.

4 I don't need to talk to you about that.
5 I'll just show you something and ask you a
6 question.

7 MR. KRUM: I'll ask the court reporter to
8 mark as Exhibit 321, a document bearing
9 Production Nos. JCOTTER2362 through '68.

10 For the purposes of your examination, all
11 but the first page are what I believe
12 Ms. Cotter previously described as the first
13 such document.

14 Q And for your benefit, Ms. Cotter, all I
15 intend to do with this is to make sure that I
16 have shown you both documents so that you've
17 identified them.

18 So, go ahead.

19 (Deposition Exhibit 322, E-mail dated May
20 27, 2015 from Harry Susman to Adam Streisand
21 with Attachment, marked for identification as
22 of this date.)

23 Q Ms. Cotter, do you recognize Exhibit 322?

24 A Yes.

25 Q Is this the document that you and Ellen

1 and Jim Cotter, Jr. discussed when the three of
2 you met on Friday, the 29th of May, between a
3 supposed board meeting that convened late
4 morning, early afternoon, and supposed
5 reconvened telephonic board meeting about
6 6:00 p.m. that night?

7 A This document reflects the terms that we
8 discussed and agreed to on -- I can't remember
9 that date, Friday.

10 Q Friday the 29th of May before the Memorial
11 Day weekend; is that it?

12 A No.

13 Q It was a Friday; you remember that?

14 A Yes, but this document is from May 27th.
15 So it was prior to May 27th.

16 Q Well, do you recall that the initial board
17 meeting at which the subject of the termination
18 of Jim Cotter, Jr. was raised, occurred on or
19 about May 21?

20 A The first board meeting?

21 Q Right.

22 A Yes.

23 Q And that you recall that the second board
24 meeting, or supposed board meeting, I should
25 say, occurred on a Friday and convened,

1 supposedly and adjourned, and then reconvened
2 telephonically?

3 A The same day.

4 Q The same day, right.

5 A Yeah.

6 Q And my question to you: Is Exhibit 322
7 the document to which -- I think you've just
8 said this, but let me ask the question.

9 Is Exhibit 322 the document to which you
10 understood you and Ellen and Jim had agreed?

11 A Yes, this document, Exhibit 322, replaced
12 the terms that the three of us collectively
13 decided.

14 Q Okay. And this was what was purported
15 to -- the other members of RDI board of
16 directors on the telephone call that convened
17 at or about 6:00 o'clock that Friday evening;
18 is that right?

19 A That's correct.

20 Q All I'm trying to do is get the documents
21 identified correctly.

22 MR. KRUM: Okay. So we're at 323 now?

23 THE COURT REPORTER: Yes.

24 MR. KRUM: I'll ask the court reporter to
25 mark as 323 a document that purports to be a

1 C E R T I F I C A T E

2 STATE OF NEW YORK)

3 :ss

4 COUNTY OF NEW YORK)

5

6 I, MICHELLE COX, a Notary Public within
7 and for the State of New York, do hereby
8 certify:

9 That MARGARET COTTER, the witness whose
10 deposition is hereinbefore set forth, was duly
11 sworn by me and that such deposition is a true
12 record of the testimony given by the witness.

13 I further certify that I am not related to
14 any of the parties to this action by blood or
15 marriage, and that I am in no way interested in
16 the outcome of this matter.

17 IN WITNESS WHEREOF, I have hereunto set my
18 hand this 27th day of June 2016.

19

20

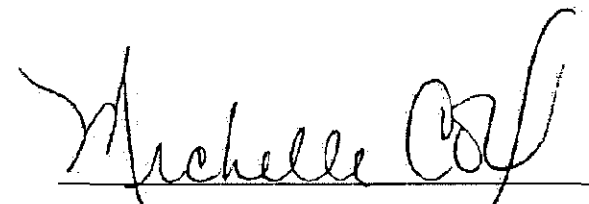
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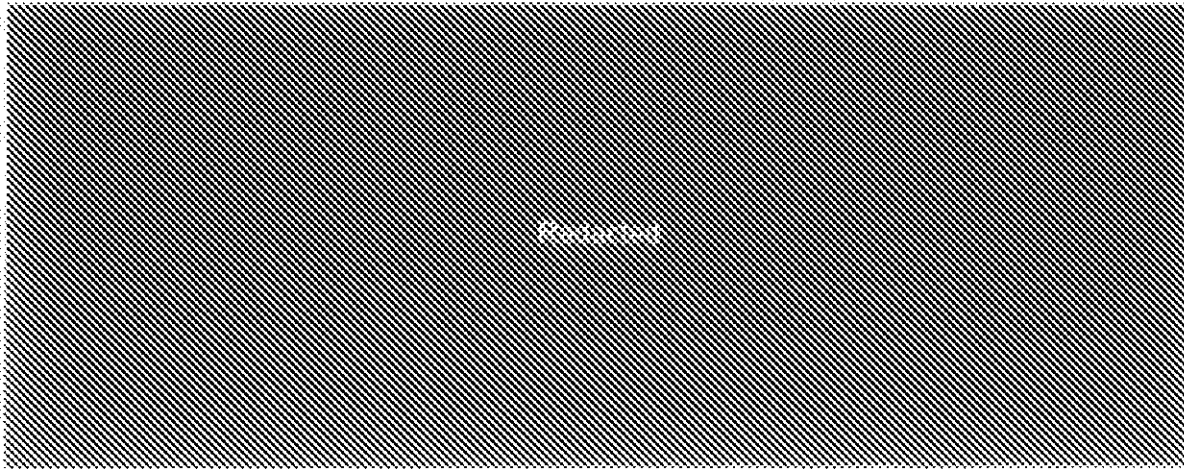
25



MICHELLE COX, CLR

Exhibit 11

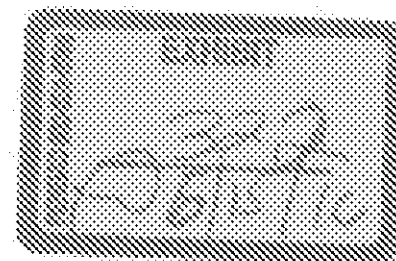
Exhibit 11



From: Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
Sent: Wednesday, May 27, 2015 2:39 PM
To: Adam Stresand
Cc: Peg Lodge
Subject: Confidential Settlement Proposal--Subject to R. 400

Adam: Attached is the proposal that I mentioned on the phone.

Attention: This message is sent by a law firm and may contain information that is privileged or confidential. If you received this transmission in error, please notify the sender by reply e-mail and delete the message and any attachments.



JCOTTER002302

Confidential Settlement Memo of Understanding

The following is intended to be used as a part of confidential and "without prejudice" settlement negotiations between Ellen Cotter and Margaret Cotter, on the one hand, and James J. Cotter, Jr. ("JC") on the other hand. It is provided under the understanding that the contents hereof are confidential and not to be used in any litigation or other proceeding.

The proposal outlined below sets forth the basis on which Ellen Cotter ("EMC") and Margaret Cotter ("AMC") would be willing to proceed towards a negotiated settlement, but, with respect to the items related to the Company's management structure only, is subject to the ultimate approval of the independent directors, in the exercise of their fiduciary duties and obligations. Nothing herein is intended to interfere with the appropriate exercise by the directors of their fiduciary duties and obligations.

If these terms are acceptable to JC, then JC should sign below to indicate his agreement. AMC and EMC will do the same. By signing below, the parties agree that the terms of this Understanding represent a binding agreement, subject to approval by the independent directors of the RDI management structure and necessary court approval. However, the parties acknowledge that their agreement will be memorialized in a more formal document, and the parties agree to work diligently and good faith to prepare all required documentation that reflects the terms of this Understanding. The initial draft of such documentation will be prepared by counsel to Ellen Cotter and Margaret Cotter.

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JC, EMC & AMC would cooperate in good faith in the implementation of this changes)	<p>JC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below:</p> <p><i>Executive Committee Structure</i></p> <p>The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows:</p> <ul style="list-style-type: none"> • Members: EMC, AMC, JC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: <ul style="list-style-type: none"> (i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of \$1 million; and (iii) Review and approval of annual Budget and Business Plan. <p>Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would</p>

	<p>endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO.</p> <p>Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC.</p> <p>The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as IR.</p> <p>EMC will be appointed President of the USA Cinema division.</p> <p>Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JC, AMC, SCT and WE).</p> <p>It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.</p>
Reading Voting Stock -- Class B	<p>JC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee.</p> <p>Margaret Cotter will be the Sole Voting Trustee of the Voting Stock.</p> <p>JC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation; JC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JC wish to serve as Chair.</p>
Immediate Release and Waiver signed by JC with respect to all litigation, including any matters covered by the specified litigation	<ol style="list-style-type: none"> 1. California Superior Court case 2. Nevada case filed by JC 3. All threats against Directors 4. All threats of Company Derivative Action 5. Agreement that Reading International, Inc. can drop the Interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option 6. JC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company
2014 Trust Amendment	<p>Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.</p>
Trustees of the Living Trust	<p>JC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive.</p>
Specific Bequests	<p>Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.</p>

Ownership of Agriculture Assets	Cotter Family Farms, LLC Agreement amended <ul style="list-style-type: none"> Majority rule for decision-making by Co-Managers; Remove restrictions on distributions or sale of assets; JJC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JJC.
JJC's "Lead Director" Agreement with Cecelia -- \$200,000 per annum	JJC's "Lead director" Agreement will be voided. JJC will relinquish any remaining rights in such Agreement.
\$1.5 million Loan	As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JJC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will be reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable.
Release by EMC and AMC	EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the \$1.5 million loan (in which case the parties will work to carve out such claims).
2014 Gifts	JJC delivers EMC check for \$28,000.
James J. Cotter Foundation	AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.

AGREED:

James J. Cotter, Jr. (individually and in all representative capacities)

Blair Cotter (individually and in all representative capacities)

Margaret Cotter (individual and in all representative capacities)

Verif. sup. 12/27/2015 1:53 PM COT

JCOTTER0012388

040
001690

Exhibit 12

Exhibit 12

From: Margaret Cotter <margaret.cotter@readingrdi.com>
Sent: Tuesday, June 09, 2015 3:22 AM
To: amcotter1@aol.com
Subject: Fed: Confidential- For Settlement

Sent from my iPhone

Begin forwarded message:

From: Margaret Cotter <margaret.cotter@readingrdi.com>
Date: June 8, 2015 at 11:20:04 PM EDT
To: James Cotter JR <james.j.cotter@readingrdi.com>
Cc: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Subject: Re: Confidential- For Settlement

I object. I will notify the board that you are unwillingly to take our offer despite your acceptance to most of it last week.

Sent from my iPhone

On Jun 8, 2015, at 11:14 PM, James Cotter JR <james.j.cotter@readingrdi.com> wrote:

I cannot agree to your latest take-it or leave-it global settlement proposal for a number of reasons. However, I remain willing to promptly follow through on a formal settlement process to attempt to resolve all of our family disputes. In the meantime, I remain agreeable to a complete standstill that would bring a halt to all litigation activities and all boardroom or other Reading related threats and posturing. I am agreeable to any reasonable steps to implement a complete standstill and promptly follow through on the best settlement process we can employ. What objection do either of you have to proceeding in this matter?

From: James Cotter JR
Sent: Friday, June 05, 2015 2:17 PM
To: Ellen Cotter; Margaret Cotter
Subject: Confidential- For Settlement

My plan is to have response Monday.

Regards,

Jim

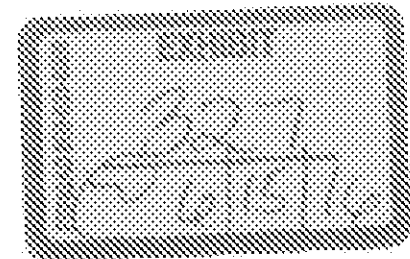


Exhibit 13

Exhibit 13

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,)	
individually and)	
derivatively on behalf of))	
Reading International,)	
Inc.,)	
)	Case No. A-15-719860-B
Plaintiff,)	
)	Coordinated with:
vs.)	
)	Case No. P-14-082942-E
MARGARET COTTER, et al.,)	
)	
Defendants.)	
and)	
)	
READING INTERNATIONAL,)	
INC., a Nevada)	
corporation,)	
)	
Nominal Defendant))	
)	

VIDEOTAPED DEPOSITION OF MARGARET COTTER
TAKEN ON MAY 12, 2016
VOLUME I

REPORTED BY:
PATRICIA L. HUBBARD, CSR #3400

1 A. That's correct.

2 Q. Okay. At any point in time in the time
3 frame of January 1st, 2015, through June 12, 2015,
4 was it your desire to sign an agreement with Edifice
5 before someone was hired for the position of
6 director of real estate at RDI?

7 A. I can't answer that question. I don't
8 recall.

9 Q. At any point in that time frame did it
10 ever occur to you that if a person was hired for the
11 position of director of real estate at RDI, they
12 would by virtue of having that position weigh in on
13 whether to sign a contract with Edifice?

14 A. I don't know if I was thinking about
15 that.

16 Q. Okay. What's your best recollection as
17 to why you said what you said in this May 28 email
18 that before hiring anyone, you think we need to get
19 Edifice's agreement signed?

20 A. I believe I testified I don't recall
21 what I was thinking when I wrote this.

22 Q. Okay. Let's look at the first page of
23 Exhibit 156.

24 You see at the bottom of the first page
25 there's an email response from your brother to your

1 email that we just discussed. In fact, this is one
2 at which we've looked previously.

3 A. Right. Right.

4 Q. Okay. So then let's go to your email
5 reply in the middle of the first page of
6 Exhibit 156. It's the one dated June 4, 2015, time
7 stamped 11:11 A.M. It reads as follows, quote,

8 "Frankly, I would be more concerned
9 about yourself and getting your
10 position squared away than dealing
11 with another employee. I think
12 your priorities are a little
13 skewed. What is the status of the
14 paperwork we sent to you
15 yesterday," close quote.

16 Do you see that?

17 A. Yes.

18 Q. To what were you referring, Ms. Cotter,
19 when you said to your brother that he should be --
20 that if you were him, you would be more concerned
21 about getting your position squared away?

22 A. I believe he was already told by the
23 board that he would be terminated.

24 Q. And to what were you referring in the
25 last sentence when you said,

1 "What is the status of the
2 paperwork we sent to you
3 yesterday?"

4 A. It was the revised settlement.

5 Q. Meaning the revised settlement agreement
6 that Sussman sent to Streisand?

7 A. That's correct.

8 Q. And so was the point of this your
9 telling your brother that he needed to finalize the
10 settlement paperwork or he would be terminated --

11 MR. SEARCY: Objection.

12 BY MR. KRUM:

13 Q. -- and that he should be focused on --
14 let me finish.

15 Okay. Was the point of this email to
16 tell your brother he should be focused on completing
17 a settlement and preserving his job rather than hire
18 another employee?

19 MR. SEARCY: Objection. Misstates the
20 testimony, lacks foundation, is argumentative.

21 THE WITNESS: Can you repeat the
22 question.

23 BY MR. KRUM:

24 Q. Sure.

25 MR. KRUM: Actually I'll have the court

1 reporter read it back for you.

2 THE WITNESS: Okay.

3 (Whereupon the question was read
4 as follows:

5 "Question: Was the point of this
6 email to tell your brother he
7 should be focused on completing a
8 settlement and preserving his job
9 rather than hire another
10 employee?"

11 MR. SEARCY: Objection. Argumentative,
12 vague, lacks foundation.

13 THE WITNESS: No.

14 BY MR. KRUM:

15 Q. What was the point?

16 A. To focus on himself and -- to focus on
17 himself and try and save his job.

18 Q. By doing what?

19 MR. SEARCY: Objection. Vague, plus
20 argumentative.

21 MR. KRUM: It's actually an open-ended
22 question.

23 BY MR. KRUM:

24 Q. But go ahead, Ms. Cotter?

25 A. I don't put by doing what in here.

1 MR. SEARCY: So, Mark, if you're close
2 to finishing, it's about 6:22 right now.

3 MR. KRUM: Yeah. We should finish up by
4 6:30 if not before.

5 BY MR. KRUM:

6 Q. Ms. Cotter, directing your attention to
7 your testimony of a moment ago to the effect that
8 your brother already had been told by the board that
9 he would be terminated, do you have that in mind?

10 A. Do I have my statement in mind?

11 Q. Yeah. I just want to direct your
12 attention to that.

13 A. Yes.

14 Q. And what was it you understood your
15 brother needed to do, if anything, as of June 4,
16 2015, to avoid being terminated?

17 A. I believe at that point there was a --
18 we had collectively agreed that we would resolve
19 this dispute and the lawyers put together a
20 settlement.

21 We told the board that we resolved it
22 and that we're going to put it in the hands of the
23 lawyers. And we revised the settlement.

24 I don't know if it was -- I don't know
25 if we revised it because my brother asked for

1 additional things or if we just decided to throw in,
2 you know, additional elements of the settlement, but
3 that's where we were on June 4th.

4 Q. When you refer to "this dispute," you're
5 referring to the trust disputes?

6 MR. SEARCY: Objection. Vague.

7 BY MR. KRUM:

8 Q. Well, let me ask an open-ended question.

9 In your last response you referred to
10 resolving this dispute.

11 To what were you referring when you said
12 "this dispute"?

13 A. There were elements of the trust dispute
14 and there were also some terms regarding going
15 forward in the company in the settlement.

16 Q. So what had transpired is that at a
17 reconvened -- a supposed reconvened telephonic board
18 meeting, Ellen reported that you and Ellen had
19 reached a resolution with your brother and that the
20 lawyers were going to prepare the paperwork; is that
21 correct?

22 MR. SEARCY: Objection. Vague.

23 THE WITNESS: Which -- when are you
24 referring to?

25 ///

1 BY MR. KRUM:

2 Q. Okay. Do you recall that there was a
3 Friday where there was a board meeting that convened
4 in the morning or early afternoon and that that
5 supposed board meeting adjourned and supposedly
6 reconvened in a telephonic meeting at about
7 6 o'clock in the evening?

8 A. That's correct.

9 Q. And do you recall that on the
10 telephonic -- or on the telephone call, Ellen
11 reported that a tentative agreement had been struck
12 by you and her on one hand and by your brother on
13 the other?

14 A. I don't know if she said "tentative."

15 Q. Okay. Do you recall that she reported
16 that an agreement had been reached?

17 A. Yes.

18 Q. And the agreement was between you and
19 her on one hand and your brother on the other hand?

20 A. Yes.

21 Q. And that in Exhibit 156, when you asked
22 your brother, quote, "What is the status of the
23 paperwork we sent you yesterday," close quote,
24 you're referring to the paperwork that Sussman sent
25 to Streisand about the agreement that Ellen had

1 reported during the 6:00 P.M. telephone call we just
2 discussed, right?

3 MR. SEARCY: Objection. Vague, lacks
4 foundation.

5 THE WITNESS: No.

6 BY MR. KRUM:

7 Q. Okay. To what are you referring, then?

8 A. This is the revised settlement. This
9 was not -- this settlement offer that I'm referring
10 to in this email was not the settlement that my
11 sister was referring to on that telephonic board
12 meeting.

13 Q. Okay.

14 MR. SEARCY: So, Mr. Krum, I can tell by
15 the way my witness is slouching in her seat that
16 we're reaching the end here.

17 MR. KRUM: We'll be there in a minute.

18 BY MR. KRUM:

19 Q. So, that settlement -- that
20 documentation was not accepted by your brother,
21 correct?

22 MR. SEARCY: Objection. Vague.

23 MR. FERRARIO: Obviously. We're here.

24 THE WITNESS: That's correct.

25 ///

1 BY MR. KRUM:

2 Q. And then -- and then he was terminated
3 after that, right?

4 MR. SEARCY: Objection. Vague, lacks
5 foundation.

6 THE WITNESS: My brother was terminated
7 on June 12th.

8 MR. KRUM: Okay. So let's adjourn for
9 the day.

10 VIDEOTAPE OPERATOR: This concludes the
11 deposition of Margaret Cotter, volume one, May 12,
12 2016, which consists of four media files.

13 The original media files will be
14 retained by Hutchings Litigation Services.

15 Off the video record at 6:30 P.M.

16

17 (Whereupon at 6:30 P.M. the
18 deposition proceedings were
19 continued to May 13, 2016 at
20 9:00 A.M.)

21 * * *

22

23

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25

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

That I am a duly qualified Certified
Shorthand Reporter in and for the State of California,
holder of Certificate Number 3400, which is in full
force and effect, and that I am authorized to
administer oaths and affirmations;

That the foregoing deposition testimony of
the herein named witness, to wit, MARGARET COTTER, was
taken before me at the time and place herein set
forth;

That prior to being examined, MARGARET
COTTER was duly sworn or affirmed by me to testify the
truth, the whole truth, and nothing but the truth;

That the testimony of the witness and all
objections made at the time of examination were
recorded stenographically by me and were thereafter
transcribed by me or under my direction and
supervision;

1 That the foregoing pages contain a full,
2 true and accurate record of the proceedings and
3 testimony to the best of my skill and ability;

4
5 I further certify that I am not a relative
6 or employee or attorney or counsel of any of the
7 parties, nor am I a relative or employee of such
8 attorney or counsel, nor am I financially interested
9 in the outcome of this action.

10
11 IN WITNESS WHEREOF, I have subscribed my
12 name this 16th day of May, 2016.

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14 

15 PATRICIA L. HUBBARD, CSR #3400
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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,)	
individually and)	
derivatively on behalf of))	
Reading International,)	
Inc.,)	
)	Case No. A-15-719860-B
Plaintiff,)	
)	Coordinated with:
vs.)	
)	Case No. P-14-082942-E
MARGARET COTTER, et al.,)	
)	
Defendants.)	
and)	
)	
READING INTERNATIONAL,)	
INC., a Nevada)	
corporation,)	
)	
Nominal Defendant))	
)	

VIDEOTAPED DEPOSITION OF MARGARET COTTER
TAKEN ON MAY 13, 2016
VOLUME II

REPORTED BY:
PATRICIA L. HUBBARD, CSR #3400

1 suggestion by one of the directors, Bill Gould might
2 have said, "Jim, how about we keep you as president
3 and we get a new C.E.O.?"

4 And I then said, "Jim, and then you can
5 get your training over the next five years and gain
6 more experience and possibly you become C.E.O. in
7 another five years."

8 And I remember my brother thanked
9 everyone and said he'll think about it.

10 Q. That's your recollection as to how that
11 meeting ended?

12 A. Yes.

13 Q. And then the next meeting occurred how
14 much later?

15 A. I don't recall the date or how far it
16 was. But I believe at that meeting that there was
17 more discussion on his termination and the reasons
18 why.

19 And there came a time when there was
20 a -- a discussion about possibly ending it all,
21 meaning we would end the trust litigation, we would
22 end, you know, our disputes within the company.

23 And we dismissed the non-Cotters at some
24 point, and my brother, I and my sister sat in a room
25 and we talked about the company, working together.

1 We talked about the -- the trust dispute that we
2 had.

3 And we -- I mean I think this was going
4 on for like three or four hours.

5 And we reached a settlement that we all
6 agreed upon. We called the board back -- or the
7 board told us that we would reconvene at 6:00. And
8 at 6 o'clock we told the board that we all reached
9 an agreement.

10 And the board congratulated us and said
11 let's move forward.

12 **Q. And then what happened?**

13 A. I think that our -- my lawyer, my
14 sister's lawyer and I -- mine, our trust attorney
15 put together a settlement offer that -- that we had
16 given him in writing saying this is what we all
17 decided.

18 He put it -- he put together an
19 agreement, and he forwarded it over to my brother's
20 attorney, to his trust attorney.

21 **Q. Sussman to Streisand, yours to his?**

22 A. Sussman to Streisand, correct.

23 **Q. I'm sorry. Please continue.**

24 A. And I don't -- I don't know what
25 happened with that settlement, but then there was a

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

That I am a duly qualified Certified
Shorthand Reporter in and for the State of California,
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That the foregoing deposition testimony of
the herein named witness, to wit, MARGARET COTTER, was
taken before me at the time and place herein set
forth;

That prior to being examined, MARGARET
COTTER was duly sworn or affirmed by me to testify the
truth, the whole truth, and nothing but the truth;

That the testimony of the witness and all
objections made at the time of examination were
recorded stenographically by me and were thereafter
transcribed by me or under my direction and
supervision;

1 That the foregoing pages contain a full,
2 true and accurate record of the proceedings and
3 testimony to the best of my skill and ability;
4

5 I further certify that I am not a relative
6 or employee or attorney or counsel of any of the
7 parties, nor am I a relative or employee of such
8 attorney or counsel, nor am I financially interested
9 in the outcome of this action.
10

11 IN WITNESS WHEREOF, I have subscribed my
12 name this 17th day of May, 2016.
13

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16 PATRICIA L. HUBBARD, CSR #3400
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Exhibit 14

Exhibit 14

Message:

From: Margaret Cotter (Margaret Cotter)
Sent: 6/4/2015 6:14:53 PM
To: James Cotter JR
CC: Ellen Cotter
Subject: RE: John Genovese

I told you, give me a call I will articulate over the phone.

From: James Cotter JR
Sent: Thursday, June 04, 2015 2:14 PM
To: Margaret Cotter
Subject: RE: John Genovese

Currently reviewing with lawyers... can you please tell me your thoughts about John?

From: Margaret Cotter
Sent: Thursday, June 04, 2015 11:11 AM
To: James Cotter JR; Ellen Cotter
Subject: RE: John Genovese

Frankly, I would be more concerned about yourself and getting your position squared away than dealing with another employee. I think your priorities are a little skewed. What is the status of the paperwork we sent you yesterday.

From: James Cotter JR
Sent: Thursday, June 04, 2015 1:53 PM
To: Margaret Cotter; Ellen Cotter
Subject: RE: John Genovese
Importance: High

Bill and Dev do not believe Ellen's candidate has experience to oversee our U.S. real estate. I do not believe he does either. Bill and Dev are very impressed with John and believe he should be hired. We have met a lot of candidates and John is by far the best. If the Company waits any longer, we will lose this candidate. You should not view him as a threat to your role or Edifice's role. The decision to wait is not in the Company's best interest, whether I am here or not. This Company needs an experienced real estate developer who has been there and done that. He has long tenure at Macerich and Equity Office. This is a no-brainer. What are your reasons for not wanting to hire John? If he does not work out, we can fire him and lose one year salary. If he works out, we will be able to move all our properties forward at fast pace. You gave me one reason, that of him being arrogant. He has experience in all areas- retail leasing, construction, buying, selling, financing... a full-service real estate guy. I would note that John scored highest on team play on Korn Ferry's test. He is to be viewed as a resource and he fully understands corporate structure here and the mandate to help everyone. There is now a fear of losing John as a candidate. Why he is not the right guy?

I am talking to Korn Ferry this morning and would like both of your input.

EXH 156
DATE 5-12-16
WIT M. Cotter
PATRICIA HUBBARD

RD10047818

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From: Margaret Cotter
Sent: Thursday, May 28, 2015 7:33 PM
To: William Ellis
Cc: James Cotter JR; Ellen Cotter; Dev Ghose; Craig Tompkins
Subject: Re: John Genovese

Bill and team: we are not finished with our search. Ellen has a candidate that she has worked with and spoke to you about. I am not in favor of hiring John for reasons I may have discussed with you personally. If not I will share when I see you. I think this search should and will continue.

Before hiring anyone I think we need to get Edifice's agreement signed. They have a staff of people working on our project and were anticipating getting signed in May.

Sent from my iPhone

On May 28, 2015, at 3:09 PM, William Ellis <William.Ellis@readingrdi.com> wrote:



William D. Ellis
General Counsel
Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045
Phone: (323) 271-1654
Fax: (213) 235-2239

<image001.jpg>

May 27, 2015

Candidate Assessment
Reading International, Inc.
FOR THE POSITION OF:

RD10047819

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Head of Real Estate

John Genovese

President

GENCO Realty Group, LLC

Korn Ferry's Four Dimensions of Leadership

By leveraging the largest set of data on talent — more than 2.5 million assessments — Korn Ferry has insight into the dimensions of talent crucial for executives. The four dimensions include competencies, traits, drivers, and experiences. Taking all four dimensions into account gives your company a holistic view of how each candidate's qualities fit a specific role.

Experiences

Experiences are the roles and assignments that make up a candidate's career history and resume. Examples of experiences include things like managing a turnaround, taking a global assignment, or managing a crisis. Learning from experiences is instrumental to developing readiness for new challenges and roles. Korn Ferry has identified the qualities that make an experience most developmental. Highly developmental assignments are those that take people out of their comfort zone and involve high visibility, a risk of failure, ambiguity, and a broad scope of responsibility.

Traits

Traits are personality characteristics that exert a strong influence on behavior. These include attitudes, such as optimism, and other natural leanings, such as social astuteness. Traits are core to who a person is, but they don't represent a predetermined fate. Depending on the role and context, specific traits may be more or less crucial for success. Korn Ferry has identified 14 key traits for executive candidates.

Competencies

Competencies are the leadership skills that matter most for success in the 21st century. Korn Ferry has identified key competencies related to high performance in executive roles. Examples include situational adaptability and global perspective. These skills enable leaders to make a meaningful impact because they determine how leaders drive results. The unique competency profile generated for this role is based on the nature of the position, the organization, and key requirements.

Drivers

Drivers are the preferences, values, and motivations that influence a person's career aspirations. They lie at the heart of critical questions: What is important to me? What do I find rewarding? Drivers are informed by who a person is, but also by the circumstances or context at any given time. Most importantly, Drivers factor in to culture fit, engagement and performance, as well as talent retention. They operate as a pivot point for all other dimensions (Traits, Competencies, Experiences).

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Summary

John thrives on complex problems, and pursues cutting-edge solutions with intellectual rigor. Candidates like John place an ideal emphasis on working with other people in pursuit of collective goals, sharing credit for accomplishments, and building strong teams. They are passionate and steadfast in the pursuit of ambitious goals despite obstacles or setbacks. In general, John is motivated to integrate work and life in a sustainable, enjoyable, and meaningful way.

Experiences

Experiences comprise career history. They are key roles and assignments such as managing a turnaround, taking a global assignment, or handling a crisis. Korn Ferry has identified the experiences most instrumental to developing a leader's readiness for new challenges and roles. Depending on the industry, function, and level, certain experiences may be more or less crucial for success.

KEY EXPERIENCES FOR JOHN

- External stakeholders (government, lobbies, media, shareholders, unions)
- Financial acumen
- Development Project Depth
- Urban retail asset expertise
- Large scale team Leadership

John tackles complex challenges with an optimal Traits balance of creativity, flexibility and careful analysis. Candidates like John motivate and influence others with an ideal mix of strong interpersonal skills, emotional intelligence, and a focus on relationships. They have tremendous drive, very high expectations, and are not likely to give up easily.

Competencies

John establishes systems that monitor organizational performance and holds others accountable for meeting or exceeding objectives. Candidates like John create a culture that encourages experimentation and learning in order to identify new ideas and opportunities that will drive performance. They build partnerships across functional, cultural, organizational, and global boundaries to connect key people who can help accomplish goals.

Ensures accountability ★

Engages and inspires

Navigates networks

Develops talent

Nimble learning

Cultivates innovation

Aligns execution ★

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Situational adaptability

Courage ★

Global perspective

Strategic vision ★

Financial acumen

Manages ambiguity ★

Balances stakeholders

Persuades

Drivers

John is motivated by a variety of tasks and responsibilities and the flexibility to set a schedule and pace. John is also motivated by the opportunity to work with others on a common goal. An ideal work context would allow for team efforts to be pursued at a sustainable pace. In general, John may be less energized by stability and consistency, and more invigorated when work is unpredictable and ambiguous.

<John Genovese.docx>

RD10047822

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Exhibit 15

Exhibit 15

From: Kane <ekane@san.m.com>
Sent: Thursday, June 11, 2015 1:43 PM
To: Cotter Jr. James

This morning, without the wine I was drinking last night during and after talking with your mother, I'm thinking more about your call to me last night and our conversation. I can see that from your point of view having Guy in on the meetings with your sisters could be a problem and doesn't solve the need to be able to work with them cohesively going forward. If you explain that to them they may be willing to accommodate you.

But, the main question is what are you going to do to accommodate them?

1. For now, I think you have to concede that Margaret will vote the 8 stock. As I said, your dad told me that giving Margaret the vote was his way of "forcing" the three of you to work together. Asking to change that is a nonstarter. Again, you need to compromise your "wants" as they have been willing to do. If you can work together then it becomes a non-issue and eventually your and her kids will have the vote. What's wrong with that?
2. For now you need ASAP to agree on the nominees for the Board going forward. As I told you months ago, changes are necessary and you need some quality people with expertise in fields where it is needed and lacking. You also need to get rid of divisive persons.
3. I do believe that if you give up what you consider "control" for now to work cooperatively with your sisters, you will find that you will have a lot more commonality than you think. You all want the same things: a vibrant growing business. After trust is established you can all go back to where you want to be.
4. I think if you make the proper and needed concessions, they might well relent on having Guy in the meetings as they can easily see there is great animosity between the two of you.
5. Bottom line: recognize you are not dealing from strength right now and be willing to compromise as they are rational and reasonable people who have been hurt and demeaned and you need to help heal the family. Otherwise you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity.
6. I am willing to help but I'd much prefer that you bend a bit and work it out between you to build the trust that is necessary so that you don't lose control of the company, as you presently have.

EXH 304
DATE 6-9-16
WIT Kane
PATRICIA HUBBARD

Exhibit 16

Exhibit 16

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,)
individually and)
derivatively on behalf of)
Reading International,)
Inc.,)
Plaintiff,) Case No. A-15-719860-B
vs.) Coordinated with:
MARGARET COTTER, et al.,) Case No. P-14-082942-E
Defendants.)
and)
READING INTERNATIONAL,)
INC., a Nevada)
corporation,)
Nominal Defendant)

DEPOSITION OF: EDWARD KANE
TAKEN ON: MAY 2, 2016

REPORTED BY:
PATRICIA L. HUBBARD, CSR #3400

1 lacks foundation.

2 THE WITNESS: I didn't -- I don't recall
3 that part of the -- of the meeting after we were --
4 ended.

5 BY MR. KRUM:

6 Q. Do you recall that the -- that that
7 evening there was a conference call during which
8 Ellen Cotter reported that she and Margaret on one
9 hand and Jim Cotter, Jr., on the other hand had
10 reached a tentative settlement that resolved the
11 trust and estate litigation and disputes between
12 them and included certain items relating to the
13 governance of RDI?

14 MR. SEARCY: Objection. Vague.

15 THE WITNESS: I recall a phone call or
16 something saying they had reached an agreement. I
17 don't recall what they had reached or what it
18 involved, but an agreement whereby they would work
19 together going forward.

20 BY MR. KRUM:

21 Q. And do you recall that as a result of
22 that, the vote to terminate Jim Cotter, Jr., as
23 president and C.E.O. was not had?

24 A. Correct, it was not had then.

25 Q. And do you recall that a week or ten

1 days later when no agreement between Ellen and
2 Margaret Cotter on one hand and Jim Cotter, Jr., on
3 the other had come to pass or into existence that
4 the supposed board meeting was reconvened on
5 June 12, comma -- June 12, 2015 and that the vote
6 was had and he was terminated as president and
7 C.E.O.?

8 A. Yes.

9 MR. SEARCY: Objection. Vague, assumes
10 facts.

11 THE WITNESS: I recall that, yes.

12 BY MR. KRUM:

13 Q. And did you ever communications with
14 Ellen or Margaret Cotter during the course of these
15 supposed board meetings regarding whether a
16 settlement of any sort had been reached with Jim
17 Cotter, Jr.?

18 MR. SEARCY: Objection. Argumentative.

19 THE WITNESS: I may have.

20 BY MR. KRUM:

21 Q. What's your best recollection about what
22 you communicated with them and what they
23 communicated to you?

24 A. I can't recall directly. My
25 communications by that time were all with Jim

1 Cotter, Jr.

2 But I know there were other emails.

3 Q. And what communications did you have
4 with Jim Cotter, Jr., regarding a resolution with
5 his sisters during the time frame commencing with
6 the supposed board meeting of May 20, 2015, through
7 the supposed board meeting of June 12, 2015?

8 MR. SEARCY: Objection. Argumentative.

9 THE WITNESS: I was told that -- and it
10 may have been by one of the Cotter sisters, that --
11 and in fact at a meeting, one of the last meetings
12 we had, my recollection is Bill Gould suggested that
13 Jim take the title of president, giving up the
14 C.E.O. He refused.

15 Then Margaret Cotter -- and that may
16 have been the May 29th -- said, "No. Keep the title
17 of C.E.O., and we'll have a committee, executive
18 committee, Margaret, Ellen, Jimmy" -- and initially
19 they said Guy Adams -- and he would keep the title
20 because it was important to him.

21 And I communicated with him. He --
22 usually my communications were not me advising. It
23 was him asking my advice or they'd ask my advice. I
24 didn't want to lecture them and tell them what to
25 do.

1 I -- I said to him at one point, "Take
2 it. You have nothing to lose. You're going to get
3 terminated if you don't. If you can work it out
4 with your sisters, it will go on and I will support
5 you. I'll even make a motion to see if the company
6 will reimburse the legal fees."

7 I did not want him to go.

8 And you, I'm sure, see emails in there
9 to that effect. Even though I voted -- was voting
10 against him, I wanted him to stay as C.E.O.

11 BY MR. KRUM:

12 Q. If you wanted him to stay as C.E.O. --

13 A. Right.

14 Q. -- why did you vote against him?

15 A. Because I wanted him to stay as C.E.O.,
16 working with his sisters who were work -- willing to
17 work with him for the benefit of the company.

18 And to me it was a wonderful solution,
19 and it had no adverse impact. If it didn't work
20 out, then we would deal with it. But he would work
21 with them and -- as an executive committee.

22 He told me that he didn't want Guy Adams
23 on there. And I told him, "I'll do my best to make
24 sure that he isn't on that; just you and your
25 sisters."

1 And if they could work together, that's
2 all we wanted.

3 Q. Are you drawing a distinction, Mr. Kane,
4 between Ellen and Margaret working with Jim
5 Cotter, Jr., as distinct from working for him?

6 MR. SEARCY: Objection. Vague.

7 THE WITNESS: I don't think I ever made
8 that distinction, but I think he would glean and
9 learn a lot working with them.

10 After all they were the operating
11 executives of this company.

12 BY MR. KRUM:

13 Q. And did you understand that -- strike
14 that.

15 But that resolution did not come to pass
16 because Jim Cotter, Jr., rejected it, correct?

17 MR. SEARCY: Objection. Vague.

18 THE WITNESS: He rejected it, yes.

19 (Whereupon Ms. Bannett left the
20 deposition proceedings at this
21 time.)

22 BY MR. KRUM:

23 Q. And he got himself terminated, right?

24 MR. SEARCY: Objection. Vague.

25 THE WITNESS: Yes.

1 That the foregoing pages contain a full,
2 true and accurate record of the proceedings and
3 testimony to the best of my skill and ability;

4

5 I further certify that I am not a relative
6 or employee or attorney or counsel of any of the
7 parties, nor am I a relative or employee of such
8 attorney or counsel, nor am I financially interested
9 in the outcome of this action.

10

11 IN WITNESS WHEREOF, I have subscribed my
12 name this 4th day of May, 2016.

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PATRICIA L. HUBBARD, CSR #3400

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Exhibit 17

Exhibit 17

1 remain as executives of the company, then they were
2 going to have to put that aside when dealing with
3 company issues.

4 Obviously, as this e-mail speaks out, the
5 litigation or the circumstance surrounding litigation
6 raised all sorts of issues. But, you know, as I said
7 earlier, my view from a strict point -- corporate
8 point of view was that, leaving aside the issue of
9 how it would affect shareholding, it wasn't really a
10 matter that it should impinge on the operation of the
11 company.

12 Q. Did you and Bill Gould meet with --
13 separately with Jim Cotter, Jr., on the one hand,
14 and then Margaret and Ellen, either together or
15 individually, at Mr. Gould's offices, at some
16 point, in and around March of 2015?

17 MR. SEARCY: Objection. Vague.

18 A. I recollect those meetings. I can't say I
19 remember exactly when they were, but I'm sure they
20 would have been around that time.

21 BY MR. KRUM:

22 Q. Well, let me backtrack. How did those
23 meetings come to pass?

24 A. The -- my memory is that there had been
25 some discussions between all of the independent

1 directors as to how to progress matters. And that
2 we had resolved to establish -- I think this is the
3 occasion where a further statement was to establish
4 this ombudsman, or whatever the term was, very
5 difficult to find a term for it.

6 But we wanted to say to all three Cotters
7 that we had resolved as independent directors to
8 ask me to do what I could to assist in progressing
9 matters as a representative of the independent
10 directors. So my recollection is that we asked Jim
11 and the others to come in separately to hear that
12 and to gauge their reaction.

13 **Q. And by "the others," you are referring to**
14 **Margaret and Ellen?**

15 A. Yes, I think that's right. I mean,
16 certainly we -- I can't quite remember whether
17 Margaret was physically there, but certainly we
18 communicated with both of them.

19 **Q. What was -- what was communicated to -- to**
20 **Ellen and to Margaret, whether together or**
21 **separately?**

22 A. I don't recollect the detail, but it would
23 have been along the lines of the resolution by the
24 independent directors to -- of the independent
25 directors having asked me to spend some time --

1 THE REPORTER: I'm sorry. Directors to?

2 THE WITNESS: Of the independent directors
3 had asked me to spend some time, to see if I could
4 advance matters as a representative of the board
5 between the three Cotters.

6 BY MR. KRUM:

7 Q. When you say "advance matters between the
8 three Cotters," to what does that refer?

9 A. Well, I think I -- Bill and I were, and I
10 think all the independent directors assumed to
11 observe the difference between governance and
12 management. So I think we took the view that the
13 CEO and the senior executives needed some
14 assistance to move forward with plans and managing
15 the company.

16 So primarily, my view, it's a matter of
17 assisting in a corporate sense. But, again,
18 clearly there were the personal issues between the
19 Cotters, that were going to be there anyway. So
20 predominantly for me it was important not to
21 overstep the matter of -- between governance and
22 management. And, secondly, to concentrate more on
23 doing, addressing corporate issues, rather than the
24 personal issues.

25 Q. By "corporate," you are referring to plans

1 and strategic plans and budgets, those sort of
2 things?

3 A. Yes. And ensuring that the executives
4 could function together as a team and not be -- and
5 put aside differences and act as proper corporate
6 executives.

7 Q. What did you and/or Mr. Gould tell Ellen
8 and/or Margaret, if anything, regarding the length
9 of time you would be serving in the role of
10 ombudsman?

11 A. The intent was to see if this approach
12 would work over a period of time until the end of
13 -- until June, end of June is my recollection. And
14 at that point, if we hadn't made progress, if the
15 progress was not made, then the matter would have
16 to be relooked at.

17 Q. When you say that was the intent, was that
18 timetable what was communicated by you and/or Bill
19 Gould to one or both of Ellen and Margaret?

20 MR. SEARCY: Objection. Vague.

21 A. I don't recollect specifically that, but
22 I'm sure that's what would have been said.

23 BY MR. KRUM:

24 Q. Was Mr. -- was Jim Cotter told that by
25 you?

1 A. I don't specifically recollect saying
2 that, but I'm sure that would have been said. It
3 was a -- it was an important part of the decision
4 the independent directors made as to how to -- how
5 to try and progress things.

6 **Q. I'm sorry. What was an important part of**
7 **the decision that the independent directors made?**

8 A. That we had a reasonably -- we had a
9 reasonable time frame in which we could see -- we
10 can see that the process was working, that they
11 were getting on, that things were moving forward.
12 Clearly, if that wasn't achieved, then we would
13 have to relook at how we thought it best that the
14 management of the company should progress.

15 **Q. Was it your understanding, at the time,**
16 **Mr. Storey, that each of the five non-Cotter**
17 **directors had agreed that you would serve in the**
18 **role as ombudsman to the end of June and that an**
19 **assessment would be made at that point?**

20 MR. SEARCY: Objection. Lacks foundation.
21 It's vague. Calls for speculation.

22 A. It was the resolution we made.

23 BY MR. KRUM:

24 **Q. When you say it was the resolution you**
25 **made, do you mean that was the -- that that was**

1 **what the five non-Cotter directors discussed and**
2 **agreed?**

3 MR. SEARCY: Objection. Lacks foundation.

4 A. It was what we agreed.

5 BY MR. KRUM:

6 Q. Did you ever hear or learn, or were you
7 ever told that any of the five non-Cotter directors
8 ever claimed that they had never approved you
9 serving the ombudsman role?

10 A. My answer to that is that they all agreed.
11 I would never have taken what I thought was a
12 pretty unusual position. I would not have taken
13 that role without clear endorsement by all of the
14 independent board members. I was getting -- you
15 know, I had lots of other things to do. I didn't
16 really anticipate -- well, I was happy to do as
17 requested to see if we could advance things. But I
18 would never have taken the role had I thought there
19 was any -- any question of not all of us agreeing
20 to it.

21 Q. Did Mr. Adams ever say to you, at any
22 point in time, in words or substance, that he had
23 not agreed to you serving in the ombudsman role?

24 A. I don't recollect any such statement. In
25 fact, my recollection, he was on phone calls

1 paragraph?

2 A. I do.

3 Q. And do you see that in the third line, and
4 carrying over to the fourth line, you say as
5 follows: "As directors, we can't just do what a
6 shareholder asks or do what we think a shareholder
7 might want, not to mention that at the moment there
8 remains significant uncertainty as to the ultimate
9 identity of some shareholders."

10 Do you see that?

11 A. I do.

12 Q. Was it your view that one or more of the
13 non-Cotter directors were, in part, or in total,
14 doing what they thought Ellen and Margaret wanted?

15 MR. SEARCY: Objection. Lacks foundation.
16 Calls for speculation.

17 A. Ed Kane had expressed to me, on a number
18 of occasions, that we should -- that Margaret and
19 Ellen were the shareholders and that they had
20 control and that we needed to take direction from
21 shareholders. And my point was that -- or my view
22 to that was that we weren't to act at the direction
23 of shareholders and that we needed to make
24 decisions as a board.

25 And as I say in this part of the comment

1 in this note, is to say we need to act as a board,
2 and we need to act properly to come to a decision.
3 And we need to address ourselves to the appropriate
4 question. So, yes, my view was, at times, Mr. Kane
5 was of the view that we would simply -- we should
6 just simply be acting as director -- well, acting
7 in a manner consistent with what he believed the
8 shareholder required.

9 BY MR. KRUM:

10 Q. And by the shareholders -- shareholder,
11 you are referring to Ellen and Margaret?

12 MR. SEARCY: Objection. Argumentative and
13 vague. Lacks foundation.

14 A. Well, he -- I think he took that view, but
15 as I say here, there remains uncertainty as to the
16 ultimate identity of some shareholders. It seemed
17 to me that it was a difficult proposition to do,
18 even if that was an appropriate response. At this
19 point, given litigation, we didn't know who the --
20 we didn't know for certain who the shareholder was.

21 BY MR. KRUM:

22 Q. Mr. Storey, I show you what previously was
23 marked at Exhibit 131.

24 A. Yes, I have read the document.

25 Q. Did you send Exhibit 131 on or about the

1 THE VIDEOGRAPHER: We are on the record.

2 The time is 12:03.

3 BY MR. KRUM:

4 Q. Mr. Storey, the court reporter has handed
5 you what's been marked as Exhibit 416. Take as
6 much time as you would like to review the document.
7 The only portion I'm going to inquire is on page 6
8 of 8. That is the approval of the minute section,
9 so you would want to read that.

10 (Deposition Exhibit 416 was marked for
11 identification by the reporter and is
12 attached hereto.)

13 A. Yes, I have read that section.

14 BY MR. KRUM:

15 Q. Okay. First of all, do you recall any of
16 the RDI board of directors, on or about August 4,
17 2015, the supposed minutes from prior meetings,
18 including May 21, and 29, and June 12, and 30, were
19 presented for approval?

20 A. I remember in general terms, yes.

21 Q. Do you recall Mr. Cotter making comments
22 to the effect that the minutes were not -- were not
23 accurate and that insufficient time had been
24 provided to reviewing comment on it?

25 A. I do.

1 **Q. And what, if anything, did you say with**
2 **respect to the minutes?**

3 A. From memory, my view was that we were
4 receiving complex minutes a long time after the
5 meetings were held. The minutes had clearly been
6 reviewed by a number of parties, including, as I
7 understood, legal counsel; and that, frankly, I
8 neither had the time nor the inclination to go
9 through and attempt to change them so they
10 reflected more accurately what I thought had
11 occurred.

12 My view was that they had been unprepared
13 purposely, and not a lot of benefit was going to be
14 there, if I sat there and spent a considerable
15 amount of time trying to adjust them. So I didn't
16 want to do so and simply abstained for that reason.

17 **Q. When you said, Mr. Storey, that you**
18 **thought they had been prepared purposely, you mean**
19 **purposely for some purpose other than to simply**
20 **memorialize what transpired?**

21 MR. SEARCY: Objection. Calls for
22 opinion. Calls for speculation.

23 MS. HENDRICKS: Join.

24 A. I thought that they had been written
25 carefully, to ensure they properly reflected the

1 A. You mean internal counsel or external?

2 Q. **Either one.**

3 A. My recollection is that I spoke -- I think
4 I spoke to Craig Tompkins to see where are the
5 minutes, or maybe Bill Ellis, I guess. But my
6 recollection is that the reason the minutes weren't
7 being distributed was that they were going to --

8 MS. BANNETT: I'm just going to interrupt
9 to the extent that it reflects any conversation
10 that you had with counsel, don't reveal any
11 attorney-client communications.

12 THE WITNESS: No. No. You can -- you can
13 jump in.

14 A. Anyway, so I was told that the reason that
15 I wasn't seeing, or the minutes weren't available
16 promptly, is that they were going through an
17 approval process and equally, I think so, was going
18 to the chairman.

19 THE REPORTER: Going to?

20 THE WITNESS: The chairman, chairperson.

21 BY MR. KRUM:

22 Q. **So did you look at the draft minutes for**
23 **the meetings of May 21, and 29, and June 12, 2015?**

24 A. Yes, I recollect I looked at them, and I
25 thought that it would take me a considerable amount

1 of time to try and make them reflect what I thought
2 had been said. And it seemed to me that I could do
3 all that and probably get nowhere. And it was
4 going to be a pointless exercise for me, sitting on
5 the airplane for three hours or whatever, and that
6 it seemed better to simply abstain.

7 MR. KRUM: I will ask the court reporter
8 to mark as Exhibit 417 a one-page document bearing
9 production number GA 1439. It purports to be an
10 October 19th e-mail from Ed Kane.

11 (Deposition Exhibit 417 was marked for
12 identification by the reporter and is
13 attached hereto.)

14 A. Yes, I have read that.

15 BY MR. KRUM:

16 Q. Do you recognize the subject matter of
17 Exhibit 417?

18 A. Yes, I do.

19 Q. What's your recollection as to, if any,
20 independent of Exhibit 417, as to how it came --
21 whether and how -- whether it came to pass that
22 Ellen Cotter was paid an extra \$50,000 on account
23 of matters referenced in Exhibit 417?

24 A. My recollection is that it was a view that
25 the company had given incorrect advice on various

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) SS.
3

4 I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a
5 Certified Shorthand Reporter in and for the County
6 of Los Angeles, the State of California, do hereby
7 certify:

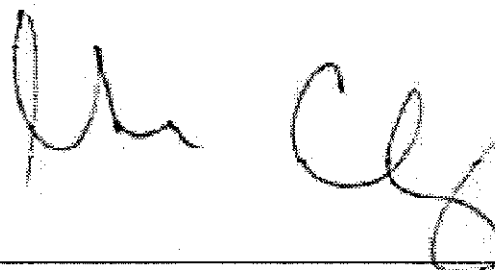
8 That, prior to being examined, the witness
9 named in the foregoing deposition was by me duly
10 sworn to testify the truth, the whole truth, and
11 nothing but the truth;

12 That said deposition was taken down by me
13 in shorthand at the time and place therein named,
14 and thereafter reduced to typewriting by
15 computer-aided transcription under my direction.

16 I further certify that I am not interested
17 in the event of the action.

18 In witness whereof, I have hereunto subscribed my
19 name.

20 Dated: August 10, 2016



21
22
23 GRACE CHUNG, CSR NO. 6246
24 RMR, CRR, CLR
25

Exhibit 18

Exhibit 18

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

individually and derivatively

on behalf of Reading

International, Inc.,

Plaintiff,

VS.

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.

(Caption continued on next page.)

page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

GRACE CHUNG, CSR No. 6426, RMR, CRR, CLR

Job No.: 323867

1 in this note, is to say we need to act as a board,
2 and we need to act properly to come to a decision.
3 And we need to address ourselves to the appropriate
4 question. So, yes, my view was, at times, Mr. Kane
5 was of the view that we would simply -- we should
6 just simply be acting as director -- well, acting
7 in a manner consistent with what he believed the
8 shareholder required.

9 BY MR. KRUM:

10 Q. And by the shareholders -- shareholder,
11 you are referring to Ellen and Margaret?

12 MR. SEARCY: Objection. Argumentative and
13 vague. Lacks foundation.

14 A. Well, he -- I think he took that view, but
15 as I say here, there remains uncertainty as to the
16 ultimate identity of some shareholders. It seemed
17 to me that it was a difficult proposition to do,
18 even if that was an appropriate response. At this
19 point, given litigation, we didn't know who the --
20 we didn't know for certain who the shareholder was.

21 BY MR. KRUM:

22 Q. Mr. Storey, I show you what previously was
23 marked at Exhibit 131.

24 A. Yes, I have read the document.

25 Q. Did you send Exhibit 131 on or about the

1 date it bears, May 20, 2015?

2 A. I did.

3 Q. At the end of the first paragraph, you
4 refer to Guy's apparent view that no discussion is
5 necessary. Do you see that?

6 A. I do.

7 Q. To what does that refer?

8 A. I think the sequence here is that I spoke
9 to Doug McEachern, and as I said earlier, he
10 proffered his view, and I said to him, "You should
11 talk to our lawyer to understand our duties as
12 directors," which is why I have given him Neil --
13 Neil's number.

14 And, secondly, I assume or I suspect that
15 this e-mail follows the discussion I had with Guy,
16 that I discussed earlier, about Guy's -- about his
17 view, even as both Ed and Guy were of the view that
18 there was no point in any discussion at all, that
19 the matter was simply going to be put, and that was
20 that.

21 Q. Let me show you what previously has been
22 marked as Exhibit 98.

23 A. You wish me to read this document?

24 Q. Let me ask you a question first, and you
25 can take such time as you wish to read it.

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) SS.
3

4 I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a
5 Certified Shorthand Reporter in and for the County
6 of Los Angeles, the State of California, do hereby
7 certify:

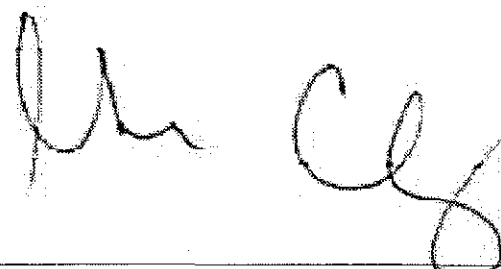
8 That, prior to being examined, the witness
9 named in the foregoing deposition was by me duly
10 sworn to testify the truth, the whole truth, and
11 nothing but the truth;

12 That said deposition was taken down by me
13 in shorthand at the time and place therein named,
14 and thereafter reduced to typewriting by
15 computer-aided transcription under my direction.

16 I further certify that I am not interested
17 in the event of the action.

18 In witness whereof, I have hereunto subscribed my
19 name.

20 Dated: August 10, 2016



21
22
23 GRACE CHUNG, CSR NO. 6246
24 RMR, CRR, CLR
25

Exhibit 19

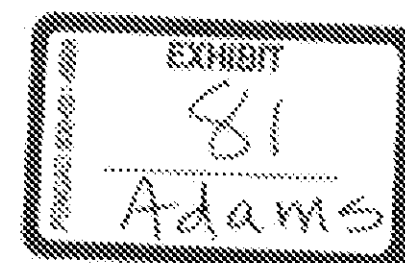
Exhibit 19

Exhibit 20

Exhibit 20

From: Kane <ekane@sar.ut.com>
Sent: Monday, May 18, 2015 10:16 PM
To: Guy Adams

See if you can get someone else to second the motion. If the vote is 5-3 I might want to abstain, and make it 4---3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.



GA00005500