

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

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

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

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

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

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

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

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

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

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

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

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

### 8 PARTIES

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

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



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

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

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

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

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

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

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

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

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

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

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

### 25 ALLEGATIONS COMMON TO ALL CLAIMS

#### 26 **General Background**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 personal interests.

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

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

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

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

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

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

18 52. Plaintiff's work as CEO was recognized as successful by the stock market. RDI  
19 stock was trading at \$8.17 per share when Plaintiff became CEO but, by approximately the end of  
20 2014, had traded as high as \$13.26 per share and, in the Spring of 2015, traded at over \$14.45 per  
21 share.

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

23 **Management Catalysts**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6                           **Kane Acts To Protect MC**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 terms acceptable to them.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. On or about April 17, EC and MC exercised options to acquire 50,000 and 35,100 shares of RDI class B shares, respectively.
- b. On or about September 17, 2015, EC and MC, acting as executors of the estate of JJC, Sr., exercised an option to acquire 100,000 shares of RDI class B voting stock. Despite claiming a need to preserve assets of the Estate, EC and MC utilized liquid RDI class A shares to pay for the exercise of the Estate’s option to acquire these illiquid RDI class B shares.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24           161. On or about October 20, 2015, the Company issued its Proxy Statement for the  
25 2015 ASM scheduled for November 10, 2015. The Proxy Statement is materially misleading if not  
26 inaccurate in a number of respects, including the following:  
27  
28

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



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

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

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

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

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

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

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

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

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

8 **Demand Is Excused**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 13 SECOND CAUSE OF ACTION

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

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

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

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

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

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

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

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

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

### 9 **THIRD CAUSE OF ACTION**

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

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

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

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

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

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

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

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

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

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

#### 12 **Irreparable Harm**

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

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

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

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

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

1 RDI;

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

4 3. For entry of an order that:

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

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

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

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

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

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

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

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

15 6. For costs of suit herein; and

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

17 DATED this 22nd day of October, 2015.

18 LEWIS ROCA ROTHGERBER LLP

19  
20 /s/ Mark G. Krum

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

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



**CERTIFICATE OF SERVICE**

I, Annette Jaramillo, declare as follows:

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

On October 22, 2015, I served the attached:

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

on the interested parties in said action, as follows:

Mark E. Ferrario, Esq.  
Leslie S. Godfrey, Esq.  
Lance Coburn, Esq.  
GREENBERG TRAURIG LLP  
[ferrariom@gtlaw.com](mailto:ferrariom@gtlaw.com)  
[godfreyl@gtlaw.com](mailto:godfreyl@gtlaw.com)  
*Attorneys for Reading International, Inc.*

Christopher Tayback, Esq.  
Marshall M. Searcy, Esq.  
QUINN EMANUEL URQUHART &  
SULLIVAN LLP  
[christayback@quinnemanuel.com](mailto:christayback@quinnemanuel.com)  
[marshallsearcy@quinnemanuel.com](mailto:marshallsearcy@quinnemanuel.com)  
*Attorneys for Defendants Margaret Cotter,  
Ellen Cotter, Douglas McEachern, Guy Adams  
and Edward Kane*

Ekwan E. Rohow, Esq.  
Bonita D. Moore, Esq.  
BIRD, MARELLA, BOXER, WOLFPERT,  
NESSIM, DROOKS, LINCENGERG &  
RHOW  
[eer@birdmarella.com](mailto:eer@birdmarella.com)  
[bdm@birdmarella.com](mailto:bdm@birdmarella.com)  
*Attorneys for Defendants William Gould and  
Timothy Storey*

Adam C. Anderson, Esq.  
PATTI, SCRO, LEWIS & ROGER  
[aanderson@pslrfirm.com](mailto:aanderson@pslrfirm.com)  
*Derivatively on behalf of Reading  
International, Inc.*

H. Stan Johnson, Esq.  
COHEN-JOHNSON, LLC  
[sjohnson@cohenjohnson.com](mailto:sjohnson@cohenjohnson.com)  
*Attorneys for Defendants Margaret Cotter,  
Ellen Cotter, Douglas McEachern, Guy Adams  
and Edward Kane*

Donald A. Lattin, Esq.  
Carolyn K. Renner, Esq.  
MAUPIN, COX & LeGOY  
[dlattin@mclrenolaw.com](mailto:dlattin@mclrenolaw.com)  
[crenner@mclrenolaw.com](mailto:crenner@mclrenolaw.com)  
*Attorneys for Defendants William Gould and  
Timothy Storey*

Alexander Robertson, Esq.  
ROBERTSON & ASSOCIATES, LLP  
[arobertson@arobertsonlaw.com](mailto:arobertson@arobertsonlaw.com)  
*Derivatively on behalf of Reading  
International, Inc.*

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

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

6 /s/ Annette Jaramillo  
7 An Employee of Lewis Roca Rothgerber LLP  
8  
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**VERIFICATION OF JAMES J. COTTER, JR. OF FIRST AMENDED VERIFIED**  
**COMPLAINT**

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

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

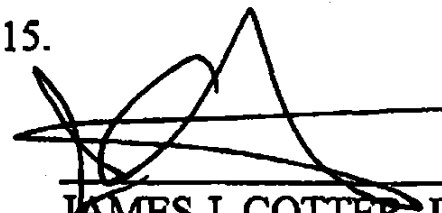
2. As a shareholder of Reading International, Inc. ("RDI"), I am plaintiff in the above-captioned action.

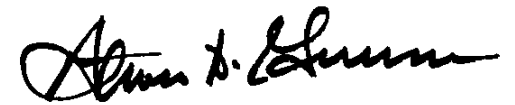
3. As stated in the First Amended Verified Complaint (the "First Amended Complaint"), I am and at all times relevant to this action have been a shareholder of nominal defendant RDI.

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

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

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

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



CLERK OF THE COURT

1 **FAC**  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 arobertson@arobertsonlaw.com  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
aanderson@pslrfirm.com  
6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
9 Intervenors, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
business as KASE MANAGEMENT; T2  
15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
20 Inc.

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, ELLEN COTTER,  
GUY ADAMS, EDWARD KANE,  
28 DOUGLAS McEACHERN, TIMOTHY

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

**BUSINESS COURT**

**T2 PLAINTIFFS' FIRST AMENDED  
COMPLAINT**

**JURY TRIAL DEMANDED**

1 STOREY, WILLIAM GOULD, JUDY  
2 CODDING, MICHAEL WROTNIAK, and  
3 DOES 1 through 100, inclusive,  
4  
5 Defendants,  
6  
7 and  
8  
9 READING INTERNATIONAL, INC., a  
10 Nevada corporation,  
11  
12 Nominal Defendant.  
13  
14 T2 PARTNERS MANAGEMENT, LP, a  
15 Delaware limited partnership, doing business  
16 as KASE CAPITAL MANAGEMENT; et al.,  
17  
18 Plaintiffs,  
19  
20 vs.  
21  
22 MARGARET COTTER, ELLEN COTTER,  
23 GUY ADAMS, EDWARD KANE,  
24 DOUGLAS McEACHERN, WILLIAM  
25 GOULD, JUDY CODDING, MICHAEL  
26 WROTNIAK, CRAIG TOMPKINS, and  
27 DOES 1 THROUGH 100, inclusive,  
28  
29 Defendants,  
30  
31 And,  
32  
33 READING INTERNATIONAL, INC., a  
34 Nevada corporation,  
35  
36 Nominal Defendant.

37 Plaintiffs, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing  
38 business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware  
39 limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware  
40 limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND,  
41 LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a  
42 Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS  
43 MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE  
44 GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company;

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

### 10 INTRODUCTION

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

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

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

27 ///

28 ///

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

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

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

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

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

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

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

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

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

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

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

28 ///



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

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

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

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

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

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

27     ///

28     ///

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

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

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

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

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

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

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

9 **The Kane Mutiny:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

28     ///

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

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

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

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

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

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

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

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

1 after the record date fixing ownership of voting stock for the 2015 Annual Shareholders Meeting  
2 (ASM).

3 g) On April 17, 2015, Margaret Cotter exercised two stock options to acquire  
4 35,100 shares of Class B voting stock. She was allowed by Defendants Kane, Adams and Storey  
5 as members of the Compensation Committee by exchanging RDI Class A stock in a cashless  
6 purchase. Margaret Cotter did not file a Form 4 with the SEC until October 9, 2015, three days  
7 after the record date fixing ownership of voting stock for the 2015 ASM.

8 h) On September 21, 2015, Ellen and Margaret Cotter, as Executors of the Estate,  
9 exercised an option to acquire 100,000 shares of Class B voting stock through a stock option  
10 owned by James J. Cotter, Sr.

11 i) On October 9, 2015, Ellen and Margaret Cotter filed another amended Schedule  
12 13D, which disclosed for the first time that Ellen, Margaret, the Estate and the Trust were  
13 members of a 13D group and that Ellen and Margaret shared voting power with both the Estate  
14 and Trust. Plaintiffs believe that Ellen and Margaret Cotter intentionally concealed their  
15 agreement and scheme to act as a 13D group until such time as they had exercised an option held  
16 by James Cotter, Sr. to acquire an additional 100,000 shares of Class B voting stock and until after  
17 the record date for the 2015 ASM had passed, as part of their scheme to control more than 50% of  
18 the voting stock of RDI.

19 57. Thus Ellen Cotter and Margaret Cotter, aided and abetted by Ed Kane, Guy Adams  
20 and Craig Tompkins, engaged in a scheme to fraudulently vote approximately 70% of the Class B  
21 voting stock of RDI at the 2015 ASM and intentionally concealed their intent to act as a 13D  
22 group with the Estate and Trust to take over control of the voting stock of RDI.

23 58. Plaintiffs are further informed and believe that RDI did not withhold any income  
24 taxes from Ellen Cotter on the pre-tax gain of \$172,500 realized by her in her cashless exercise of  
25 Class B stock. Further, Plaintiffs are informed and believe that RDI did not withhold any income  
26 tax from Margaret Cotter on the pre-tax gain of \$292,204 realized by her in her cashless exercise  
27 of Class B stock.

28 ///

1 **Manipulated CEO Search:**

2 59. On June 18, 2015, RDI filed a Form 8-K with the SEC disclosing that the Board  
3 had fired James Cotter, Jr. as CEO and President of RDI effective June 12, 2015 and that the  
4 Board had appointed Ellen Cotter as interim CEO and President of the company. Further, this 8-K  
5 disclosed "The Company currently intends to engage the assistance of a leading executive search  
6 firm to identify a permanent President and Chief Executive Officer, which will consider both  
7 internal and external candidates."

8 60. At a board meeting in June 2015, Ellen Cotter announced to the Board that a CEO  
9 search committee composed of herself, Margaret Cotter, Bill Gould and Doug McEachern had  
10 been formed.

11 61. On or about July 27, 2015, Ellen Cotter reported to members of the Executive  
12 Committee that she would likely select Korn Ferry as the executive search firm to conduct a  
13 formal search for a permanent CEO for RDI. She stated that she would likely select Korn Ferry  
14 "since they had a detailed assessment function that would be helpful in her business judgment in  
15 ensuring a successful search and de-risking the process of making the right CEO choice."

16 62. On or about August 4, 2015, Ellen Cotter notified the Board that she had selected  
17 Korn Ferry, an executive search firm, to assist the company in the search for a new CEO.  
18 According to the terms of the contract with Korn Ferry, RDI obligated itself to pay a non-  
19 refundable retainer of \$150,000, an additional \$70,000 fee to "de-risk" the search process, in  
20 addition to other fees. Korn Ferry agreed to identify three (3) candidates using its proprietary  
21 search process and make recommendations to RDI on the most qualified candidate. Ellen Cotter  
22 also informed the Board that an Executive Search Committee had been formed comprised of Ellen  
23 Cotter, Margaret Cotter, Bill Gould and Doug McEachern.

24 63. Between August 2, 2015 and December 17, 2015, there were no updates provided  
25 to the Board by Ellen Cotter about the progress of CEO search process. Then, on December 17,  
26 2015, Ellen Cotter sent an email to the Board which confirmed all of the following: (1) Korn Ferry  
27 had been retained to conduct a search of both internal and external candidates; (2) a Search  
28 Committee had been formed consisting of directors Gould, McEachern, Margaret and Ellen

1 Cotter; (3) the Search Committee was going to interview a select group of Korn Ferry suggested  
2 candidates and reduce the number of candidates to two or three semi-finalists; (4) Korn Ferry was  
3 to conduct a "proprietary Korn Ferry Assessment" of semi-finalist candidates selected by the  
4 Search Committee; and (5) the Search Committee was to recommend a finalist to the full Board  
5 for consideration and a vote by the full Board of Directors.

6 64. In that same memo, Ellen Cotter further advised the Board that Korn Ferry had  
7 interviewed several external candidates and had recommended that the Search Committee  
8 interview six candidates. Finally, Ellen Cotter informed the Board in this memo that she had  
9 formally submitted her candidacy to the Search Committee for the permanent CEO and President  
10 position of RDI and had resigned her position as a member of the Search Committee.

11 65. On or about December 17, 2015, after the Search Committee had interviewed five  
12 CEO candidates, Korn Ferry recommended that three candidates, including Ellen Cotter, be  
13 selected to undergo further and more detailed assessment as part of the selection process.  
14 Additionally, Korn Ferry identified a fourth candidate on December 17, 2015, which the Search  
15 Committee decided to interview the following week. However, the Search Committee decided on  
16 December 17, 2015 that its preliminary consensus was that, if after the interview process, Ellen  
17 Cotter was the preferred candidate, that it would instruct Korn Ferry to suspend its selection  
18 assessment "given the Committee's extensive past experience with Ellen Cotter."

19 66. On December 18, 2015, before the Search Committee had interviewed the fourth  
20 and most recent candidate suggested by Korn Ferry, Craig Tompkins contacted Korn Ferry and  
21 instructed them to set up the interview of the fourth and newest candidate, but to suspend any  
22 further assessment work until a determination by the Search Committee was made as to the status  
23 of Ellen Cotter.

24 67. On December 23, 2015, the Search Committee interviewed the fourth and newest  
25 candidate recommended by Korn Ferry.

26 68. On December 29, 2015, the Search Committee met and resolved to recommend to  
27 the Board that Ellen Cotter be appointed as the permanent CEO and President of RDI.

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1           69.     On January 8, 2015, the Board of Directors voted to accept the recommendation of  
2 the Search Committee and appointed Ellen Cotter as the permanent CEO and President of RDI.

3           70.     The CEO search process undertaken by the Search Committee was a ruse to give  
4 the outward appearance to Plaintiffs and other public shareholders that the Board had undertaken  
5 an independent search using search criteria employed by a national executive search firm.  
6 However, after paying Korn Ferry hundreds of thousands of dollars, Ellen Cotter, Margaret Cotter,  
7 Bill Gould and Doug McEachern (the Search Committee) abruptly cancelled Korn Ferry's search  
8 process before it could complete its assignment and make a recommendation on the most qualified  
9 candidate(s) to the Board. The payment of hundreds of thousands of dollars to Korn Ferry  
10 constitutes corporate waste. Further, the members of the Board did not exercise an independent,  
11 informed decision-making process when they voted to appoint Ellen Cotter as the permanent  
12 CEO, because (1) they did not interview any of the candidates; (2) they were only provided with a  
13 written summary of the Search Committee's work two days before the Board meeting to vote on  
14 Ellen Cotter; (3) Korn Ferry's further assessment of the semi-finalist candidates was terminated by  
15 the Search Committee before it could complete its contractual assignment and make a final  
16 recommendation to the Board on the most qualified candidate(s).

17 **Corporate Waste:**

18           71.     Shadow View Land and Farming, LLC ("Shadow View") was formed by James J.  
19 Cotter, Sr. in 2012 to acquire and develop 202 acres in Coachella, California, which was zoned for  
20 800 single-family homes. James Cotter, Sr. and RDI each own a 50% interest in Shadow View.  
21 RDI's initial cash investment in Shadow View was \$2,775,000. Since its formation, considerable  
22 expenses have been incurred on entitlements. However, since the death of James Cotter, Sr. and  
23 the illiquid nature of his Estate, Mr. Cotter, Sr. has not been able to pay his fifty percent (50%)  
24 share of the expenses of Shadow View. Plaintiffs are informed and believe that RDI has paid, and  
25 continues to pay, Mr. Cotter, Sr.'s 50% share of expenses of Shadow View, which amounts to  
26 corporate waste.

27           72.     Sutton Hill Properties, LLC (Sutton Hill Properties) owns the Cinemas 1,2,3  
28 property. Sutton Hill is owned 75% by Citadel Cinemas, Inc. (an RDI affiliate) and Sutton Hill



1 Capital. Sutton Hill Capital is owned by Sutton Hill Associates, which is a 50/50 general  
2 partnership between James Cotter, Sr. and Michael Forman. When Sutton Hill Capital acquired  
3 its interest in Sutton Hill Properties, it acquired 25% of Sutton Hill Properties' liabilities. One of  
4 these liabilities was a \$2,910,000 loan from RDI to Sutton Hill Properties. No interest has ever  
5 been charged by or paid to RDI on this loan. Further, this loan was not repaid when the Cinemas  
6 1,2,3 property was refinanced several years ago. Mr. Cotter, Sr., and now his Estate, is a 25%  
7 debtor on this loan. However, no demand has been made by RDI on the Estate for repayment of  
8 Mr. Cotter, Sr.'s share of this loan or the payment of interest on this loan by any of the debtors.  
9 The failure by the Board of Directors to demand repayment of this loan to RDI, and/or to demand  
10 interest payments on this loan to RDI constitutes corporate waste.

11 73. RDI entered into an agreement with Sutton Hill Capital, LLC (which is owned  
12 50/50 by James Cotter, Sr. and Michael Forman), whereby RDI has made lease payments of  
13 \$70,000 per month to Sutton Hill Capital for the sole purpose of assisting an entity owned by  
14 James Cotter, Sr. and Michael Forman defer a capital gain of \$13,000,000 by structuring a  
15 lease/loan agreement. Such lease payments, which are believed to constitute hundreds of  
16 thousands of dollars, made by RDI constitute corporate waste.

17 74. For many years, Defendant Craig Tompkins has been classified by RDI as an  
18 "independent contractor" and RDI has issued him an IRS Form 1099 for the consulting fees paid  
19 to him. However, RDI has also created a dual classification for Mr. Tompkin's employment by  
20 allowing him to participate in RDI's 401K plan, group medical plan, executive life insurance plan  
21 and other benefits which are reserved only for employees. RDI has issued Mr. Tompkins both a  
22 1099 and W2 for the same tax years for many years. As an independent contractor, Tompkins was  
23 not eligible to participate in RDI's 401K, medical, or executive life insurance benefits and such  
24 benefits constitute corporate waste by RDI.

25 **Tim Storey Forced to Resign:**

26 75. In late 2014, Director Tim Storey was appointed by the Board as an "ombudsman"  
27 to meet separately with James Jr., Ellen and Margaret Cotter to help them work together more  
28 effectively and to reform corporate governance. However, his requests for a business plan for U.S.

1 Cinemas from Ellen Cotter was met with hostility and she replied to Storey that his requests  
2 "bordered on harassment".

3 76. Likewise, commencing in April of 2015, Ed Kane began a calculated attack on Tim  
4 Storey's role as ombudsman as well as the "independent committee" composed of Storey and Bill  
5 Gould, because Storey's regular updates to the Board about James Cotter, Jr.'s performance as  
6 CEO were positive, which undermined the efforts of Ellen, Margaret and Kane to remove James  
7 Cotter, Jr. as CEO and President of RDI.

8 77. On April 20, 2015, Kane accused the his fellow directors, Tim Storey and Bill  
9 Gould of being "conflicted" in the dispute between James Cotter, Jr. and his sisters on whether  
10 Ellen Cotter could exercise her father's stock option for 100,000 shares of Class B voting stock.  
11 Kane made this accusation because both Storey and Gould opposed the stock option exercise by  
12 Ellen Cotter, and instead had insisted that RDI get an opinion from outside legal counsel on the  
13 matter.

14 78. Directors Storey and Gould objected to the improper notice for the May 21<sup>st</sup> board  
15 meeting, and instead called for a meeting of the non-Cotter directors to separately hear from James  
16 Cotter, Jr. regarding his performance and from Ellen and Margaret Cotter on their views.  
17 Specifically, Director Storey cautioned his fellow board members that they had previously agreed  
18 upon a process where the "independent committee" led by Storey would report to the board as the  
19 performance of James Cotter, Jr. as CEO in June and that any attempt to vote on James Cotter,  
20 Jr.'s termination at the May 21, 2015 board meeting was not following a proper process or acting  
21 with deliberation and reason. Storey objected to participating in a "kangaroo court". In response,  
22 Director Kane blocked that requested meeting of the non-Cotter directors and instead insisted that  
23 the specially-noticed board meeting go forward as requested by Ellen Cotter to vote on the  
24 termination of James Cotter, Jr.

25 79. At the June 12, 2015 Board meeting, Tim Storey, along with Bill Gould, voted  
26 against terminating James Cotter, Jr.

27 80. On or about July 6, 2015, Tim Storey requested to see a copy of an opinion letter  
28 written by RDI's counsel to the Board in response to a letter received by the Board from James

1 Cotter, Jr.'s attorney. However, Ed Kane objected to sharing this legal opinion from RDI's counsel  
2 with Storey, despite the fact Storey was a Director of RDI at the time.

3 81. On or about July 27, 2015, Tim Storey sent a lengthy email to Ellen Cotter,  
4 objecting to the lack of timely agendas for board meetings, the lack of clear objectives and  
5 delegated authority for the Executive Committee (from which he was excluded), and his request  
6 for certain reforms to corporate governance of RDI.

7 82. On or about September 9, 2015, Tim Storey sent an email to Ellen Cotter  
8 requesting an update on the status of the CEO search since it had been three months since James  
9 Cotter, Jr. had been terminated with no update.

10 83. On September 21, 2015, Tim Story abstained from voting to approve Ellen Cotter's  
11 exercise of her father's stock option to acquire 100,000 shares in a cashless exercise by exchanging  
12 Class A non-voting stock for Class B voting stock.

13 84. On October 6, 2015, at a meeting of the Special Nominating Committee, Ellen and  
14 Margaret Cotter informed the committee that they did not support the re-election of Tim Storey to  
15 the Board because (1) he was disruptive to the deliberative process of the Board; (2) did not have  
16 the confidence of a majority of the other directors; (3) placed a disproportionate (and completely  
17 new found – having never raised the issues when Mr. James J. Cotter, Sr., was the Chairman and  
18 CEO of the Company) emphasis on "procedure and process" and was placing more emphasis on  
19 getting costly outside legal opinions, preserving "optics" and preventing "embarrassment" than on  
20 reaching good sound business decisions and moving the business of the Company forward in a  
21 manner that would be in the best interest of the stockholders; (4) costly in terms of the cost and  
22 expense bringing him from Auckland to Los Angeles for meetings; and (5) in voting against the  
23 termination of James Cotter, Jr. as CEO and President, seemingly focused more on preserving his  
24 rather lucrative position as the ongoing "mentor" to Mr. Cotter, Jr. than having a qualified and  
25 competent individual run the Company.

26 85. On or about October 8, 2015, Guy Adams informed Tim Storey he would not be re-  
27 nominated as a director of RDI and that Storey had two choices to make. The first choice was to  
28 resign from the board immediately, for which he would receive in exchange (1) \$50,000 (one year

1 director's fee); (2) he could exercise all of his stock options on a cashless basis; (3) he would  
2 remain on the board of RDI's New Zealand subsidiary; (4) he would be indemnified from all  
3 litigation; and (5) RDI would pay all of his legal fees. Adams informed Storey that if he didn't  
4 accept this deal, then he would not be re-nominated as a director and would not receive the  
5 \$50,000 fee or other benefits offered above.

6 86. On October 8, 2015, Storey tendered his resignation and accepted the "take-it-or-  
7 leave-it" terms outlined above.

8 87. Tim Storey was forced to resign as a director of RDI because he (1) pushed for  
9 corporate governance reform of RDI; (2) was opposed to the termination of James Cotter, Jr.; (3)  
10 was opposed to Ellen Cotter's exercise of her father's stock option to acquire 100,000 Class B  
11 shares; (4) demanded a business plan from Ellen Cotter; (5) demanded that agendas for board  
12 meetings be shared with directors in a timely manner in advance of board meetings; (6) requested  
13 drafts of the minutes of board meetings be circulated to all board members shortly following each  
14 board meeting so directors could check them for accuracy; (7) opposed the unlimited delegation of  
15 authority to the Executive Committee; (8) requested updates on the status of the CEO search.

16 88. Defendants, Ellen Cotter, Margaret Cotter, Ed Kane and Guy Adams forced Tim  
17 Storey to resign because he tried to reform to RDI's abysmal corporate governance and would not  
18 go along with the Cotter sisters' plan to continue to run RDI as a family fiefdom with little  
19 consideration for non-controlling shareholders, as their father had done during his lifetime.

20 **RDI's General Counsel Asserts Fraud Claim Against RDI:**

21 89. On or about July 16, 2015, Bill Ellis, RDI's general counsel, informed Ellen Cotter  
22 and Craig Tompkins that he intended to assert a claim against RDI for fraudulent inducement in  
23 connection with his employment and that while he was willing to work out a solution that would  
24 allow him to remain employed as RDI's general counsel, he wanted to toll the statute of limitations  
25 on his claim and retain the right to seek monetary damages against RDI.

26 90. On or about July 20, 2015, a meeting of the Executive Committee, consisting of  
27 Guy Adams, Ellen Cotter, Margaret Cotter and Ed Kane, took place. At this meeting, Ellen  
28 Cotter and Craig Tompkins informed the other members of the Executive Committee of the

1 fraudulent inducement claim asserted by Bill Ellis against RDI. At this meeting, Ellen Cotter  
2 informed the members of the Executive Committee that Bill Ellis had a conflict of interest and an  
3 adverse interest to the Company, and that as a result of these conflicts, she no longer was  
4 confident in seeking legal advice from Bill Ellis. She further advised the members of the  
5 Executive Committee that the Company may be threatened by Mr. Ellis' own financial or  
6 professional interests and that Mr. Ellis' own financial interests in preserving his claim for  
7 damages against the Company will interfere with the best interests of the Company. At this  
8 meeting, the Executive Committee appointed Craig Tompkins to serve as "Special Legal Counsel"  
9 to Chief Executive Officer, Ellen Cotter.

10 91. On or about July 31, 2015, Guy Adams briefed the members of the Executive  
11 Committee on the results of his and Ellen Cotter's efforts to negotiate a resolution of Bill Ellis'  
12 claim he was fraudulently induced in his employment as general counsel for RDI. Specifically,  
13 Adams and Ellen Cotter announced to the members of the Executive Committee that Bill Ellis had  
14 agreed to execute a general release of his fraud claim in exchange for one year severance payment  
15 benefit. Additionally, Adams reported to the members that Bill Ellis had agreed upon an  
16 allocation of his general counsel duties wherein all corporate governance issues, including the  
17 issuance of stock/option grants, preparation of minutes, preparation for annual shareholder  
18 meetings would be handled in the future by Craig Tompkins, Special Legal Counsel to the Chief  
19 Executive Officer. Additionally, Adams reported that Tompkins had been appointed as Recording  
20 Secretary for the Company, thus allowing him to attend all board meetings. Finally, Adams  
21 informed the members that Tompkins' consultant agreement would be superseded with and  
22 employment agreement.

23 92. On or about August 3, 2015, Craig Tompkins sent an email to Ellen Cotter, further  
24 increasing his duties above to include oversight of all public reporting and principal legal advisor  
25 for stockholder litigation and issues pertaining to internal board issues.

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**DEMAND IS EXCUSED**

93. Demand upon the board of directors required by NRCP 23.1 is excused under Shoen v. SAC Holding Corporation, 137 P. 3d 1171, because the protection normally afforded directors under the business judgment rule is inapplicable to protect the Director Defendants herein. Specifically, a majority of the Director Defendants have put their own personal financial interests ahead of the public shareholders' interests by succumbing to the control and undue influence of directors Margaret and Ellen Cotter, who have a pecuniary interest in the outcome of the Trust and Estate litigation which will determine who controls the voting stock of RDI.

**Edward Kane is an "Interested" Director:**

94. Defendant Edward Kane was a life-long friend of James J. Cotter, Sr., and Defendants Margaret and Ellen Cotter refer to him as "Uncle Ed" and he refers to the Cotter siblings as the "kids".

95. On October 1, 2014, Kane send an email to Tim Storey, stating, in relevant part:  
"What you are suggesting, in part, is greater Board input and oversight. This obviously is a great departure from Jim's method of operation where the Board was basically there to satisfy SEC requirements and not to offer suggestions or criticism....Jim paid directors far below market because he felt down deep that the Board had little to offer. To some extent, Jim was correct, as he did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements."

96. Further, in September of 2014, Ellen Cotter was applying for a mortgage from Bank of America to purchase a new home. However, her income was not high enough to qualify for the loan amount she was seeking. So, Ellen Cotter requested "Uncle" Ed Kane to author a letter as Chair of the Compensation Committee to Bank of America representing that the Compensation Committee expected to raise Ellen's base salary "no less than 20%". Ellen Cotter ghost-wrote this letter for Ed Kane to send to her mortgage lender. Despite the fact that Ed Kane admitted in an email to James Cotter, Jr. that it was "clearly inappropriate" for him to do so, Kane acquiesced to Ellen's request and sent the requested letter to Bank of America.

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1           97. Defendant Kane conspired with Ellen and Margaret Cotter to remove disband the  
2 "independent committee" comprised of Tim Storey and Bill Gould so he and the Cotter sisters  
3 could move to fire James Cotter, Jr. as CEO. In furtherance of this conspiracy, Kane requested  
4 and obtained a copy of James Cotter, Jr.'s employment agreement with the company as early as  
5 May 15, 2015, a month before the Board voted to terminate James Cotter, Jr. Kane reviewed this  
6 employment agreement with co-defendant Guy Adams for the express purpose of determining  
7 how to terminate James Cotter, Jr., even though the Board had agreed to wait until June 2015 to  
8 hear from the "independent committee" on the performance of James Cotter, Jr. On May 18,  
9 2015, Kane asked Adams to find someone to second a motion to fire James Cotter, Jr. and to  
10 nominate Ellen Cotter as interim CEO and to form an executive committee consisting of only  
11 Kane, Adams and the two Cotter sisters (e.g. excluding Tim Storey and Bill Gould).

12           98. Defendant Kane was clearly controlled and unduly influenced by Defendants Ellen  
13 Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as President and CEO  
14 of RDI. For example, Kane and Guy Adams agreed to "take sides" with Ellen and Margaret  
15 Cotter in their decision to fire James Cotter, Jr. as CEO and President of RDI.

16 **Guys Adams is an "Interested" Director:**

17           99. Defendant Guy Adams has a long history as a paid consultant to James Cotter, Sr.  
18 and has participated financially in several real estate projects with Mr. Cotter, Sr. Specifically, on  
19 or about June 10, 2013, Adams entered into an "Agreement between James Cotter, Sr. and Guy  
20 Adams", wherein Adams was paid an annual salary of \$52,000 from JC Farm Management Co., a  
21 company wholly owned by James Cotter, Sr. According to the above-referenced agreement,  
22 Adams was also paid a bonus of \$25,000 in 2013 for setting up two property insurance companies  
23 domiciled in Utah for Mr. Cotter, Sr. Adams became an officer of both insurance companies,  
24 which are owned by Ellen, Margaret and Jim Cotter, Jr. The above-referenced agreement further  
25 provides that in exchange for providing management of three real estate projects in Coachella,  
26 California, Seattle, Washington and Austin, Texas, Adams will receive 5% of the net profits. The  
27 agreement estimates Adam's share of the net profits from all three of these real estate projects will  
28 be \$862,500. These "carried interests" in the Cotter family's personal investments creates a

1 financial conflict of interest for Guy Adams because his financial interests and those of the Cotter  
2 family are inextricably entwined.

3 100. Adams requested and obtained a copy of James Cotter, Jr.'s employment agreement  
4 with the company as early as May 15, 2015, a month before the Board voted to terminate James  
5 Cotter, Jr. Adams reviewed this employment agreement with co-defendant Ed Kane for the  
6 express purpose of determining how to terminate James Cotter, Jr., even though the Board had  
7 agreed to wait until June 2015 to hear from the "independent committee" on the performance of  
8 James Cotter, Jr. On May 18, 2015, Kane asked Adams to find someone to second a motion to  
9 fire James Cotter, Jr. and to nominate Ellen Cotter as interim CEO and to form an executive  
10 committee consisting of only Kane, Adams and the two Cotter sisters (e.g. excluding Tim Storey  
11 and Bill Gould). Adams agreed to do so.

12 **Margaret Cotter is an "Interested" Director:**

13 101. Margaret Cotter is currently engaged in the Trust and Estate Litigation, whereby  
14 she and her sister, Ellen, seek to invalidate James Cotter, Sr.'s 2014 Amendment to the Trust in  
15 order to obtain voting control of RDI's Class B stock. Margaret Cotter's threats and later vote to  
16 fire her brother as President and CEO of RDI because he refused to accept her "take-it-or-leave-it"  
17 settlement offer in the Trust and Estate Litigation clearly shows she is an "interested" director in  
18 the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

19 102. Further, Margaret Cotter is an "interested" director for all of the reasons alleged  
20 above concerning the fraudulent election at the 2015 ASM.

21 **Ellen Cotter is an "Interested" Director:**

22 103. Ellen Cotter is an inside director of RDI and is currently engaged in the Trust and  
23 Estate Litigation where she and her sister, Margaret, seek to invalidate James Cotter, Sr.'s 2014  
24 Amendment to the Trust in order to obtain voting control of RDI's Class B stock. Ellen Cotter,  
25 together with her sister, threatened to and then later did have James Cotter, Jr. fired as President  
26 and CEO of RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by  
27 Margaret and Ellen Cotter in the Trust and Estate Litigation. Ellen Cotter was clearly "interested"  
28 in the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.



1           104. Further, Margaret Cotter is an "interested" director for all of the reasons alleged in  
2 paragraphs 39 through 58 above concerning the fraudulent election at the 2015 ASM.

3 **Judy Coddington is an "Interested" Director:**

4           105. On October 13, 2015, just a week before the company filed its Proxy Statement  
5 with the SEC, RDI issued a Form 8-K announcing the Board had appointed Dr. Judy Coddington to  
6 the Board of Directors for an initial term expiring at RDI's 2015 ASM (or for a term of less than  
7 30 days).

8           106. Judy Coddington has been a close personal friend of Mary Cotter, the mother of Ellen  
9 and Margaret Cotter for approximately 30 years. She has no education, training or experience in  
10 either of the two business sectors of RDI, cinemas and real estate. Coddington's work experience has  
11 been in the field of education. Coddington was nominated to the Board by Ellen Cotter because the  
12 sisters could count on her to support them. Clearly, Judy Coddington is an "interested" director.

13 **Michael Wrotniak is an "Interested" Director:**

14           107. On October 13, 2015, just a week before the company filed its Proxy Statement  
15 with the SEC, RDI issued a Form 8-K announcing the Board had appointed Michael Wrotniak to  
16 the Board of Directors for an initial term expiring at RDI's 2015 ASM (or for a term of less than  
17 30 days). Wrotniak is a close personal friend of Margaret Cotter from college. Wrotniak is  
18 married to Margaret Cotter's best friend and college roommate from Georgetown University, and  
19 has known Margaret since 1988. Margaret Cotter's children refer to Mr. Wrotniak as "Uncle  
20 Michael". He has no education, training or experience in either of the two business sectors of RDI,  
21 cinemas and real estate. Coddington's work experience has been in the manufacturing and trading of  
22 carbon. Wrotniak was nominated to the Board by Margaret Cotter because the sisters could count  
23 on him to support them. Clearly, Michael Wrotniak is an "interested" director.

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**FIRST CAUSE OF ACTION**

**(Breach of Fiduciary Duty – Against Defendants Ellen Cotter, Margaret Cotter, Ed Kane, Guy Adams, Bill Gould, Doug McEachern, Judy Coddington and Michael Wrotniak)**

108. Plaintiffs repeat and re-allege paragraphs 1 through 107, inclusive, and incorporate them herein by this reference.

109. Each of the Defendants named above were directors of RDI at all relevant times alleged herein. As such, each owed fiduciary duties, including duties of due care and loyalty, to the Company and to Plaintiffs and other RDI shareholders.

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

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

112. Defendants breached their duty of due care in each of the following ways:

- a) terminating James Cotter, Jr. as CEO and President of RDI on June 12, 2015 without following any proper process, deliberation or evaluation of his performance and instead terminating him simply because he refused to accept the "take-it-or-leave-it" settlement demand made by Ellen and Margaret Cotter in the Trust and Estate Litigation;
- b) recognizing Ellen Cotter's and Margaret Cotter's vote of 327,808 shares of Class B stock at the 2015 ASM, despite the fact that the books and records of RDI identified the record owner of those shares was James J. Cotter, Sr.;
- c) recognizing Ellen and Margaret Cotter's vote of 686,080 shares of Class B stock at the 2015 ASM, despite the fact that said shares were listed on the book and

1 records of RDI as owned by the Trust, and the matter of who the trustee(s) are for  
2 the Trust has not yet been adjudicated in the California Lawsuit;  
3 d) approving Ellen Cotter's exercise of her father's stock option for 100,000 Class  
4 B shares, when that option expired 90 days after his resignation of employment  
5 with RDI;  
6 e) recognizing Ellen Cotter's vote of those 100,000 Class B shares at the 2015  
7 ASM;  
8 f) abandoning the Korn Ferry CEO search after paying that executive search firm  
9 hundreds of thousands of dollars and instead appointing Ellen Cotter as the  
10 permanent CEO without receiving any advice or recommendation from Korn Ferry  
11 regarding the most qualified CEO candidate(s);  
12 g) approval of the payment of significant funds by RDI to pay for the financial  
13 obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton  
14 Hill properties;  
15 h) failure to require repayment or interest on a \$2,910,000 loan by RDI to Sutton  
16 Hill Properties;  
17 i) approval of payments by RDI to Sutton Hill Capital simply to assist that entity  
18 (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a  
19 \$13,000,000 capital gain;  
20 j) forcing Tim Storey to resign because he did not provide unqualified support of  
21 Ellen and Margaret Cotter's decisions to fire James Cotter, Jr, the delegation of  
22 authority to the Executive Committee, or Ellen's exercise of her father's stock  
23 option to acquire 100,000 Class B shares prior to the ASM to obtain voting control  
24 of the company;  
25 k) Allegedly fraudulently inducing Bill Ellis to become employed as general  
26 counsel for RDI, then waiving this conflict of interest and allowing him to remain  
27 employed as RDI's general counsel, and then appointing Craig Tompkins as  
28 "Special Counsel to the Chief Operating Officer" handling all issues touching on

1 corporate governance, stockholder litigation, annual shareholder meetings, stock  
2 options and stockholder relations.

3 113. Defendants breached their duty of loyalty in each of the following ways:

4 a) Ellen and Margaret Cotter failed to timely file Schedule 13D's with the SEC  
5 disclosing that they were a 13D group that shared voting power over the shares  
6 held by the Estate and Trust until after the record date for the ASM has expired;

7 b) Ellen and Margaret Cotter failed to timely file Form 4's with the SEC disclosing  
8 they had exercised options to acquire Class B shares in a cashless exercise until  
9 after the record date for the 2015 ASM has expired;

10 c) abandoning the Korn Ferry CEO search after paying that executive search firm  
11 hundreds of thousands of dollars and instead appointing Ellen Cotter as the  
12 permanent CEO without receiving any advice or recommendation from Korn Ferry  
13 regarding the most qualified CEO candidate(s);

14 d) approval of the payment of significant funds by RDI to pay for the financial  
15 obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton  
16 Hill properties;

17 e) failure to require repayment or interest on a \$2,910,000 loan by RDI to Sutton  
18 Hill Properties;

19 f) approval of payments by RDI to Sutton Hill Capital simply to assist that entity  
20 (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a  
21 \$13,000,000 capital gain;

22 g) allegedly fraudulently inducing Bill Ellis to become employed as general  
23 counsel for RDI, then waiving this conflict of interest and allowing him to remain  
24 employed as RDI's general counsel, and then appointing Craig Tompkins as  
25 "Special Counsel to the Chief Operating Officer" handling all issues touching on  
26 corporate governance, stockholder litigation, annual shareholder meetings, stock  
27 options and stockholder relations;

28 ///

- 1 h) failing to withhold income taxes from Ellen and Margaret Cotter in connection  
2 with the gain realized by them in the cashless exercise of trading their Class A  
3 shares for Class B shares;  
4 i) paying employee benefits to Margaret Cotter and Craig Tompkins when they  
5 were outside consultants.

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

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

11 **SECOND CAUSE OF ACTION**

12 **(Aiding and Abetting Breach of Fiduciary Duty – Against Defendants Craig Tompkins, Ed**  
13 **Kane, Guy Adams, Doug McEachern, Judy Coddington and Mark Wrotniak)**

14 116. Plaintiffs repeat and re-allege paragraphs 1 through 115, inclusive, of this First  
15 Amended Complaint and incorporate them herein by this reference as though fully set forth herein.

16 117. Defendants aided and abetted the breach of Ellen and Margaret Cotters' duties of  
17 due care in each of the following ways:

- 18 a) Defendants Kane, Adams, McEachern, Gould and Tompkins conspired with and  
19 supported Ellen and Margaret Cotter to terminate James Cotter, Jr. as CEO and  
20 President of RDI on June 12, 2015 without following any proper process,  
21 deliberation or evaluation of his performance and instead terminating him simply  
22 because he refused to accept the "take-it-or-leave-it" settlement demand made by  
23 Ellen and Margaret Cotter in the Trust and Estate Litigation;  
24 b) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and  
25 Tompkins recognized Ellen Cotter's and Margaret Cotter's vote of 327,808 shares  
26 of Class B stock at the 2015 ASM, despite the fact that the books and records of  
27 RDI identified the record owner of those shares was James J. Cotter, Sr.;

28 ///

- 1 c) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and  
2 Tompkins recognized Ellen and Margaret Cotter's vote of 686,080 shares of Class  
3 B stock at the 2015 ASM, despite the fact that said shares were listed on the book  
4 and records of RDI as owned by the Trust, and the matter of who the trustee(s) are  
5 for the Trust has not yet been adjudicated in the California Lawsuit;
- 6 d) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and  
7 Tompkins approved Ellen Cotter's exercise of her father's stock option for 100,000  
8 Class B shares, when that option expired 90 days after his resignation of  
9 employment with RDI;
- 10 e) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and  
11 Tompkins recognized Ellen Cotter's vote of those 100,000 Class B shares at the  
12 2015 ASM;
- 13 f) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and Tompkins  
14 abandoned the Korn Ferry CEO search after paying that executive search firm  
15 hundreds of thousands of dollars and instead appointing Ellen Cotter as the  
16 permanent CEO without receiving any advice or recommendation from Korn Ferry  
17 regarding the most qualified CEO candidate(s);
- 18 g) Defendants Kane, Adams, McEachern, Gould, Coddington, Wrotniak and  
19 Tompkins approved the payment of significant funds by RDI to pay for the  
20 financial obligations of James Cotter, Sr.'s share of investments in Shadow View  
21 and Sutton Hill properties;
- 22 h) Defendants Kane, Adams, McEachern, Coddington, Gould, Wrotniak and  
23 Tompkins failed to require repayment or interest on a \$2,910,000 loan by RDI to  
24 Sutton Hill Properties;
- 25 i) Defendants Kane, Adams, McEachern, Coddington, Gould, Wrotniak and  
26 Tompkins approved payments by RDI to Sutton Hill Capital simply to assist that  
27 entity (which is 50/50 owned by James Cotter, Sr. and Michael Forman) to avoid a  
28 \$13,000,000 capital gain;

1 j) Defendants Kane, Adams, McEachern, Coddington, Gould, Wrotniak and Tompkins  
2 forced Tim Storey to resign because he did not provide unqualified support of  
3 Ellen and Margaret Cotter's decisions to fire James Cotter, Jr, the delegation of  
4 authority to the Executive Committee, or Ellen's exercise of her father's stock  
5 option to acquire 100,000 Class B shares prior to the ASM to obtain voting control  
6 of the company.

7 118. Defendants aided and abetted Ellen and Margaret Cotters' breaches of their duty of  
8 loyalty in each of the following ways:

9 a) Craig Tompkins advised Ellen and Margaret Cotter not to timely file Schedule  
10 13D's with the SEC disclosing that they were a 13D group that shared voting power  
11 over the shares held by the Estate and Trust until after the record date for the ASM  
12 has expired;

13 b) Craig Tompkins advised Ellen and Margaret Cotter not to timely file Form 4's  
14 with the SEC disclosing they had exercised options to acquire Class B shares in a  
15 cashless exercise until after the record date for the 2015 ASM has expired;

16 c) Tompkins, Coddington, Wrotniak, Adams, Kane, Gould and McEachern  
17 abandoned the Korn Ferry CEO search after paying that executive search firm  
18 hundreds of thousands of dollars and instead appointing Ellen Cotter as the  
19 permanent CEO without receiving any advice or recommendation from Korn Ferry  
20 regarding the most qualified CEO candidate(s);

21 d) Tompkins, Coddington, Wrotniak, Adams, Kane, Gould and McEachern for  
22 approved the payment of significant funds by RDI to pay for the financial  
23 obligations of James Cotter, Sr.'s share of investments in Shadow View and Sutton  
24 Hill properties;

25 e) Tompkins, Coddington, Wrotniak, Adams, Kane, Gould and McEachern for failure  
26 to require repayment or interest on a \$2,910,000 loan by RDI to Sutton Hill  
27 Properties;

28 ///

1 f) Tompkins, Coddington, Wrotniak, Adams, Kane, Gould and McEachern approved  
2 payments by RDI to Sutton Hill Capital simply to assist that entity (which is 50/50  
3 owned by James Cotter, Sr. and Michael Forman) to avoid a \$13,000,000 capital  
4 gain;

5 119. Defendants Tompkins, Coddington, Wrotniak, Kane, Adams, Gould and McEachern  
6 acted with knowledge of the fiduciary duties of each of the other Director Defendants. Defendants  
7 acted with knowledge of the manner in which those fiduciary duties were breached, and aided and  
8 abetted and continue to aid and abet said breaches. Accordingly, Defendants are liable for aiding  
9 and abetting those fiduciary breaches.

10 120. As a direct and proximate result of the acts and omissions of said Defendants as  
11 described herein, the Company and its shareholders have suffered damages in excess of \$50,000.

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

15 **PRAYER FOR RELIEF**

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

18 A. An award of monetary damages to Plaintiff, on behalf of RDI, against all Director  
19 Defendants and in favor of the Company for the amount of damages sustained by RDI as a result  
20 of the Defendants' breaches of fiduciary duties, together with prejudgment interest thereon, in an  
21 amount to be proven at trial;

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

23 i) an order reinstating James J. Cotter, Jr. as the President and CEO of RDI;

24 ii) an order determining that the voting of the 327,808, 686,808 and 100,000 shares  
25 of Class B stock at the 2015 ASM by Ellen and Margaret Cotter was fraudulent and  
26 to set aside those election results and order a new election to occur;

27 ii) an order setting aside the vote at the 2015 ASM electing directors on the basis of  
28 fraud by Ellen and Margaret Cotter voting 70.4% of the Class B stock;



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

3 DATED this 12<sup>th</sup> day of February, 2016.

4 ROBERTSON & ASSOCIATES, LLP

5 / s / Alexander Robertson, IV

6 By: ALEXANDER ROBERTSON, IV  
7 Alexander Robertson, IV (Nevada Bar No. 8642)  
8 arobertson@arobertsonlaw.com  
9 32121 Lindero Canyon Road, Suite 200  
10 Westlake Village, CA 91361  
11 Telephone (818) 851-3850

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

Derivatively On Behalf of Reading International,  
Inc.

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**CERTIFICATE OF SERVICE**

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 12<sup>th</sup> day of February, 2016, I served a true and correct copy of **T2 PLAINTIFFS' FIRST AMENDED COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

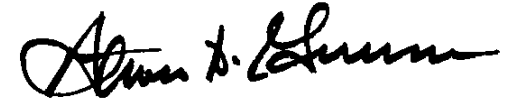
**PLEASE SEE THE E-SERVICE MASTER LIST**

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

/ s / Ann Russo

---

An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

ANS  
COHEN|JOHNSON|PARKER|EDWARDS

H. STAN JOHNSON, ESQ.

Nevada Bar No. 00265

sjohnson@cohenjohnson.com

MICHAEL V. HUGHES, ESQ.

Nevada Bar No. 13154

mhughes@cohenjohnson.com

255 E. Warm Springs Road, Suite 100

Las Vegas, Nevada 89119

Telephone: (702) 823-3500

Facsimile: (702) 823-3400

QUINN EMANUEL URQUHART & SULLIVAN, LLP

CHRISTOPHER TAYBACK, ESQ.

California Bar No. 145532, *pro hac vice*

christayback@quinnemanuel.com

MARSHALL M. SEARCY, ESQ.

California Bar No. 169269, *pro hac vice*

marshallsearcy@quinnemanuel.com

865 S. Figueroa St., 10<sup>th</sup> Floor

Los Angeles, CA 90017

Telephone: (213) 443-3000

Attorneys for Defendants Margaret Cotter,  
Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane

**EIGHTH JUDICIAL DISTRICT COURT**

**CLARK COUNTY, NEVADA**

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

Plaintiff,

v.

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

Defendants.

AND

Case No.: A-15-719860-B  
Dept. No.: XI

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

Related and Coordinated Cases

**BUSINESS COURT**

**ANSWER TO FIRST AMENDED  
COMPLAINT**

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READING INTERNATIONAL, INC., a Nevada  
corporation,  
  
Nominal Defendant.

**DEFENDANTS' ANSWER TO PLAINTIFF'S FIRST AMENDED COMPLAINT**

Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern hereby set forth the following Answer to the First Amended Verified Complaint, filed by Plaintiff on October 22, 2015 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Defendants respond to each of the paragraphs of the Complaint as follows:

**RESPONSE TO "NATURE OF THE CASE"**

1. Defendants deny the allegations of paragraph 1 of the Complaint.
2. Defendants deny the allegations of paragraph 2 of the Complaint.
3. Defendants deny the allegations of paragraph 3 of the Complaint.
4. Defendants admit that "family disputes" between Ellen Cotter and Margaret Cotter, on the one hand, and James Cotter, Jr., on the other hand, included certain trust and estate litigation commenced by Ellen Cotter and Margaret Cotter against James Cotter, Jr. following the passing of their father, James J. Cotter, Sr., in September 2014. Defendants deny the allegations of paragraph 4 of the Complaint in all other respects.
5. Defendants deny the allegations of paragraph 5 of the Complaint.
6. Defendants admit that Plaintiff, Ellen Cotter, and Margaret Cotter have referred to Edward Kane as "Uncle Ed." Defendants deny the allegations of paragraph 6 of the Complaint in all other respects.
7. Defendants deny the allegations of paragraph 7 of the Complaint.
8. Defendants deny the allegations of paragraph 8 of the Complaint.
9. Defendants deny the allegations of paragraph 9 of the Complaint.
10. Defendants admit that Ellen Cotter and Margaret Cotter, acting in the capacities as the Co-Executors of the estate of James J. Cotter, Sr. (the "Cotter Estate"), exercised on behalf of the Cotter Estate an option held by the Cotter Estate to acquire 100,000 shares of RDI class B voting stock. Defendants deny the allegations of paragraph 10 of the Complaint in all other respects.

11. Defendants admit that Ellen Cotter reported that a candidate for the Board of Directors decided to withdraw from consideration because of pending derivative litigation. Defendants deny the allegations of paragraph 11 of the Complaint in all other respects.

12. Defendants admit that, on or about October 5, 2015, Ellen Cotter proposed adding Judy Coddington to RDI's Board of Directors. Defendants admit that Edward Kane, Douglas McEachern, and Guy Adams met Ms. Coddington. Defendants admit that Mary Cotter knows Ms. Coddington. Defendants deny the allegations of paragraph 12 of the Complaint in all other respects.

13. Defendants admit that Edward Kane, Guy Adams, and Douglas McEachern were members of RDI's nominating committee. Defendants admit that RDI's Annual Stockholder Meeting was scheduled for November 10, 2015. Defendants admit that Margaret Cotter knows Michael Wrotniak. Defendants deny the allegations of paragraph 13 of the Complaint in all other respects.

14. Defendants admit that RDI's Board of Directors voted to elect Michael Wrotniak to fill the vacancy on the Board of Directors. Defendants deny the allegations of paragraph 14 of the Complaint in all other respects.

15. Defendants admit that RDI's nominating committee recommended Michael Wrotniak to the Board of Directors. Defendants admit that McEachern and Adams spoke to another suggested candidate. Defendants deny the allegations of paragraph 15 of the Complaint in all other respects.

16. Defendants deny the allegations of paragraph 16 of the Complaint.

#### **RESPONSE TO "PARTIES"**

17. Defendants admit that, at all times relevant hereto, James Cotter, Jr. was a stockholder of RDI. Defendants admit that James Cotter, Jr. has been a director of RDI. Defendants admit that James Cotter, Jr. was appointed Vice Chairman of RDI's Board of Directors, then later President of RDI. Defendants admit that James Cotter, Jr. was appointed CEO by RDI's Board of Directors after James Cotter, Sr. resigned from that position. Defendants admit that James Cotter, Jr. is the son of the late James Cotter, Sr. and the brother of Ellen Cotter and Margaret Cotter. Defendants deny the allegations of paragraph 17 of the Complaint in all other respects.

1           18. Defendants admit that Margaret Cotter is a director of RDI. Defendants admit that  
2 Margaret Cotter is the owner and President of OBI, LLC, a company that provides theater  
3 management services to live theaters indirectly owned by RDI through Liberty Theatres, LLC, of  
4 which Margaret Cotter is President. Defendants admit that Margaret Cotter was involved in  
5 development of real estate in New York owned directly or indirectly by RDI. Defendants deny  
6 the allegations of paragraph 18 of the Complaint in all other respects.

7           19. Defendants admit that Ellen Cotter is and at all times relevant hereto was a director  
8 of RDI. Defendants deny the allegations of paragraph 19 of the Complaint in all other respects.

9           20. Defendants admit that Edward Kane is an outside director of RDI. Defendants  
10 admit that Edward Kane has been a director of RDI since approximately October 15, 2004.  
11 Defendants admit that Edward Kane was a friend of James Cotter, Sr., James Cotter, Jr., Ellen  
12 Cotter, and Margaret Cotter. Defendants deny the allegations of paragraph 20 of the Complaint in  
13 all other respects.

14           21. Defendants admit that Guy Adams is an outside director of RDI. Defendants deny  
15 the allegations of paragraph 21 of the Complaint in all other respects.

16           22. Defendants admit that Douglas McEachern is an outside director of RDI.  
17 Defendants deny the allegations of paragraph 22 of the Complaint in all other respects.

18           23. Defendants admit that Timothy Storey was an outside director of RDI. Defendants  
19 admit that, beginning in 2006, Timothy Storey served as a director of RDI's wholly-owned New  
20 Zealand subsidiary. Defendants deny the allegations of paragraph 23 of the Complaint in all other  
21 respects.

22           24. Defendants admit the allegations of paragraph 24 of the Complaint.

23           25. Defendants admit that RDI is a Nevada corporation. Defendants admit that RDI  
24 has two classes of stock—Class A stock and Class B stock. The other allegations of paragraph 25  
25 of the Complaint are purportedly based on written documents, which speak for themselves.  
26 Defendants deny the remaining allegations of paragraph 25 of the Complaint.

27           26. Defendants deny the allegations of paragraph 26 of the Complaint.  
28

**RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"**

27. Defendants admit that, since approximately 2000 and until he resigned as Chairman and CEO of RDI, James J. Cotter, Sr. was the CEO and Chairman of the Board of Directors of RDI. Defendants deny the allegations of paragraph 27 of the Complaint in all other respects.

28. Defendants deny the allegations of paragraph 28 of the Complaint.

29. Defendants deny the allegations of paragraph 29 of the Complaint.

30. Defendants admit that James Cotter, Jr. was appointed Vice Chairman of the RDI board in 2007. Defendants admit that the RDI board appointed James Cotter, Jr. President of RDI on or about June 1, 2013. Defendants deny the allegations of paragraph 30 of the Complaint in all other respects.

31. Defendants admit the allegation of paragraph 31 of the Complaint.

32. Defendants admit that Ellen Cotter and Margaret Cotter are in litigation with James Cotter, Jr. Defendants deny the allegations of paragraph 32 of the Complaint in all other respects.

33. Defendants admit that, as President and CEO of RDI, James Cotter, Jr. worked to push his sisters out of RDI. Defendants deny the allegations of paragraph 33 of the Complaint in all other respects.

34. Defendants deny the allegations of paragraph 34 of the Complaint.

35. Defendants admit that Ellen Cotter sought an employment agreement. Defendants admit that Ellen Cotter believed that James Cotter, Jr. would try to fire her without cause. Defendants deny the allegations of paragraph 35 of the Complaint in all other respects.

36. Defendants deny the allegations of paragraph 36 of the Complaint.

37. Defendants admit that Edward Kane had a relationship with each of Margaret Cotter and Ellen Cotter. Defendants admit that James Cotter, Jr., Margaret Cotter, and Ellen Cotter have called Edward Kane "Uncle Ed." Defendants deny the allegations of paragraph 37 of the Complaint in all other respects.

38. To the extent that the allegations of paragraph 38 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 38 of the Complaint.



1           39. Defendants deny the allegations of paragraph 39 of the Complaint.

2           40. Defendants admit that, in October 2014, RDI's Board of Directors provided  
3 \$50,000 to Ellen Cotter to compensate her for her inability to realize the intended benefits of an  
4 option due to an error by the Company in connection with the issuance of that option to her, and  
5 that Ellen Cotter had exercised that option in 2013. Defendants deny the allegations of paragraph  
6 40 of the Complaint in all other respects.

7           41. Defendants deny the allegations of paragraph 41 of the Complaint.

8           42. Defendants admit that, on or about November 2014, RDI's Board of Directors  
9 approved an increase in compensation for each nonemployee director. Defendants deny the  
10 allegations of paragraph 42 of the Complaint in all other respects.

11           43. Defendants deny the allegations of paragraph 43 of the Complaint.

12           44. Defendants deny the allegations of paragraph 44 of the Complaint.

13           45. Defendants deny the allegations of paragraph 45 of the Complaint.

14           46. Defendants deny the allegations of paragraph 46 of the Complaint.

15           47. Defendants deny the allegations of paragraph 47 of the Complaint.

16           48. The allegations of paragraph 48 of the Complaint are purportedly based on written  
17 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
18 48 of the Complaint.

19           49. Defendants deny the allegations of paragraph 49 of the Complaint.

20           50. Defendants admit that, on or about January 15, 2015, RDI's Board of Directors  
21 approved purchase of a directors and officers insurance policy. Defendants deny the allegations  
22 of paragraph 50 of the Complaint in all other respects.

23           51. Defendants admit that the quoted resolution was approved. Defendants deny the  
24 allegations of paragraph 51 of the Complaint in all other respects.

25           52. Defendants deny that Plaintiff's work as CEO was recognized as successful by the  
26 stock market. Defendants are without knowledge or information sufficient to form a belief as to  
27 the truth of the remaining allegations of paragraph 52 of the Complaint, and therefore deny them.

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1           53. Defendants are without knowledge or information sufficient to form a belief as to  
2 the truth of the allegations of paragraph 53 of the Complaint, and therefore deny them.

3           54. Defendants are without knowledge or information sufficient to form a belief as to  
4 the truth of the allegations of paragraph 54 of the Complaint, and therefore deny them.

5           55. Defendants deny the allegations of paragraph 55 of the Complaint.

6           56. Defendants deny that Plaintiff's work as CEO was recognized as successful by the  
7 stock market. Defendants are without knowledge or information sufficient to form a belief as to  
8 the truth of the remaining allegations of paragraph 56 of the Complaint, and therefore deny them.

9           57. Defendants deny the allegations of paragraph 57 of the Complaint.

10          58. Defendants deny the allegations of paragraph 58 of the Complaint.

11          59. Defendants deny the allegations of paragraph 59 of the Complaint.

12          60. Defendants admit that William Gould and Timothy Storey were assigned to try to  
13 mediate the relationship between James Cotter, Jr., on the one hand, and Ellen Cotter and Margaret  
14 Cotter, on the other. Defendants deny the allegations of paragraph 60 of the Complaint in all other  
15 respects.

16          61. Defendants are without knowledge or information sufficient to form a belief as to  
17 the truth of the allegations of paragraph 61 of the Complaint, and therefore deny them.

18          62. Defendants are without knowledge or information sufficient to form a belief as to  
19 the truth of the allegations of paragraph 62 of the Complaint, and therefore deny them.

20          63. Defendants deny the allegations of paragraph 63 of the Complaint.

21          64. Defendants admit that Margaret Cotter asked for an employment agreement with  
22 RDI. Defendants deny the allegations of paragraph 64 of the Complaint in all other respects.

23          65. Defendants admit that the non-Cotter directors sought additional compensation for  
24 time expended on RDI matters. Defendants are without knowledge or information sufficient to  
25 form a belief as to the truth of the remaining allegations of paragraph 65 of the Complaint, and  
26 therefore deny them.

27          66. Defendants admit that director Storey resides in New Zealand and that Storey took  
28 trips to Los Angeles on RDI business. Defendants are without knowledge or information sufficient

1 to form a belief as to the truth of the remaining allegations of paragraph 66 of the Complaint, and  
2 therefore deny them.

3 67. Defendants are without knowledge or information sufficient to form a belief as to  
4 the truth of the allegations of paragraph 67 of the Complaint, and therefore deny them.

5 68. Defendants deny that Margaret Cotter and Ellen Cotter pursued their own personal  
6 interests, in derogation of the interests of RDI and its stockholders. Defendants are without  
7 knowledge or information sufficient to form a belief as to the truth of the remaining allegations of  
8 paragraph 68 of the Complaint, and therefore deny them.

9 69. Defendants deny the allegations of paragraph 69 of the Complaint.

10 70. The allegations of paragraph 70 of the Complaint are purportedly based on written  
11 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
12 70 of the Complaint.

13 71. Defendants admit that the Stomp Producers gave notice of termination of Stomp's  
14 lease at the Orpheum Theatre on or about April 23, 2015. Defendants deny the allegations of  
15 paragraph 71 of the Complaint in all other respects.

16 72. Defendants are without knowledge or information sufficient to form a belief as to  
17 the truth of the allegations of paragraph 72 of the Complaint, and therefore deny them.

18 73. Defendants deny the allegations of paragraph 73 of the Complaint.

19 74. Defendants are without knowledge or information sufficient to form a belief as to  
20 the truth of the allegations of paragraph 74 of the Complaint, and therefore deny them.

21 75. Defendants deny the allegations of paragraph 75 of the Complaint.

22 76. Defendants deny the allegations of paragraph 76 of the Complaint.

23 77. Defendants deny the allegations of paragraph 77 of the Complaint.

24 78. Defendants deny the allegations of paragraph 78 of the Complaint.

25 79. Defendants admit that Ellen Cotter became interim CEO of RDI after James Cotter,  
26 Jr. was terminated. Defendants deny the allegations of paragraph 79 in all other respects.

27 80. Defendants deny the allegations of paragraph 80 of the Complaint.

28 81. Defendants deny the allegations of paragraph 81 of the Complaint.

- 1           82.     Defendants deny the allegations of paragraph 82 of the Complaint.
- 2           83.     Defendants deny the allegations of paragraph 83 of the Complaint.
- 3           84.     Defendants deny the allegations of paragraph 84 of the Complaint.
- 4           85.     Defendants deny the allegations of paragraph 85 of the Complaint.
- 5           86.     Defendants admit that Ellen Cotter distributed an agenda for the May 21, 2015 RDI
- 6 board meeting on or about May 19, 2015, and that the first action item on the agenda was entitled
- 7 “Status of President and CEO.” Defendants deny the remaining allegations of paragraph 86 of the
- 8 Complaint.
- 9           87.     Defendants deny the allegations of paragraph 87 of the Complaint.
- 10          88.     Defendants deny the allegations of paragraph 88 of the Complaint.
- 11          89.     Defendants deny the allegations of paragraph 89 of the Complaint.
- 12          90.     Defendants admit that James Cotter, Jr.’s counsel appeared at the May 21, 2015
- 13 board meeting and made a statement. Defendants deny the remaining allegations of paragraph 90
- 14 of the Complaint.
- 15          91.     Defendants deny the allegations of paragraph 91 of the Complaint.
- 16          92.     Defendants deny the allegations of paragraph 92 of the Complaint.
- 17          93.     Defendants deny the allegations of paragraph 93 of the Complaint.
- 18          94.     Defendants admit that the May 21, 2015 board meeting was adjourned to May 29,
- 19 2015. Defendants deny the remaining allegations of paragraph 94 of the Complaint.
- 20          95.     Defendants admit that Harry Susman transmitted a settlement offer to Adam
- 21 Streisand. Defendants deny the remaining allegations of paragraph 95 of the Complaint.
- 22          96.     Defendants admit the allegations of paragraph 96 of the Complaint.
- 23          97.     Defendants deny the allegations of paragraph 97 of the Complaint.
- 24          98.     The allegations of paragraph 98 of the Complaint are purportedly based on written
- 25 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph
- 26 98 of the Complaint.
- 27          99.     Defendants deny the allegations of paragraph 99 of the Complaint.
- 28

100. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 100 of the Complaint, and therefore deny them.

101. Defendants deny the allegations of paragraph 101 of the Complaint.

102. Defendants deny the allegations of paragraph 102 of the Complaint.

103. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 103 of the Complaint, and therefore deny them.

104. Defendants deny the allegations of paragraph 104 of the Complaint.

105. Defendants deny the allegations of paragraph 105 of the Complaint.

106. Defendants admit that James Cotter, Jr. was advised that the RDI Board meeting would be adjourned until about 6:00 p.m. that evening. Defendants deny the allegations of paragraph 106 of the Complaint in all other respects.

107. Defendants admit that the RDI Board meeting reconvened. Defendants deny the allegations of paragraph 107 of the Complaint in all other respects.

108. Defendants admit that, on or about June 3, 2015, Harry Susman transmitted a document to counsel for James Cotter, Jr., Adam Streisand. Defendants deny the allegations of paragraph 108 of the Complaint in all other respects.

109. Defendants deny the allegations of paragraph 109 of the Complaint.

110. Defendants deny the allegations of paragraph 110 of the Complaint.

111. Defendants deny the allegations of paragraph 111 of the Complaint.

112. The allegations of paragraph 112 of the Complaint are purportedly based on written documents, which speak for themselves. Defendants deny the remaining allegations of paragraph 112 of the Complaint.

113. Defendants deny the allegations of paragraph 113 of the Complaint.

114. Defendants deny the allegations of paragraph 114 of the Complaint.

115. Defendants deny the allegations of paragraph 115 of the Complaint.

116. Defendants deny the allegations of paragraph 116 of the Complaint.

117. Defendants deny the allegations of paragraph 117 of the Complaint.

118. Defendants deny the allegations of paragraph 118 of the Complaint.

- 1 119. Defendants deny the allegations of paragraph 119 of the Complaint.
- 2 120. Defendants deny the allegations of paragraph 120 of the Complaint.
- 3 121. Defendants deny the allegations of paragraph 121 of the Complaint.
- 4 122. Defendants deny the allegations of paragraph 122 of the Complaint.
- 5 123. Defendants admit the allegations of paragraph 123 of the Complaint.
- 6 124. Defendants admit the allegations of paragraph 124 of the Complaint.
- 7 125. The allegations of paragraph 125 of the Complaint constitute conclusions of law to
- 8 which no responsive pleading is required. To the extent a response is deemed required, the
- 9 allegations of paragraph 125 of the Complaint are denied.
- 10 126. Defendants deny the allegations of paragraph 126 of the Complaint.
- 11 127. Defendants deny the allegations of paragraph 127 of the Complaint.
- 12 128. Defendants deny the allegations of paragraph 128 of the Complaint.
- 13 129. Defendants deny the allegations of paragraph 129 of the Complaint.
- 14 130. Defendants deny the allegations of paragraph 130 of the Complaint.
- 15 131. Defendants deny the allegations of paragraph 131 of the Complaint.
- 16 132. Defendants deny the allegations of paragraph 132 of the Complaint.
- 17 133. Defendants deny the allegations of paragraph 133 of the Complaint.
- 18 134. Defendants deny the allegations of paragraph 134 of the Complaint.
- 19 135. Defendants deny the allegations of paragraph 135 of the Complaint.
- 20 136. Defendants deny the allegations of paragraph 136 of the Complaint.
- 21 137. Defendants deny the allegations of paragraph 137 of the Complaint.
- 22 138. Defendants deny the allegations of paragraph 138 of the Complaint.
- 23 139. Defendants deny the allegations of paragraph 139 of the Complaint.
- 24 140. Defendants deny the allegations of paragraph 140 of the Complaint.
- 25 141. The allegations of paragraph 141 of the Complaint are purportedly based on written
- 26 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph
- 27 141 of the Complaint.
- 28 142. Defendants deny the allegations of paragraph 142 of the Complaint.

1 143. Defendants deny the allegations of paragraph 143 of the Complaint.

2 144. Defendants deny the allegations of paragraph 144 of the Complaint.

3 145. Defendants deny the allegations of paragraph 145 of the Complaint.

4 146. Defendants deny the allegations of paragraph 146 of the Complaint.

5 147. Defendants deny the allegations of paragraph 147 of the Complaint.

6 148. Defendants admit that Ellen Cotter proposed Judy Coddington as a candidate for RDI's  
7 Board of Directors. Defendants deny the allegations of paragraph 148 of the Complaint in all other  
8 respects.

9 149. Defendants admit that Mary Cotter knows Judy Coddington. Defendants deny the  
10 allegations of paragraph 149 of the Complaint in all other respects.

11 150. Defendants admit that, on October 5, 2015, Judy Coddington was made a director of  
12 RDI. Defendants admit that, with the exception of James Cotter, Jr., RDI's directors voted to add  
13 Ms. Coddington to RDI's Board of Directors. Defendants are without knowledge or information  
14 sufficient to form a belief as to the truth of the allegations in paragraph 150 of the Complaint  
15 related to one of RDI's institutional stockholders, and therefore deny them. Defendants deny the  
16 allegations of paragraph 150 of the Complaint in all other respects.

17 151. Defendants deny the allegations of paragraph 151 of the Complaint.

18 152. Defendants deny the allegations of paragraph 152 of the Complaint.

19 153. Defendants deny the allegations of paragraph 153 of the Complaint.

20 154. Defendants deny the allegations of paragraph 154 of the Complaint.

21 155. Defendants admit that RDI's Board of Directors voted to elect Michael Wrotniak  
22 to fill the vacancy on the Board of Directors. Defendants deny the allegations of paragraph 155 of  
23 the Complaint in all other respects.

24 156. Defendants deny the allegations of paragraph 156 of the Complaint.

25 157. Defendants deny the allegations of paragraph 157 of the Complaint.

26 158. Defendants deny the allegations of paragraph 158 of the Complaint.

27 159. Defendants deny the allegations of paragraph 159 of the Complaint.

28 160. Defendants deny the allegations of paragraph 160 of the Complaint.

161. Defendants deny the allegations of paragraph 161 of the Complaint.

162. Defendants deny the allegations of paragraph 162 of the Complaint.

163. Defendants deny the allegations of paragraph 163 of the Complaint.

164. Defendants deny the allegations of paragraph 164 of the Complaint.

165. Defendants deny the allegations of paragraph 165 of the Complaint.

166. Defendants deny the allegations of paragraph 166 of the Complaint.

167. Defendants deny the allegations of paragraph 167 of the Complaint.

168. Defendants deny the allegations of paragraph 168 of the Complaint.

169. Defendants deny the allegations of paragraph 169 of the Complaint.

**RESPONSE TO “FIRST CAUSE OF ACTION**

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

170. Defendants reassert and incorporate their responses to paragraphs 1 through 169 of the Complaint.

171. The allegations of paragraph 171 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 171 of the Complaint are denied.

172. The allegations of paragraph 172 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 172 of the Complaint are denied.

173. The allegations of paragraph 173 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 173 of the Complaint are denied.

174. Defendants deny the allegations of paragraph 174 of the Complaint.

175. Defendants deny the allegations of paragraph 175 of the Complaint.

176. Defendants deny that Plaintiff, RDI, or its stockholders have suffered any damages by virtue of Defendants’ conduct.



**RESPONSE TO “SECOND CAUSE OF ACTION**

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

177. Defendants reassert and incorporate their responses to paragraphs 1 through 176 of the Complaint.

178. The allegations of paragraph 178 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 178 of the Complaint are denied.

179. The allegations of paragraph 179 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 179 of the Complaint are denied.

180. The allegations of paragraph 180 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 180 of the Complaint are denied.

181. Defendants deny the allegations of paragraph 181 of the Complaint.

182. Defendants deny the allegations of paragraph 182 of the Complaint.

183. Defendants deny that Plaintiff, RDI, or its stockholders have suffered any damages by virtue of Defendants’ conduct.

**RESPONSE TO “THIRD CAUSE OF ACTION**

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

184. Defendants reassert and incorporate their responses to paragraphs 1 through 183 of the Complaint.

185. Defendants deny the allegations of paragraph 185 of the Complaint.

186. Defendants deny the allegations of paragraph 186 of the Complaint.

187. Defendants deny the allegations of paragraph 187 of the Complaint.

188. Defendants deny the allegations of paragraph 188 of the Complaint.

189. The allegations of paragraph 189 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 189 of the Complaint are denied.

1 190. Defendants deny the allegations of paragraph 190 of the Complaint.

2 191. Defendants deny that Plaintiff, RDI, or its stockholders have suffered any damages  
3 by virtue of Defendants' conduct.

4 **RESPONSE TO "IRREPARABLE HARM"**

5 192. Defendants deny the allegations of paragraph 192 of the Complaint.

6 193. Defendants deny the allegations of paragraph 193 of the Complaint.

7 **RESPONSE TO "PRAYER FOR RELIEF"**

8 194. Responding to the unnumbered WHEREFORE paragraph following paragraph 193  
9 of the Complaint, Defendants admit that Plaintiff demands and prays for judgment as set forth  
10 therein, but deny that Defendants caused or contributed to Plaintiff's or RDI's alleged injuries and  
11 further deny that Defendants are liable for damages or any other relief sought in the Complaint.

12 **AFFIRMATIVE DEFENSES**

13 195. Subject to the responses above, Defendants allege and assert the following defenses  
14 in response to the allegations, undertaking the burden of proof only as to those defenses deemed  
15 affirmative defenses by law, regardless of how such defenses are denominated herein. In addition  
16 to the affirmative defenses described below, subject to their responses above, Defendants  
17 specifically reserve all rights to allege additional affirmative defenses that become known through  
18 the course of discovery.

19 **FIRST DEFENSE – FAILURE TO STATE A CAUSE OF ACTION**

20 196. The Complaint, and each purported cause of action therein, is barred, in whole or  
21 in part, for failure to state a cause of action against Defendants under any legal theory.

22 **SECOND DEFENSE – STATUTES OF LIMITATIONS AND REPOSE**

23 197. The Complaint, and each purported cause of action therein, is barred, in whole or  
24 in part, by the applicable statutes of limitations and/or statutes of repose.

25 **THIRD DEFENSE – LACHES**

26 198. The Complaint, and each purported cause of action therein, is barred, in whole or  
27 in part, by the doctrine of laches, in that Plaintiff waited an unreasonable period of time to file this  
28 action and this prejudicial delay has worked to the detriment of Defendants.

**FOURTH DEFENSE – UNCLEAN HANDS**

199. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of unclean hands.

**FIFTH DEFENSE – SPOILIATION**

200. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's spoliation of evidence and obstruction of justice.

**SIXTH DEFENSE – ILLEGAL CONDUCT AND FRAUD**

201. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's own illegal conduct and/or fraud.

**SEVENTH DEFENSE – WAIVER, ESTOPPEL, AND ACQUIESCENCE**

202. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiff's acts, conduct, and/or omissions are inconsistent with his requests for relief.

**EIGHTH DEFENSE – RATIFICATION AND CONSENT**

203. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because any purportedly improper acts by Defendants, if any, were ratified by Plaintiff and his agents, and/or because Plaintiff consented to the same.

**NINTH DEFENSE – NO UNLAWFUL ACTIVITY**

204. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, to the extent any of the activities alleged in the Complaint actually occurred, those activities were not unlawful.

**TENTH DEFENSE – NO RELIANCE**

205. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiff did not justifiably rely on any alleged misrepresentation of Defendants.

**ELEVENTH DEFENSE – FAILURE TO PLEAD FRAUD WITH PARTICULARITY**

206. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiff failed to plead the alleged fraud with particularity, including but not limited to identification of the alleged misrepresentations.

**TWELFTH DEFENSE – UNCERTAIN AND AMBIGUOUS**

207. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because it is uncertain and ambiguous as it relates to Defendants.

**THIRTEENTH DEFENSE – PRIVILEGE AND JUSTIFICATION**

208. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because the actions complained of, if taken, were at all times reasonable, privileged, and justified.

**FOURTEENTH DEFENSE – GOOD FAITH AND LACK OF FAULT**

209. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, at all times material to the Complaint, Defendants acted in good faith and with innocent intent.

**FIFTEENTH DEFENSE – NO ENTITLEMENT TO INJUNCTIVE RELIEF**

210. Plaintiff is not entitled to injunctive relief because, among other things, he has not suffered irreparable harm, he has an adequate remedy at law, and injunctive relief is not supported by any purported cause of action alleged in the Complaint and is not warranted by the balance of the hardships and/or any other equitable factors.

**SIXTEENTH DEFENSE – DAMAGES TOO SPECULATIVE**

211. Plaintiff is not entitled to damages of any kind or in any sum or amount whatsoever as a result of Defendants' acts or omissions alleged in the Complaint because any damages sought are speculative, uncertain, and not recoverable.

**SEVENTEENTH DEFENSE – NO ENTITLEMENT TO PUNITIVE DAMAGES**

212. The Complaint, and each purported cause of action alleged therein, fails to support the recovery of punitive, exemplary, or enhanced damages from Defendants, including because such damages are not recoverable under applicable Nevada statutory and common law requirements and are barred by the constitutional limitations, including the Due Process Clause of the Fourteenth Amendment and the Eighth Amendment to the United States Constitution.

**EIGHTEENTH DEFENSE – MITIGATION OF DAMAGES**

213. Plaintiff has failed to properly mitigate the damages, if any, he has sustained, and by virtue thereof, Plaintiff is barred, in whole or in part, from maintaining the causes of action asserted in the Complaint against Defendant.

**NINETEENTH DEFENSE – COMPARATIVE FAULT**

214. Plaintiff's recovery against Defendants is barred, in whole or in part, based on principles of comparative fault, including Plaintiff's own comparative fault.

**TWENTIETH DEFENSE – BUSINESS JUDGMENT RULE**

215. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the business judgment rule.

**TWENTY-FIRST DEFENSE – EQUITABLE ESTOPPEL**

216. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the doctrine of equitable estoppel.

**TWENTY-SECOND DEFENSE – ELECTION OF REMEDIES**

217. Plaintiff is barred, in whole or in part, from obtaining relief under the Complaint, or any of the causes of action or claims therein, that are based on inconsistent positions and/or remedies, including but not limited to inconsistent and duplicative claims for equitable and legal relief.

**TWENTY-THIRD DEFENSE – NEVADA REVISED STATUTE 78.138**

218. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by Nevada Revised Statute 78.138, which provides that a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that: (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

**TWENTY-FOURTH DEFENSE – FAILURE TO MAKE APPROPRIATE DEMAND**

1           219. The Complaint, and each purported cause of action alleged therein, is barred, in  
2 whole or part, for failure to make a demand on RDI's Board of Directors.

3                   **TWENTY-FIFTH DEFENSE – CONFLICT OF INTEREST AND**  
4                   **UNSUITABILITY TO SERVE AS DERIVATIVE REPRESENTATIVE**

5           220. The Complaint, and each purported cause of action alleged therein, is barred, in  
6 whole or part, because Plaintiff has conflicts of interest and are unsuitable to serve as derivative  
7 representatives.

8           **WHEREFORE**, Defendants request that Plaintiff's Complaint be dismissed in its entirety  
9 with prejudice, that judgment be entered in favor of Defendants, that Defendants be awarded costs  
10 and, to the extent provided by law, attorney's fees, and any such other relief as the Court may  
11 deem proper.

12           Dated this 14th day of March, 2016.

13                   **COHEN|JOHNSON|PARKER|EDWARDS**

14  
15           By Michael Hughes, Esq.  
16                   H. Stan Johnson, Esq.

17                   Christopher Tayback  
18                   Marshall M. Searcy  
19                   QUINN EMANUEL URQUHART &  
20                   SULLIVAN, LLP  
21                   Attorneys for Defendants  
22                   Margaret Cotter, Ellen Cotter,  
23                   Douglas McEachern, Guy Adams,  
24                   and Edward Kane  
25  
26  
27  
28

CERTIFICATE OF SERVICE

I hereby certify that, on the 14<sup>th</sup> day of March 2016, I caused a true and correct copy of the foregoing document entitled DEFENDANTS' ANSWER TO PLAINTIFF'S FIRST AMENDED COMPLAINT to be served on all interested parties in this action via the Court's E-Filing and E-Service System.

Lewis Roca Rothgerber LLP  
Brian Blakley BBlakley@lrrlaw.com  
Mark G. Krum mkrum@lrrlaw.com  
Annette Jaramillo ajaramillo@lrrlaw.com

Quinn Emanuel Urquhart & Sullivan, LLP  
Marshall M. Searcy III  
marshallsearcy@quinnemanuel.com

Cohen-Johnson, LLC  
H. Stan Johnson, Esq.  
calendar@cohenjohnson.com  
Sarah Gondek sgondek@cohenjohnson.com  
C.J. Barnabi cj@cohenjohnson.com

Robertson & Associates, LLP  
Robert Nation, Esquire  
rnation@arobertsonlaw.com  
Alex Robertson, IV, Esquire  
arobertson@arobertsonlaw.com  
Annie Russo (Legal Assistant)  
arusso@arobertsonlaw.com  
Elisabeth Dagorrette, Paralegal  
edagorrette@arobertsonlaw.com

McDonald Carano Wilson  
Aaron D. Shipley, Esq.  
ashipley@mcwlaw.com  
Leah Jennings, Esq.  
ljennings@mcdonaldcarano.com

Chubb  
Allison Rose, Esq.  
allisonrose@chubb.com

Greenberg Traurig, LLP  
6085 Joyce Heilich heilichj@gtlaw.com  
7132 Andrea Rosehill rosehilla@gtlaw.com  
IOM Mark Ferrario lvlitdock@gtlaw.com  
KBD Kara Hendricks hendricksk@gtlaw.com  
LAI Leslie Godfrey godfreyl@gtlaw.com  
LCU Lance Coburn coburnl@gtlaw.com  
LVGTDocketing lvlitdock@gtlaw.com  
MNQ Megan Sheffield  
sheffieldm@gtlaw.com  
ZCE Lee Hutcherson hutcherson@gtlaw.com

Maupin, Cox & LeGoy  
Carolyn K. Renner crenner@mclrenolaw.com  
Donald A. Lattin dlattin@mclrenolaw.com  
Jennifer Salisbury  
jsalisbury@mclrenolaw.com  
Karen Bernhardt  
kbernhardt@mclrenolaw.com

Bird, Marella, Boxer, Wolpert, Nessim,  
Drooks, Lincenberg & Rhow, P.C.  
Shemena Johnson  
snj@birdmarella.com  
Bonita D. Moore  
bdm@birdmarella.com

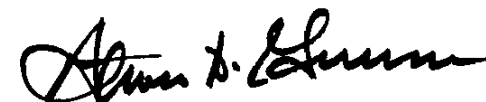
Patti, Sgro, Lewis & Roger  
Adam C. Anderson, Esq.  
aanderson@pslrfirm.com  
Karen Cormier, Esq.  
Kcormier@pslrfirm.com  
Stephen Lewis, Esq.  
slewis@pattisgroleis.com

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Solomon Dwiggin & Freer, Ltd.  
Alan D. Freer, Esq.  
afreer@sdfnvlaw.com

Michael Hughes, Esq.  
An employee of Cohen|Johnson|Parker|Edwards





CLERK OF THE COURT

1 **ANS**  
2 **COHEN|JOHNSON|PARKER|EDWARDS**  
3 H. STAN JOHNSON, ESQ.  
4 Nevada Bar No. 00265  
5 sjohnson@cohenjohnson.com  
6 MICHAEL V. HUGHES, ESQ.  
7 Nevada Bar No. 13154  
8 mhughes@cohenjohnson.com  
9 255 E. Warm Springs Road, Suite 100  
10 Las Vegas, Nevada 89119  
11 Telephone: (702) 823-3500  
12 Facsimile: (702) 823-3400

13 **QUINN EMANUEL URQUHART & SULLIVAN, LLP**  
14 CHRISTOPHER TAYBACK, ESQ.  
15 California Bar No. 145532, *pro hac vice*  
16 christayback@quinnemanuel.com  
17 MARSHALL M. SEARCY, ESQ.  
18 California Bar No. 169269, *pro hac vice*  
19 marshallsearcy@quinnemanuel.com  
20 865 S. Figueroa St., 10<sup>th</sup> Floor  
21 Los Angeles, CA 90017  
22 Telephone: (213) 443-3000

23 Attorneys for Defendants Margaret Cotter,  
24 Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane

25 **EIGHTH JUDICIAL DISTRICT COURT**

26 **CLARK COUNTY, NEVADA**

27 JAMES J. COTTER, JR., derivatively on behalf  
28 of Reading International, Inc.;

Plaintiff,

v.

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

Defendants,

and

Case No.: A-15-719860-B  
Dept. No.: XI

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

Related and Coordinated Cases

**BUSINESS COURT**

**ANSWER TO FIRST AMENDED  
COMPLAINT**

1 READING INTERNATIONAL, INC., a Nevada  
2 corporation,

3 Nominal Defendant.

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

6 Plaintiffs,

7 v.

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

12 Defendants,

13 and

14 READING INTERNATIONAL, INC., a Nevada  
15 corporation,

16 Nominal Defendant.

**DEFENDANTS' ANSWER TO PLAINTIFFS' FIRST AMENDED COMPLAINT**

Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern hereby set forth the following Answer to the First Amended Verified Complaint, filed by Plaintiffs on February 12, 2016 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Defendants respond to each of the paragraphs of the Complaint as follows:

**RESPONSE TO "INTRODUCTION"**

1. Defendants admit that Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddington, and Michael Wrotniak are members of the Board of Directors of Reading International, Inc. ("RDI"). Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegation that Plaintiffs are now, and at all relevant times herein have been, stockholders of RDI, and therefore deny them. Defendants deny the allegations of paragraph 1 of the Complaint in all other respects.

2. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 2 of the Complaint, and therefore deny them.

3. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 3 of the Complaint, and therefore deny them.

4. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 4 of the Complaint, and therefore deny them.

5. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 5 of the Complaint, and therefore deny them.

6. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 6 of the Complaint, and therefore deny them.

7. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 7 of the Complaint, and therefore deny them.

8. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 8 of the Complaint, and therefore deny them.

1           9. Defendants are without knowledge or information sufficient to form a belief as to  
2 the truth of the allegations of paragraph 9 of the Complaint, and therefore deny them.

3           10. Defendants admit that RDI is a Nevada corporation. The other allegations of  
4 paragraph 10 of the Complaint are purportedly based on written documents, which speak for  
5 themselves. Defendants deny the remaining allegations of paragraph 10 of the Complaint.

6           11. Defendants admit RDI has two classes of stock—Class A stock and Class B stock.  
7 Defendants admit that Class A stock holds no voting rights. Defendants admit that Class B stock  
8 is the sole voting stock with respect to the election of directors. Defendants are without knowledge  
9 or information sufficient to form a belief as to the truth of the remaining allegations of paragraph  
10 11 of the Complaint, and therefore deny them.

11           12. Defendants admit that, since approximately 2000 and until he resigned as Chairman  
12 and CEO of RDI, James J. Cotter, Sr. was the CEO and Chairman of the Board of Directors of  
13 RDI. To the extent that the allegations of paragraph 12 of the Complaint are purportedly based on  
14 written documents, the documents speak for themselves. Defendants deny the remaining  
15 allegations of paragraph 12 of the Complaint.

16           13. The allegations of paragraph 13 of the Complaint are purportedly based on written  
17 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
18 13 of the Complaint.

19           14. Defendants admit the allegations of paragraph 14 of the Complaint.

20           15. Defendants admit the allegation of paragraph 15 of the Complaint.

21           16. Defendants are without knowledge or information sufficient to form a belief as to  
22 the truth of the allegations of paragraph 16 of the Complaint, and therefore deny them.

23           17. Defendants are without knowledge or information sufficient to form a belief as to  
24 the truth of the allegations of paragraph 17 of the Complaint, and therefore deny them.

25           18. The allegations of paragraph 18 of the Complaint are purportedly based on written  
26 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
27 18 of the Complaint.

1           19. Defendants are without knowledge or information sufficient to form a belief as to  
2 the truth of the allegations in paragraph 19 of the Complaint related to amendments to the James  
3 Cotter, Sr. Living Trust, and therefore deny them. Defendants admit that Margaret Cotter has  
4 children. Defendants admit that James Cotter, Jr. has children. Defendants admit that Ellen Cotter  
5 does not have children. To the extent that the allegations of paragraph 19 of the Complaint are  
6 purportedly based on written documents, the documents speak for themselves. Defendants deny  
7 the remaining allegations of paragraph 19 of the Complaint.

8           20. Defendants are without knowledge or information sufficient to form a belief as to  
9 the truth of the allegations in paragraph 20 of the Complaint related to amendments to the James  
10 Cotter, Sr. Living Trust, and therefore denies them. The other allegations of paragraph 20 of the  
11 Complaint are purportedly based on written documents, which speak for themselves. To the extent  
12 the other allegations of paragraph 20 of the Complaint assume the validity of certain trust  
13 documents, Defendants deny such allegations. Defendants deny the remaining allegations of  
14 paragraph 20 of the Complaint.

15           21. Defendants admit that James Cotter, Sr. resigned as trustee of the James Cotter, Sr.  
16 Living Trust. To the extent the other allegations of paragraph 21 of the Complaint are purportedly  
17 based on written documents, such documents speak for themselves. To the extent the other  
18 allegations of paragraph 21 of the Complaint assume the validity of certain trust documents,  
19 Defendants deny such allegations.

20           22. Defendants are without knowledge or information sufficient to form a belief as to  
21 the truth of the allegations of paragraph 22 of the Complaint, and therefore deny them. To the  
22 extent that the allegations of paragraph 22 of the Complaint are purportedly based on written  
23 documents, the documents speak for themselves.

24           23. The allegations of paragraph 23 of the Complaint are purportedly based on written  
25 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
26 23 of the Complaint.

1           24.     To the extent that the allegations of paragraph 24 of the Complaint are purportedly  
2 based on written documents, the documents speak for themselves. Defendants deny the remaining  
3 allegations of paragraph 24 of the Complaint.

4           25.     The allegations of paragraph 25 of the Complaint are purportedly based on written  
5 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
6 25 of the Complaint.

7           26.     Defendants deny the allegations of paragraph 26 of the Complaint. Defendants  
8 deny that Edward Kane conspired with Ellen Cotter and Margaret Cotter.

9           a.     To the extent that the allegations of paragraph 26(a) of the Complaint are  
10 purportedly based on written documents, the documents speak for themselves. Defendants deny  
11 the remaining allegations of paragraph 26(a) of the Complaint.

12           b.     Defendants admit that Timothy Storey was assigned to try to improve James Cotter,  
13 Jr.'s performance as CEO and to mediate the relationship between James Cotter, Jr., on the one  
14 hand, and Ellen Cotter and Margaret Cotter, on the other. Defendants admit that Edward Kane did  
15 not believe that James Cotter, Jr. showed sufficient improvement under Timothy Storey's  
16 purported mentorship. Defendants deny the remaining allegations of paragraph 26(b) of the  
17 Complaint.

18           c.     Defendants admit that Edward Kane did not believe that James Cotter, Jr. showed  
19 sufficient improvement under Timothy Storey's purported mentorship and believed it was in the  
20 company's best interest to terminate James Cotter, Jr. as CEO. Defendants deny the remaining  
21 allegations of paragraph 26(c) of the Complaint.

22           d.     Defendants admit that Edward Kane and Guy Adams were considering terminating  
23 James Cotter, Jr. in May 2015. Defendants are without knowledge or information sufficient to  
24 form a belief as to the truth of the remaining allegations of paragraph 26(d) of the Complaint, and  
25 therefore deny them.

26           e.     Defendants admit that Edward Kane and Guy Adams were considering terminating  
27 James Cotter, Jr. in May 2015. Defendants are without knowledge or information sufficient to  
28

1 form a belief as to the truth of the remaining allegations of paragraph 26(e) of the Complaint, and  
2 therefore deny them.

3 f. Defendants admit that Ellen Cotter called a board meeting in May of 2015 to  
4 discuss James Cotter, Jr.'s continued employment. Defendants admit that Timothy Storey  
5 requested a meeting of the non-Cotter directors. Defendants admit that Edward Kane took the  
6 position that the Board should attend the meeting called by Ellen Cotter. Defendants deny the  
7 remaining allegations of paragraph 26(f) of the Complaint. To the extent that the allegations of  
8 paragraph 26(f) of the Complaint are purportedly based on written documents, the documents  
9 speak for themselves.

10 g. Defendants admit that Edward Kane and Guy Adams were considering terminating  
11 James Cotter, Jr. in May 2015. Defendants are without knowledge or information sufficient to  
12 form a belief as to the truth of the remaining allegations of paragraph 26(g) of the Complaint, and  
13 therefore deny them.

14 h. Defendants deny that Edward Kane and Guy Adams "chose sides" with Ellen and  
15 Margaret Cotter in their dispute with James Cotter, Jr. Instead, Defendants, including Edward  
16 Kane and Guy Adams, fulfilled their fiduciary duties by voting to terminate James Cotter, Jr. as  
17 President and CEO.

18 27. The allegations of paragraph 27 of the Complaint are purportedly based on written  
19 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
20 27 of the Complaint, and specifically deny that James Cotter, Jr. was terminated "because he had  
21 refused to accept his sisters' take-it-or-leave-it' demand to settle the Trust and Estate litigation."

22 28. Defendants deny that any Board meeting notice was improper. Defendants deny  
23 that the members of RDI's Board of Directors previously agreed upon a process whereby Timothy  
24 Storey would report to the board regarding the performance of James Cotter, Jr. as CEO in June  
25 of 2015 and further action would only then be considered. Defendants deny that Edward Kane  
26 blocked the requested meeting. Defendants deny that the process for terminating James Cotter, Jr.  
27 was improper. Defendants are without knowledge or information sufficient to form a belief as to  
28 the truth of the remaining allegations of paragraph 28 of the Complaint, and therefore deny them.

1           29. Defendants admit that counsel for the company and for James Cotter, Jr. appeared  
2 at the May 21, 2015 board meeting. Defendants admit that the May 21, 2015 board meeting was  
3 adjourned to May 29, 2015. Defendants deny any allegation or suggestion of improper process.  
4 Defendants are without knowledge or information sufficient to form a belief as to the truth of the  
5 remaining allegations of paragraph 29 of the Complaint, and therefore deny them.

6           30. The allegations of paragraph 30 of the Complaint are purportedly based on written  
7 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
8 30 of the Complaint.

9           31. The allegations of paragraph 31 of the Complaint are purportedly based on written  
10 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
11 31 of the Complaint.

12           32. Defendants deny the allegations of paragraph 32 of the Complaint. Defendants  
13 admit that Edward Kane sought to facilitate a resolution of the dispute between and among the  
14 Cotter family.

15           33. Defendants deny the allegations of paragraph 33 of the Complaint.

16           34. Defendants admit that the RDI Board meeting reconvened. Defendants deny the  
17 allegations of paragraph 34 of the Complaint in all other respects.

18           35. Defendants admit that on or about June 3, 2015, Harry Susman transmitted a  
19 document to counsel for James Cotter, Jr. Defendants deny the allegations of paragraph 35 of the  
20 Complaint in all other respects.

21           36. Defendants deny the allegation of paragraph 36 of the Complaint.

22           37. The allegations of paragraph 37 of the Complaint are purportedly based on written  
23 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
24 37 of the Complaint.

25           38. Defendants admit the allegations of paragraph 38 of the Complaint.

26           39. The allegations of paragraph 39 of the Complaint are purportedly based on written  
27 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
28 39 of the Complaint.



1           40.     The allegations of paragraph 40 of the Complaint are purportedly based on written  
2 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
3 40 of the Complaint.

4           41.     The allegations of paragraph 41 of the Complaint are purportedly based on written  
5 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
6 41 of the Complaint.

7           42.     The allegations of paragraph 42 of the Complaint are purportedly based on written  
8 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
9 42 of the Complaint.

10          43.     The allegations of paragraph 43 of the Complaint are purportedly based on written  
11 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
12 43 of the Complaint.

13          44.     The allegations of paragraph 44 of the Complaint are purportedly based on written  
14 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
15 44 of the Complaint.

16          45.     To the extent that the allegations of paragraph 45 of the Complaint are purportedly  
17 based on written documents, the documents speak for themselves. To the extent that the  
18 allegations of paragraph 45 of the Complaint constitute conclusions of law, no responsive pleading  
19 is required. To the extent a response is deemed required, such allegations of paragraph 45 of the  
20 Complaint are denied. Defendants are without knowledge or information sufficient to form a belief  
21 as to the truth of the remaining allegations of paragraph 45 of the Complaint, and therefore deny  
22 them.

23          46.     To the extent that the allegations of paragraph 46 of the Complaint are purportedly  
24 based on written documents, the documents speak for themselves. To the extent that the  
25 allegations of paragraph 46 of the Complaint constitute conclusions of law, no responsive pleading  
26 is required. To the extent a response is deemed required, such allegations of paragraph 46 of the  
27 Complaint are denied. Defendants are without knowledge or information sufficient to form a belief  
28

1 as to the truth of the remaining allegations of paragraph 46 of the Complaint, and therefore deny  
2 them.

3 47. Defendants deny the existence of any purported conspiracy. To the extent that the  
4 allegations of paragraph 47 of the Complaint constitute conclusions of law, no responsive pleading  
5 is required. To the extent a response is deemed required, such allegations of paragraph 47 of the  
6 Complaint are denied. Defendants are without knowledge or information sufficient to form a belief  
7 as to the truth of the remaining allegations of paragraph 47 of the Complaint, and therefore deny  
8 them.

9 48. Defendants deny the existence of any purported "intentional or fraudulent scheme."  
10 To the extent that the allegations of paragraph 48 of the Complaint are purportedly based on written  
11 documents, the documents speak for themselves. Defendants are without knowledge or  
12 information sufficient to form a belief as to the truth of the remaining allegations of paragraph 48  
13 of the Complaint, and therefore deny them.

14 49. Defendants admit the allegation of paragraph 49 of the Complaint.

15 50. Defendants admit the allegation of paragraph 50 of the Complaint.

16 51. Defendants admit that Ellen Cotter and Margaret Cotter, acting in their capacities  
17 as the co-executors of the estate of James J. Cotter, Sr. (the "Cotter Estate"), exercised for the  
18 benefit of the Cotter Estate an option to acquire 100,000 shares of RDI class B voting stock held  
19 by the Cotter Estate. Defendants are without knowledge or information sufficient to form a belief  
20 as to the truth of the allegations in paragraph 51 of the Complaint related to events on or about  
21 April 21, 2015, and therefore denies them. Defendants deny the allegations of paragraph 51 of the  
22 Complaint in all other respects.

23 52. Defendants deny the allegations of paragraph 52 of the Complaint.

24 53. Defendants admit that the California Lawsuit has not yet been adjudicated. To the  
25 extent that the allegations of paragraph 53 of the Complaint are purportedly based on written  
26 documents, the documents speak for themselves. Defendants deny the remaining allegations of  
27 paragraph 53 of the Complaint.

28

1           54.     The allegations of paragraph 54 of the Complaint are purportedly based on written  
2 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
3 54 of the Complaint.

4           55.     To the extent that the allegations of paragraph 55 of the Complaint constitute  
5 conclusions of law, no responsive pleading is required. Defendants are without knowledge or  
6 information sufficient to form a belief as to the truth of the allegations of paragraph 55 of the  
7 Complaint, and therefore deny them.

8           56.     Defendants deny any allegations of any purported fraud. Defendants admit that  
9 Ellen Cotter and Margaret Cotter, acting in their capacities as the co-executors of the Cotter Estate,  
10 exercised on behalf of the Cotter Estate an option to acquire 100,000 shares of RDI class B voting  
11 stock held by the Cotter Estate. To the extent that the allegations of paragraph 56 of the Complaint  
12 are purportedly based on written documents, the documents speak for themselves. To the extent  
13 that the allegations of paragraph 56 of the Complaint constitute conclusions of law, no responsive  
14 pleading is required. To the extent a response is deemed required, such allegations of paragraph  
15 56 of the Complaint are denied. Defendants deny the remaining allegations of paragraph 56 of the  
16 Complaint.

17           57.     Defendants deny the allegations of paragraph 57 of the Complaint.

18           58.     Defendants are without knowledge or information sufficient to form a belief as to  
19 the truth of the allegations of paragraph 58 of the Complaint, and therefore deny them.

20           59.     The allegations of paragraph 59 of the Complaint are purportedly based on written  
21 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
22 59 of the Complaint.

23           60.     Defendants admit that a CEO search committee was formed, but deny the remaining  
24 allegation of paragraph 60 of the Complaint.

25           61.     To the extent that the allegations of paragraph 61 of the Complaint are purportedly  
26 based on written documents, the documents speak for themselves. Defendants deny the remaining  
27 allegations of paragraph 61 of the Complaint.

28

1           62. Defendants admit that Ellen Cotter notified the Board that Korn Ferry had been  
2 selected to assist the company in the search for a new CEO. To the extent that the allegations of  
3 paragraph 62 of the Complaint are purportedly based on written documents, the documents speak  
4 for themselves. Defendants deny the remaining allegations of paragraph 62 of the Complaint.

5           63. To the extent that the allegations of paragraph 63 of the Complaint are purportedly  
6 based on written documents, the documents speak for themselves. Defendants deny the remaining  
7 allegations of paragraph 63 of the Complaint.

8           64. The allegations of paragraph 64 of the Complaint are purportedly based on written  
9 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
10 64 of the Complaint.

11           65. Defendants admit that the Search Committee interviewed numerous CEO  
12 candidates and that members of the committee had extensive experience with Ellen Cotter.  
13 Defendants are without knowledge or information sufficient to form a belief as to the truth of the  
14 allegations of paragraph 65 of the Complaint, and therefore deny them.

15           66. Defendants are without knowledge or information sufficient to form a belief as to  
16 the truth of the allegations of paragraph 66 of the Complaint, and therefore deny them.

17           67. Defendants deny the allegation of paragraph 67 of the Complaint.

18           68. Defendants admit the allegation of paragraph 68 of the Complaint.

19           69. Defendants admit the allegation of paragraph 69 of the Complaint.

20           70. Defendants deny the allegations of paragraph 70 of the Complaint.

21           71. Defendants are without knowledge or information sufficient to form a belief as to  
22 the truth of the allegations of paragraph 71 of the Complaint, and therefore deny them. To the  
23 extent that the allegations of paragraph 71 of the Complaint constitute conclusions of law, no  
24 responsive pleading is required. To the extent a response is deemed required, such allegations of  
25 paragraph 71 of the Complaint are denied.

26           72. Defendants are without knowledge or information sufficient to form a belief as to  
27 the truth of the allegations of paragraph 72 of the Complaint, and therefore deny them. To the  
28 extent that the allegations of paragraph 72 of the Complaint constitute conclusions of law, no

1 responsive pleading is required. To the extent a response is deemed required, such allegations of  
2 paragraph 72 of the Complaint are denied.

3 73. Defendants are without knowledge or information sufficient to form a belief as to  
4 the truth of the allegations of paragraph 73 of the Complaint, and therefore deny them. To the  
5 extent that the allegations of paragraph 73 of the Complaint constitute conclusions of law, no  
6 responsive pleading is required. To the extent a response is deemed required, such allegations of  
7 paragraph 73 of the Complaint are denied.

8 74. Defendants are without knowledge or information sufficient to form a belief as to  
9 the truth of the allegations of paragraph 74 of the Complaint, and therefore deny them. To the  
10 extent that the allegations of paragraph 74 of the Complaint constitute conclusions of law, no  
11 responsive pleading is required. To the extent a response is deemed required, such allegations of  
12 paragraph 74 of the Complaint are denied.

13 75. Defendants deny the allegations of paragraph 75 of the Complaint.

14 76. Defendants deny the allegations of paragraph 76 of the Complaint.

15 77. Defendants deny the allegations of paragraph 77 of the Complaint.

16 78. Defendants deny the allegations of paragraph 78 of the Complaint.

17 79. Defendants admit the allegations of paragraph 79 of the Complaint.

18 80. Defendants are without knowledge or information sufficient to form a belief as to  
19 the truth of the allegations of paragraph 80 of the Complaint, and therefore deny them.

20 81. The allegations of paragraph 81 of the Complaint are purportedly based on written  
21 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
22 81 of the Complaint.

23 82. The allegations of paragraph 82 of the Complaint are purportedly based on written  
24 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
25 82 of the Complaint.

26 83. Defendants admit that Tim Storey abstained from a vote on or about September 21,  
27 2015. Defendants are without knowledge or information sufficient to form a belief as to the truth  
28 of the allegations of paragraph 83 of the Complaint, and therefore deny them.

1           84.     The allegations of paragraph 84 of the Complaint are purportedly based on written  
2 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
3 84 of the Complaint.

4           85.     Defendants deny the allegations of paragraph 85 of the Complaint.

5           86.     Defendants admit that Timothy Storey resigned as a director of RDI. Defendants  
6 deny the allegations of paragraph 86 of the Complaint in all other respects.

7           87.     Defendants deny the allegations of paragraph 87 of the Complaint.

8           88.     Defendants deny the allegations of paragraph 88 of the Complaint.

9           89.     The allegations of paragraph 89 of the Complaint are purportedly based on written  
10 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
11 89 of the Complaint.

12          90.     Defendants deny the allegations of paragraph 90 of the Complaint.

13          91.     The allegations of paragraph 91 of the Complaint are purportedly based on written  
14 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
15 91 of the Complaint.

16          92.     The allegations of paragraph 92 of the Complaint are purportedly based on written  
17 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
18 92 of the Complaint.

19                   **RESPONSE TO "DEMAND IS EXCUSED"**

20          93.     To the extent that the allegations of paragraph 93 of the Complaint constitute  
21 conclusions of law, no responsive pleading is required. To the extent a response is deemed  
22 required, such allegations of paragraph 93 of the Complaint are denied. Defendants deny the  
23 remaining allegations of paragraph 93 of the Complaint.

24          94.     Defendants admit that Edward Kane was a friend of James Cotter, Sr. Defendants  
25 admit that Ellen Cotter and Margaret Cotter have referred to Edward Kane as "Uncle Ed," as has  
26 James Cotter, Jr. Defendants deny the allegations of paragraph 94 of the Complaint in all other  
27 respects.  
28

1           95.     The allegations of paragraph 95 of the Complaint are purportedly based on written  
2 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
3 95 of the Complaint.

4           96.     Defendants admit that Ellen Cotter applied for a mortgage loan. To the extent that  
5 the allegations of paragraph 96 of the Complaint are purportedly based on written documents, the  
6 documents speak for themselves. Defendants deny the remaining allegations of paragraph 96 of  
7 the Complaint.

8           97.     Defendants deny the allegations of paragraph 97 of the Complaint.

9           98.     Defendants deny the allegations of paragraph 98 of the Complaint.

10          99.     To the extent that the allegations of paragraph 99 of the Complaint are purportedly  
11 based on written documents, the documents speak for themselves. Defendants deny the remaining  
12 allegations of paragraph 99 of the Complaint.

13          100.    Defendants deny the allegations of paragraph 100 of the Complaint

14          101.    Defendants deny the allegations of paragraph 101 of the Complaint.

15          102.    The allegations of paragraph 102 of the Complaint constitute conclusions of law to  
16 which no responsive pleading is required. To the extent a response is deemed required, the  
17 allegations of paragraph 102 of the Complaint are denied.

18          103.    Defendants deny the allegations of paragraph 103 of the Complaint.

19          104.    The allegations of paragraph 104 of the Complaint constitute conclusions of law to  
20 which no responsive pleading is required. To the extent a response is deemed required, the  
21 allegations of paragraph 104 of the Complaint are denied.

22          105.    The allegations of paragraph 105 of the Complaint are purportedly based on written  
23 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph  
24 105 of the Complaint.

25          106.    Defendants admit that Defendants admit that Mary Cotter knows Judy Coddling.  
26 To the extent that the allegations of paragraph 106 of the Complaint constitute conclusions of law,  
27 no responsive pleading is required. To the extent a response is deemed required, such allegations  
28

1 of paragraph 106 of the Complaint are denied. Defendants deny the allegations of paragraph 106  
2 of the Complaint in all other respects.

3 107. Defendants admit that Margaret Cotter knows Michael Wrotniak. To the extent  
4 that the allegations of paragraph 107 of the Complaint are purportedly based on written documents,  
5 the documents speak for themselves. To the extent that the allegations of paragraph 107 of the  
6 Complaint constitute conclusions of law, no responsive pleading is required. To the extent a  
7 response is deemed required, such allegations of paragraph 107 of the Complaint are denied.  
8 Defendants deny the allegations of paragraph 107 of the Complaint in all other respects.

9 **RESPONSE TO "FIRST CAUSE OF ACTION**

10 **(Breach of Fiduciary Duty - Against Defendants Ellen Cotter, Margaret Cotter, Ed Kane,**  
11 **Guy Adams, Bill Gould, Doug McEachern, Judy Coddling and Michael Wrotniak)"**

12 108. Defendants reassert and incorporate their responses to paragraphs 1 through 107 of  
13 the Complaint.

14 109. Defendants admit Ellen Cotter, Margaret Cotter, Edward Kane, Guy Adams,  
15 William Gould, Douglas McEachern, Judy Coddling, and Michael Wrotniak are directors of RDI.  
16 To the extent that the allegations of paragraph 109 of the Complaint constitute conclusions of law,  
17 no responsive pleading is required. To the extent a response is deemed required, such allegations  
18 of paragraph 109 of the Complaint are denied.

19 110. The allegations of paragraph 110 of the Complaint constitute conclusions of law to  
20 which no responsive pleading is required. To the extent a response is deemed required, the  
21 allegations of paragraph 110 of the Complaint are denied.

22 111. The allegations of paragraph 111 of the Complaint constitute conclusions of law to  
23 which no responsive pleading is required. To the extent a response is deemed required, the  
24 allegations of paragraph 111 of the Complaint are denied.

25 112. Defendants deny the allegations of paragraph 112 of the Complaint.

26 113. Defendants deny the allegations of paragraph 113 of the Complaint.

27 114. Defendants deny the allegations of paragraph 114 of the Complaint.

28



115. Defendants deny that Plaintiffs, RDI, or its stockholders have suffered any damages by virtue of Defendants' conduct.

**RESPONSE TO "SECOND CAUSE OF ACTION**

**(Aiding and Abetting Breach of Fiduciary Duty - Against Defendants Craig Tompkins, Ed Kane, Guy Adams, Doug McEachern, Judy Coddling and Mark Wrotniak)"**

116. Defendants reassert and incorporate their responses to paragraphs 1 through 115 of the Complaint.

117. Defendants deny the allegations of paragraph 117 of the Complaint.

118. Defendants deny the allegations of paragraph 118 of the Complaint.

119. Defendants deny the allegations of paragraph 119 of the Complaint.

120. Defendants deny the allegations of paragraph 120 of the Complaint.

121. Defendants deny the allegations of paragraph 121 of the Complaint.

122. Defendants deny that Plaintiffs, RDI, or its stockholders have suffered any damages by virtue of Defendants' conduct.

**RESPONSE TO "PRAYER FOR RELIEF"**

123. Responding to the unnumbered PRAYER FOR RELIEF, Defendants admit that Plaintiffs demand and pray for judgment as set forth therein, but deny that Defendants caused or contributed to Plaintiffs' or RDI's alleged injuries and further deny that Defendants are liable for damages or any other relief sought in the Complaint.

**AFFIRMATIVE DEFENSES**

124. Subject to the responses above, Defendants allege and assert the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, Defendants specifically reserve all rights to allege additional affirmative defenses that become known through the course of discovery.

**FIRST DEFENSE – FAILURE TO STATE A CAUSE OF ACTION**

125. The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a cause of action against Defendants under any legal theory.

**SECOND DEFENSE – STATUTES OF LIMITATIONS AND REPOSE**

126. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the applicable statutes of limitations and/or statutes of repose.

**THIRD DEFENSE – LACHES**

127. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of laches, in that Plaintiffs waited an unreasonable period of time to file this action and this prejudicial delay has worked to the detriment of Defendants.

**FOURTH DEFENSE – UNCLEAN HANDS**

128. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of unclean hands.

**FIFTH DEFENSE – SPOILIATION**

129. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiffs' spoliation of evidence and obstruction of justice.

**SIXTH DEFENSE – ILLEGAL CONDUCT AND FRAUD**

130. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiffs' own illegal conduct and/or fraud.

**SEVENTH DEFENSE – WAIVER, ESTOPPEL, AND ACQUIESCENCE**

131. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiffs' acts, conduct, and/or omissions are inconsistent with their requests for relief.

**EIGHTH DEFENSE – RATIFICATION AND CONSENT**

132. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because any purportedly improper acts by Defendants, if any, were ratified by Plaintiffs and their agents, and/or because Plaintiffs consented to the same.

**NINTH DEFENSE – NO UNLAWFUL ACTIVITY**

133. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, to the extent any of the activities alleged in the Complaint actually occurred, those activities were not unlawful.

**TENTH DEFENSE – NO RELIANCE**

134. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiffs did not justifiably rely on any alleged misrepresentation of Defendants.

**ELEVENTH DEFENSE – FAILURE TO PLEAD FRAUD WITH PARTICULARITY**

135. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiffs failed to plead the alleged fraud with particularity, including but not limited to identification of the alleged misrepresentations.

**TWELFTH DEFENSE – UNCERTAIN AND AMBIGUOUS**

136. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because it is uncertain and ambiguous as it relates to Defendants.

**THIRTEENTH DEFENSE – PRIVILEGE AND JUSTIFICATION**

137. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because the actions complained of, if taken, were at all times reasonable, privileged, and justified.

**FOURTEENTH DEFENSE – GOOD FAITH AND LACK OF FAULT**

138. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, at all times material to the Complaint, Defendants acted in good faith and with innocent intent.

**FIFTEENTH DEFENSE – NO ENTITLEMENT TO INJUNCTIVE RELIEF**

139. Plaintiffs are not entitled to injunctive relief because, among other things, Plaintiffs have not suffered irreparable harm, Plaintiffs have an adequate remedy at law, and injunctive relief is not supported by any purported cause of action alleged in the Complaint and is not warranted by the balance of the hardships and/or any other equitable factors.

**SIXTEENTH DEFENSE – DAMAGES TOO SPECULATIVE**

140. Plaintiffs are not entitled to damages of any kind or in any sum or amount whatsoever as a result of Defendants' acts or omissions alleged in the Complaint because any damages sought are speculative, uncertain, and not recoverable.

**SEVENTEENTH DEFENSE – NO ENTITLEMENT TO PUNITIVE DAMAGES**

141. The Complaint, and each purported cause of action alleged therein, fails to support the recovery of punitive, exemplary, or enhanced damages from Defendants, including because such damages are not recoverable under applicable Nevada statutory and common law requirements and are barred by the constitutional limitations, including the Due Process Clause of the Fourteenth Amendment and the Eighth Amendment to the United States Constitution.

**EIGHTEENTH DEFENSE – MITIGATION OF DAMAGES**

142. Plaintiffs have failed to properly mitigate the damages, if any, they have sustained, and by virtue thereof, Plaintiffs are barred, in whole or in part, from maintaining the causes of action asserted in the Complaint against Defendants.

**NINETEENTH DEFENSE – COMPARATIVE FAULT**

143. Plaintiffs' recovery against Defendants is barred, in whole or in part, based on principles of comparative fault, including Plaintiffs' own comparative fault.

**TWENTIETH DEFENSE – BUSINESS JUDGMENT RULE**

144. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the business judgment rule.

**TWENTY-FIRST DEFENSE – EQUITABLE ESTOPPEL**

145. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the doctrine of equitable estoppel.

**TWENTY-SECOND DEFENSE – ELECTION OF REMEDIES**

146. Plaintiffs are barred, in whole or in part, from obtaining relief under the Complaint, or any of the causes of action or claims therein, that are based on inconsistent positions and/or remedies, including but not limited to inconsistent and duplicative claims for equitable and legal relief.

**TWENTY-THIRD DEFENSE – NEVADA REVISED STATUTE 78.138**

147. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by Nevada Revised Statute 78.138, which provides that a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that: (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

**TWENTY-FOURTH DEFENSE – LACK OF STANDING**

148. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, because Plaintiffs have failed to allege any direct ownership during relevant time periods of RDI stock and therefore lack standing.

**TWENTY-FIFTH DEFENSE – CONFLICTS OF INTEREST AND  
UNSUITABILITY TO SERVE AS DERIVATIVE REPRESENTATIVES**

149. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, because Plaintiffs have conflicts of interest and are unsuitable to serve as derivative representatives.

**TWENTY-SIXTH DEFENSE – FAILURE TO MAKE APPROPRIATE DEMAND**

150. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, for failure to make a demand on RDI's Board of Directors.

**WHEREFORE**, Defendants request that Plaintiffs' Complaint be dismissed in its entirety with prejudice, that judgment be entered in favor of Defendants, that Defendants be awarded costs

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...

1 and, to the extent provided by law, attorney's fees, and any such other relief as the Court may  
2 deem proper.

3 Dated this 14 day of March, 2016.

4 COHEN|JOHNSON|PARKER|EDWARDS

5  
6 By Michael Hughes, Esq.  
7 H. STAN JOHNSON, ESQ.  
8 Nevada Bar No. 00265  
9 sjohnson@cohenjohnson.com  
10 MICHAEL V. HUGHES, ESQ.  
11 Nevada Bar No. 13154  
12 mhughes@cohenjohnson.com  
13 255 E. Warm Springs Road, Suite 100  
14 Las Vegas, Nevada 89119  
15 Telephone: (702) 823-3500  
16 Facsimile: (702) 823-3400

17 QUINN EMANUEL URQUHART &  
18 SULLIVAN, LLP  
19 CHRISTOPHER TAYBACK, ESQ.  
20 California Bar No. 145532, *pro hac vice*  
21 christayback@quinnemanuel.com  
22 MARSHALL M. SEARCY, ESQ.  
23 California Bar No. 169269, *pro hac vice*  
24 marshallsearcy@quinnemanuel.com  
25 865 S. Figueroa St., 10<sup>th</sup> Floor  
26 Los Angeles, CA 90017  
27 Telephone: (213) 443-3000

28 Attorneys for Defendants Margaret Cotter,  
Ellen Cotter, Douglas McEachern, Guy Adams,  
and Edward Kane

CERTIFICATE OF SERVICE

I hereby certify that, on the 14<sup>th</sup> day of March 2016, I caused a true and correct copy of the foregoing document entitled DEFENDANTS' ANSWER TO PLAINTIFFS' FIRST AMENDED COMPLAINT to be served on all interested parties in this action via the Court's E-Filing and E-Service System.

Lewis Roca Rothgerber LLP

Brian Blakley BBlakley@lrrlaw.com  
Mark G. Krum mkrum@lrrlaw.com  
Annette Jaramillo ajaramillo@lrrlaw.com

Quinn Emanuel Urquhart & Sullivan, LLP

Marshall M. Searcy III  
marshallsearcy@quinnemanuel.com

Cohen-Johnson, LLC

H. Stan Johnson, Esq.  
calendar@cohenjohnson.com  
Sarah Gondek sgondek@cohenjohnson.com  
C.J. Barnabi cj@cohenjohnson.com

Robertson & Associates, LLP

Robert Nation, Esquire  
rnation@arobertsonlaw.com  
Alex Robertson, IV, Esquire  
arobertson@arobertsonlaw.com  
Annie Russo (Legal Assistant)  
arusso@arobertsonlaw.com  
Elisabeth Dagorrette, Paralegal  
edagorrette@arobertsonlaw.com

McDonald Carano Wilson

Aaron D. Shipley, Esq.  
ashipley@mcwlaw.com  
Leah Jennings, Esq.  
ljennings@mcdonaldcarano.com

Chubb

Allison Rose, Esq.  
allisonrose@chubb.com

Greenberg Traurig, LLP

6085 Joyce Heilich heilichj@gtlaw.com  
7132 Andrea Rosehill rosehilla@gtlaw.com  
IOM Mark Ferrario lvlitdock@gtlaw.com  
KBD Kara Hendricks hendricksk@gtlaw.com  
LAI Leslie Godfrey godfreyl@gtlaw.com  
LCU Lance Coburn coburnl@gtlaw.com  
LVGTDocketing lvlitdock@gtlaw.com  
MNQ Megan Sheffield  
sheffieldm@gtlaw.com  
ZCE Lee Hutcherson hutcherson@gtlaw.com

Maupin, Cox & LeGoy

Carolyn K. Renner crenner@mclrenolaw.com  
Donald A. Lattin dlattin@mclrenolaw.com  
Jennifer Salisbury  
jsalisbury@mclrenolaw.com  
Karen Bernhardt  
kbernhardt@mclrenolaw.com

Bird, Marella, Boxer, Wolpert, Nessim,  
Drooks, Lincenberg & Rhow, P.C.


Shemena Johnson  
snj@birdmarella.com  
Bonita D. Moore  
bdm@birdmarella.com

Patti, Sgro, Lewis & Roger

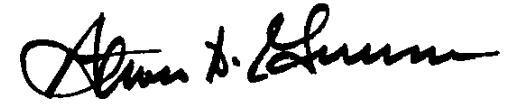
Adam C. Anderson, Esq.  
aanderson@pslrfirm.com  
Karen Cormier, Esq.  
Kcormier@pslrfirm.com  
Stephen Lewis, Esq.  
slewis@pattisgroleis.com

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Solomon Dwiggin & Freer, Ltd.  
Alan D. Freer, Esq.  
afreer@sdfnvlaw.com

  
An employee of Cohen|Johnson|Parker|Edwards





CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 *arobertson@arobertsonlaw.com*  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
*aanderson@pslrfirm.com*  
6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8  
Attorneys for Attorneys for Plaintiffs and  
9 Intervenor, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
business as KASE MANAGEMENT; T2  
15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.

20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

**ACCEPTANCE OF SERVICE OF  
SUMMONS AND T2 PLAINTIFFS' FIRST  
AMENDED COMPLAINT**

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

15 ACCEPTANCE OF SERVICE OF SUMMONS AND PLAINTIFFS-IN-INTERVENTION'S  
16 FIRST AMENDED COMPLAINT

17 I, MARSHALL M. SEARCY, III, counsel for Defendant, JUDY CODDING, hereby  
18 accepts service of the Summons and T2 Plaintiffs' First Amended Complaint on behalf of said  
19 Defendant.

20 DATED this 16 day of March, 2016.

21 QUINN EMANUEL URQUHART & SULLIVAN, LLP

22 By: 

23 Marshall M. Searcy, III, Esq.  
24 865 S. Figueroa Street, 10th Floor  
25 Los Angeles CA 90017

26 *Attorneys for Defendant, JUDY CODDING*

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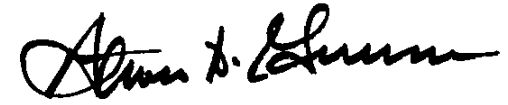
**CERTIFICATE OF SERVICE**

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 16<sup>th</sup> day of March, 2016, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND PLAINTIFFS-IN-INTERVENTION'S FIRST AMENDED COMPLAINT ON BEHALF OF JUDY CODDING** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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

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

 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 **ACSR**  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 *arobertson@arobertsonlaw.com*  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
*aanderson@pslrfirm.com*  
6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
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11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
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13 FUND, LTD, a Cayman Islands exempted  
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14 LLC, a Delaware limited liability company, doing  
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15 PARTNERS MANAGEMENT GROUP, LLC, a  
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16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
20 Inc.

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

**ACCEPTANCE OF SERVICE OF  
SUMMONS AND T2 PLAINTIFFS' FIRST  
AMENDED COMPLAINT**

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

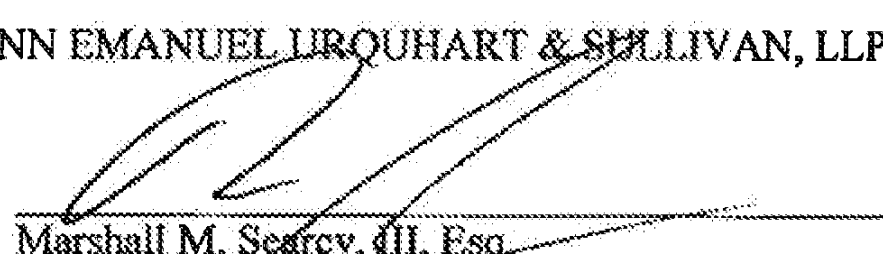
15 ACCEPTANCE OF SERVICE OF SUMMONS AND PLAINTIFFS-IN-INTERVENTION'S  
16 FIRST AMENDED COMPLAINT

17 I, MARSHALL M. SEARCY, III, counsel for Defendant, MICHAEL WROTNIAK,  
18 hereby accepts service of the Summons and T2 Plaintiffs' First Amended Complaint on behalf of  
19 said Defendant.

20 DATED this 16 day of March, 2016.

21 QUINN EMANUEL URQUHART & SULLIVAN, LLP

22 By:

23   
24 Marshall M. Searcy, III, Esq.  
25 865 S. Figueroa Street, 10th Floor  
26 Los Angeles CA 90017

27 *Attorneys for Defendant, MICHAEL WROTNIAK*

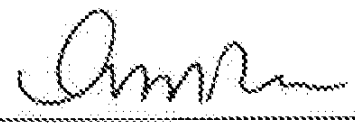
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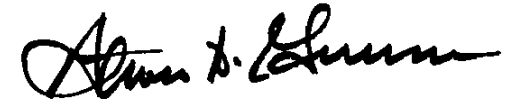
**CERTIFICATE OF SERVICE**

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 16<sup>th</sup> day of March, 2016, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND T2 PLAINTIFFS' FIRST AMENDED COMPLAINT ON BEHALF OF MICHAEL WROTONIAK** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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

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

 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ANAC  
2 MARK E. FERRARIO, ESQ.  
3 (NV Bar No. 1625)  
4 KARA B. HENDRICKS, ESQ.  
5 (NV Bar No. 7743)  
6 GREENBERG TRAUIG, LLP  
7 3773 Howard Hughes Parkway  
8 Suite 400 North  
9 Las Vegas, Nevada 89169  
10 Telephone: (702) 792-3773  
11 Facsimile: (702) 792-9002  
12 ferrariom@gtlaw.com  
13 hendricksk@gtlaw.com  
14 *Counsel for Reading International, Inc.*

9 **DISTRICT COURT**  
10 **CLARK COUNTY, NEVADA**

11 In the Matter of the Estate of

12 JAMES J. COTTER,

13 Deceased.

14  
15 JAMES J. COTTER, JR., individually and  
16 derivatively on behalf of Reading  
International, Inc.

17 Plaintiff,

18 v.

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

22 Defendants.

23  
24 and

25 READING INTERNATIONAL, INC., a  
Nevada corporation;

26 Nominal Defendant.  
27  
28

Case No. P 14-082942-E

Dept. XI

Case No. A-15-719860-B

Dept. No. XI

*Jointly Administered*

**READING INTERNATIONAL, INC.'S  
ANSWER TO JAMES J. COTTER JR.'S  
FIRST AMENDED COMPLAINT**

**READING INTERNATIONAL, INC.'S ANSWER TO JAMES J. COTTER JR.'S  
FIRST AMENDED COMPLAINT**

Nominal Defendant Reading International, Inc. ("Nominal Defendant" or "RDI") hereby sets forth the following Answer to the First Amended Verified Complaint, filed by Plaintiff on October 22, 2015 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Nominal Defendant responds to each of the paragraphs of the Complaint as follows:

**RESPONSE TO "NATURE OF THE CASE"**

1. RDI denies the allegations of paragraph 1 of the Complaint.  
2. RDI denies the allegations of paragraph 2 of the Complaint.  
3. RDI denies the allegations of paragraph 3 of the Complaint.  
4. RDI admits that "family disputes" between Ellen Cotter and Margaret Cotter, on the one hand, and James Cotter, Jr., on the other hand, included certain trust and estate litigation commenced by Ellen Cotter and Margaret Cotter against James Cotter, Jr. following the passing of their father, James J. Cotter, Sr. in September 2014. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 4 of the Complaint in all other respects.

5. RDI denies the allegations of paragraph 5 of the Complaint.  
6. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 6 of the Complaint in all other respects.

7. RDI denies the allegations of paragraph 7 of the Complaint.  
8. RDI denies the allegations of paragraph 8 of the Complaint.  
9. RDI denies the allegations of paragraph 9 of the Complaint.  
10. RDI admits that Ellen Cotter and Margaret Cotter acting in their capacities as the Co-Executors of the estate of James J. Cotter, Sr. (the "Cotter Estate") exercised on behalf of the Cotter Estate an option held by the Cotter Estate to acquire 100,000 shares of RDI class B voting stock. To the extent the allegations in this paragraph relate to the actions of individual



1 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
2 defendants. RDI denies the allegations of paragraph 10 of the Complaint in all other respects.

3 11. RDI admits that Ellen Cotter reported that a candidate for the Board of Directors  
4 decided to withdraw from consideration because of pending derivative litigation. To the extent  
5 the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal  
6 defendant defers to the answers filed on behalf of the individual defendants. Defendants deny  
7 the allegations of paragraph 11 of the Complaint in all other respects.

8 12. RDI admits that, on or about October 5, 2015, Ellen Cotter proposed adding Judy  
9 Coddington to RDI's Board of Directors. RDI admits that Edward Kane, Douglas McEachern, and  
10 Guy Adams met Ms. Coddington. RDI admits that Mary Cotter knows Ms. Coddington. To the extent  
11 the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal  
12 defendant defers to the answers filed on behalf of the individual defendants. RDI denies  
13 allegations of paragraph 12 of the Complaint in all other respects.

14 13. RDI admits that Edward Kane, Guy Adams, and Douglas McEachern were  
15 members of RDI's special nominating committee. RDI admits that RDI's Annual Shareholder  
16 Meeting was scheduled for November 10, 2015. RDI admits that Margaret Cotter knows  
17 Michael Wrotniak. To the extent the allegations in this paragraph relate to the actions of  
18 individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the  
19 individual defendants. RDI denies the allegations of paragraph 13 of the Complaint in all other  
20 respects.

21 14. RDI admits that Michael Wrotniak was appointed to fill a vacancy on RDI's  
22 Board of Directors. RDI denies the allegations of paragraph 14 of the Complaint in all other  
23 respects.

24 15. RDI admits that Michael Wrotniak was nominated for membership on RDI's  
25 Board of Directors. RDI admits that McEachern and Adams spoke to another suggested  
26 candidate. To the extent the allegations in this paragraph relate to the actions of individual  
27 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
28 defendants. RDI denies the allegations of paragraph 15 of the Complaint in all other respects.

1           16.     RDI denies the allegations of paragraph 16 of the Complaint.

2                                   **RESPONSE TO “PARTIES”**

3           17.     RDI admits that, at all times relevant hereto, James Cotter, Jr. was a stockholder  
4 of RDI. RDI admits that James Cotter, Jr. has been a director of RDI. RDI admits that James  
5 Cotter, Jr. was appointed Vice Chairman of RDI’s Board of Directors, then later President of  
6 RDI. RDI admits that James Cotter, Jr. was appointed CEO by RDI’s Board of Directors after  
7 James Cotter, Sr. resigned from that position. RDI admits that James Cotter, Jr. is the son of the  
8 late James Cotter, Sr. and the brother of Ellen Cotter and Margaret Cotter. RDI admits that  
9 James Cotter Jr. had stock in RDI and that there is a dispute regarding stock held by the James J.  
10 Cotter Living Trust, dated August 1, 2006. RDI denies the allegations of paragraph 17 of the  
11 Complaint in all other respects.

12           18.     RDI admits that Margaret Cotter is a director of RDI. RDI admits that Margaret  
13 Cotter is the owner and President of OBI, LLC, a company that, until recently, provided theater  
14 management services to live theaters indirectly owned by RDI through Liberty Theatres, LLC, of  
15 which Margaret Cotter is President. RDI admits that Margaret Cotter was involved in  
16 development of real estate in New York owned directly or indirectly by RDI. RDI denies the  
17 allegations of paragraph 18 of the Complaint in all other respects.

18           19.     RDI admits that Ellen Cotter is and at all times relevant hereto was a director of  
19 RDI. RDI denies the allegations of paragraph 19 of the Complaint in all other respects.

20           20.     RDI admits that Edward Kane is an outside director of RDI. RDI admits that  
21 Edward Kane has been a director of RDI since approximately October 15, 2009. RDI admits that  
22 Edward Kane was a friend of James Cotter, Sr., James Cotter, Jr., Ellen Cotter, and Margaret  
23 Cotter. RDI denies the allegations of paragraph 20 of the Complaint in all other respects.

24           21.     RDI admits that Guy Adams is an outside director of RDI. RDI denies the  
25 allegations of paragraph 21 of the Complaint in all other respects.

26           22.     RDI admits that Douglas McEachern is an outside director of RDI. RDI denies  
27 the allegations of paragraph 22 of the Complaint in all other respects.

1           23.     RDI admits that Timothy Storey was an outside director of RDI. RDI admits that,  
2 Timothy Storey served as a director of RDI's wholly-owned New Zealand subsidiary. RDI  
3 denies the allegations of paragraph 23 of the Complaint in all other respects.

4           24.     RDI admits the allegations of paragraph 24 of the Complaint.

5           25.     Defendants admit that RDI is a Nevada corporation. Defendants admit that RDI  
6 has two classes of stock—Class A stock and Class B stock. The other allegations of paragraph  
7 25 of the Complaint are purportedly based on written documents, which speak for themselves.  
8 Defendants deny the remaining allegations of paragraph 25 of the Complaint.

9           26.     Defendants deny the allegations of paragraph 26 of the Complaint.

10                   **RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"**

11           27.     RDI admits that, since approximately 2000 and until he resigned as Chairman and  
12 CEO of RDI, James J. Cotter, Sr. was the CEO and Chairman of the Board of Directors of RDI.  
13 RDI denies the allegations of paragraph 27 of the Complaint in all other respects.

14           28.     RDI denies the allegations of paragraph 28 of the Complaint.

15           29.     RDI denies the allegations of paragraph 29 of the Complaint.

16           30.     RDI admits that James Cotter, Jr. was appointed Vice Chairman of the RDI board  
17 in 2007. RDI admits that the RDI board appointed James Cotter, Jr. President of RDI on or  
18 about June 1, 2013. RDI denies the allegations of paragraph 30 of the Complaint in all other  
19 respects.

20           31.     RDI admits the allegation of paragraph 31 of the Complaint.

21           32.     RDI admits that Ellen Cotter and Margaret Cotter are in litigation with James  
22 Cotter, Jr. RDI denies the allegations of paragraph 32 of the Complaint in all other respects.

23           33.     RDI admits that, as President and CEO of RDI, James Cotter, Jr. had  
24 disagreements with his sisters regarding RDI. To the extent the allegations in this paragraph  
25 relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers  
26 filed on behalf of the individual defendants. RDI denies the allegations of paragraph 33 of the  
27 Complaint in all other respects.

1           34. To the extent the allegations in this paragraph relate to the actions of individual  
2 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
3 defendants. RDI denies the allegations of paragraph 34 of the Complaint in all other respects.

4           35. RDI admits that Ellen Cotter sought an employment agreement. To the extent the  
5 allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal  
6 defendant defers to the answers filed on behalf of the individual defendants. RDI denies the  
7 allegations of paragraph 35 of the Complaint in all other respects.

8           36. To the extent the allegations in this paragraph relate to the actions of individual  
9 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
10 defendants. RDI denies the allegations of paragraph 36 of the Complaint in all other respects.

11           37. To the extent the allegations in this paragraph relate to the actions of individual  
12 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
13 defendants. RDI denies the allegations of paragraph 37 of the Complaint in all other respects.

14           38. To the extent the allegations in this paragraph relate to the actions of individual  
15 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
16 defendants. To the extent that the allegations of paragraph 38 of the Complaint are purportedly  
17 based on written documents, the documents speak for themselves. RDI denies the remaining  
18 allegations of paragraph 38 of the Complaint.

19           39. To the extent the allegations in this paragraph relate to the actions of individual  
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
21 defendants. RDI denies the allegations of paragraph 39 of the Complaint in all other respects.

22           40. RDI admits that, in October 2014, RDI's Board of Directors provided \$50,000 to  
23 Ellen Cotter to compensate her for her inability to realize the intended benefits of an ISO option  
24 due to an error by the Company in connection with the issuance of that option to her and that  
25 Ellen Cotter had exercised that option in 2013. RDI denies the allegations of paragraph 40 of the  
26 Complaint in all other respects.

27           41. RDI denies the allegations of paragraph 41 of the Complaint.  
28

1           42.     RDI admits that, on or about November 2014, RDI's Board of Directors approved  
2 an increase in compensation for nonemployee directors. RDI denies the allegations of paragraph  
3 42 of the Complaint in all other respects.

4           43.     RDI denies the allegations of paragraph 43 of the Complaint.

5           44.     RDI denies the allegations of paragraph 44 of the Complaint.

6           45.     RDI denies the allegations of paragraph 45 of the Complaint.

7           46.     RDI denies the allegations of paragraph 46 of the Complaint.

8           47.     RDI denies the allegations of paragraph 47 of the Complaint.

9           48.     The allegations of paragraph 48 of the Complaint are purportedly based on written  
10 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 48  
11 of the Complaint.

12          49.     RDI denies the allegations of paragraph 49 of the Complaint.

13          50.     RDI admits that, on or about January 15, 2015, RDI's Board of Directors  
14 approved purchase of a directors and officers insurance policy. RDI denies the allegations of  
15 paragraph 50 of the Complaint in all other respects.

16          51.     RDI admits that the quoted resolution was approved. RDI denies the allegations  
17 of paragraph 51 of the Complaint in all other respects.

18          52.     RDI admits the price of RDI stock varied over time. RDI is without knowledge or  
19 information sufficient to form a belief as to the truth of the remaining allegations of paragraph 52  
20 of the Complaint, and therefore denies them.

21          53.     The allegations of paragraph 53 of the Complaint are purportedly based on written  
22 documents which speak for themselves. RDI is without knowledge or information sufficient to  
23 form a belief as to the truth of the allegations of paragraph 53 of the Complaint, and therefore  
24 denies them.

25          54.     RDI is without knowledge or information sufficient to form a belief as to the truth  
26 of the allegations of paragraph 54 of the Complaint, and therefore denies them.

27          55.     RDI denies the allegations of paragraph 55 of the Complaint.

1           56.     RDI is without knowledge or information sufficient to form a belief as to the truth  
2 of the remaining allegations of paragraph 56 of the Complaint, and therefore denies them.

3           57.     RDI denies the allegations of paragraph 57 of the Complaint.

4           58.     RDI denies the allegations of paragraph 58 of the Complaint.

5           59.     RDI denies the allegations of paragraph 59 of the Complaint.

6           60.     RDI admits that Bill Gould and Timothy Storey were assigned to try to mediate  
7 the relationship between James Cotter, Jr., on the one hand, and Ellen Cotter and Margaret  
8 Cotter, on the other. RDI denies the allegations of paragraph 60 of the Complaint in all other  
9 respects.

10          61.     To the extent the allegations in this paragraph relate to the actions of individual  
11 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
12 defendants. RDI denies the allegations of paragraph 61 of the Complaint in all other respects.

13          62.     To the extent the allegations in this paragraph relate to the actions of individual  
14 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
15 defendants. RDI denies the allegations of paragraph 62 of the Complaint in all other respects.

16          63.     RDI denies the allegations of paragraph 63 of the Complaint.

17          64.     RDI admits that MC asked for an employment agreement with RDI. To the  
18 extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a  
19 nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies  
20 the allegations of paragraph 64 of the Complaint in all other respects.

21          65.     RDI admits that the non-Cotter directors sought additional compensation for time  
22 expended on RDI matters. To the extent the allegations in this paragraph relate to the actions of  
23 individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the  
24 individual defendants. RDI denies the allegations of paragraph 65 of the Complaint in all other  
25 respects.

26          66.     RDI admits that former director Storey resides in New Zealand and that Storey  
27 traveled between New Zealand and Los Angeles on RDI business. To the extent the allegations  
28 in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant

1 defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of  
2 paragraph 66 of the Complaint in all other respects.

3 67. RDI is without knowledge or information sufficient to form a belief as to the truth  
4 of the allegations of paragraph 67 of the Complaint, and therefore denies them.

5 68. To the extent the allegations in this paragraph relate to the actions of individual  
6 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
7 defendants. RDI denies the allegations of paragraph 68 of the Complaint in all other respects.

8 69. To the extent the allegations in this paragraph relate to the actions of individual  
9 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
10 defendants. RDI denies the allegations of paragraph 69 of the Complaint in all other respects.

11 70. The allegations of paragraph 70 of the Complaint are purportedly based on written  
12 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 70  
13 of the Complaint.

14 71. RDI admits that the Stomp Producers gave a purported notice of termination of  
15 Stomp's lease at the Orpheum Theatre on or about April 23, 2015. To the extent the allegations  
16 in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant  
17 defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of  
18 paragraph 71 of the Complaint in all other respects.

19 72. To the extent the allegations in this paragraph relate to the actions of individual  
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
21 defendants. RDI denies the allegations of paragraph 72 of the Complaint in all other respects.

22 73. RDI denies the allegations of paragraph 73 of the Complaint.

23 74. To the extent the allegations in this paragraph relate to the actions of individual  
24 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
25 defendants. RDI denies the allegations of paragraph 74 of the Complaint in all other respects.

26 75. RDI denies the allegations of paragraph 75 of the Complaint.

27 76. RDI denies the allegations of paragraph 76 of the Complaint.

28 77. RDI denies the allegations of paragraph 77 of the Complaint.

1           78.     RDI denies the allegations of paragraph 78 of the Complaint.

2           79.     RDI admits that EC became interim CEO of RDI after JJC was terminated. RDI  
3 denies the allegations of paragraph 79 in all other respects.

4           80.     To the extent the allegations in this paragraph relate to the actions of individual  
5 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
6 defendants. RDI denies the allegations of paragraph 80 of the Complaint in all other respects.

7           81.     To the extent the allegations in this paragraph relate to the actions of individual  
8 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
9 defendants. RDI is denies the allegations of paragraph 81 of the Complaint in all other respects.

10          82.     To the extent the allegations in this paragraph relate to the actions of individual  
11 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
12 defendants. RDI denies the allegations of paragraph 82 of the Complaint in all other respects.

13          83.     To the extent the allegations in this paragraph relate to the actions of individual  
14 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
15 defendants. RDI denies the allegations of paragraph 83 of the Complaint in all other respects.

16          84.     To the extent the allegations in this paragraph relate to the actions of individual  
17 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
18 defendants. RDI denies the allegations of paragraph 84 of the Complaint in all other respects.

19          85.     To the extent the allegations in this paragraph relate to the actions of individual  
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
21 defendants. RDI denies the allegations of paragraph 85 of the Complaint in all other respects.

22          86.     RDI admits that EC distributed an agenda for the May 21, 2015 RDI board  
23 meeting on or about May 19, 2015, and that the first action item on the agenda was entitled  
24 “Status of President and CEO.” RDI denies the remaining allegations of paragraph 86 of the  
25 Complaint.

26          87.     RDI denies the allegations of paragraph 87 of the Complaint.

27          88.     RDI denies the allegations of paragraph 88 of the Complaint.

28          89.     RDI denies the allegations of paragraph 89 of the Complaint.



1           90.     RDI admits that JJC's counsel appeared at the May 21, 2015 board meeting and  
2 made a statement. RDI denies the remaining allegations of paragraph 90 of the Complaint.

3           91.     RDI is without knowledge or information sufficient to form a belief as to the truth  
4 of the allegations of paragraph 91 of the Complaint, and therefore denies the same.

5           92.     RDI is without knowledge or information sufficient to form a belief as to the truth  
6 of the allegations of paragraph 92 of the Complaint, and therefore denies the same.

7           93.     RDI is without knowledge or information sufficient to form a belief as to the truth  
8 of the allegations of paragraph 93 of the Complaint, and therefore denies the same.

9           94.     RDI admits that the May 21, 2015 board meeting was adjourned to May 29, 2015.  
10 RDI denies the remaining allegations of paragraph 94 of the Complaint.

11          95.     RDI is without knowledge or information sufficient to form a belief as to the truth  
12 of the allegations of paragraph 95 of the Complaint, and therefore denies the same.

13          96.     RDI admits the allegations of paragraph 96 of the Complaint.

14          97.     RDI denies the allegations of paragraph 97 of the Complaint.

15          98.     The allegations of paragraph 98 of the Complaint are purportedly based on written  
16 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 98  
17 of the Complaint.

18          99.     To the extent the allegations in this paragraph relate to the actions of individual  
19 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
20 defendants. RDI denies the allegations of paragraph 99 of the Complaint in all other respects.

21          100.    To the extent the allegations in this paragraph relate to the actions of individual  
22 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
23 defendants. RDI denies the allegations of paragraph 100 of the Complaint in all other respects.

24          101.    RDI denies the allegations of paragraph 101 of the Complaint.

25          102.    RDI is without knowledge or information sufficient to form a belief as to the truth  
26 of the allegations of paragraph 102 of the Complaint, and therefore denies the same.

27          103.    RDI is without knowledge or information sufficient to form a belief as to the truth  
28 of the allegations of paragraph 103 of the Complaint, and therefore denies the same.

1           104. RDI is without knowledge or information sufficient to form a belief as to the truth  
2 of the allegations of paragraph 104 of the Complaint, and therefore denies the same.

3           105. To the extent the allegations in this paragraph relate to the actions of individual  
4 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
5 defendants. RDI denies the allegations of paragraph 105 of the Complaint in all other respects.

6           106. RDI admits that James Cotter, Jr. was advised that the RDI Board meeting would  
7 be adjourned until about 6:00 p.m. that evening. RDI denies the allegations of paragraph 106 of  
8 the Complaint in all other respects.

9           107. RDI admits that the RDI Board meeting reconvened. RDI denies the allegations  
10 of paragraph 107 of the Complaint in all other respects.

11           108. RDI is without knowledge or information sufficient to form a belief as to the truth  
12 of the allegations of paragraph 108 of the Complaint, and therefore denies the same.

13           109. RDI is without knowledge or information sufficient to form a belief as to the truth  
14 of the allegations of paragraph 109 of the Complaint, and therefore denies the same.

15           110. To the extent the allegations in this paragraph relate to the actions of individual  
16 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
17 defendants. RDI denies the allegations of paragraph 110 of the Complaint in all other respects.

18           111. To the extent the allegations in this paragraph relate to the actions of individual  
19 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual  
20 defendants. RDI denies the allegations of paragraph 111 of the Complaint in all other respects.

21           112. The allegations of paragraph 112 of the Complaint are purportedly based on  
22 written documents, which speak for themselves. RDI denies the remaining allegations of  
23 paragraph 112 of the Complaint.

24           113. RDI denies the allegations of paragraph 113 of the Complaint.

25           114. RDI denies the allegations of paragraph 114 of the Complaint.

26           115. RDI denies the allegations of paragraph 115 of the Complaint.

27           116. RDI denies the allegations of paragraph 116 of the Complaint.

28           117. RDI denies the allegations of paragraph 117 of the Complaint.

- 1           118.    RDI denies the allegations of paragraph 118 of the Complaint.
- 2           119.    RDI denies the allegations of paragraph 119 of the Complaint.
- 3           120.    RDI denies the allegations of paragraph 120 of the Complaint.
- 4           121.    RDI denies the allegations of paragraph 121 of the Complaint.
- 5           122.    RDI denies the allegations of paragraph 122 of the Complaint.
- 6           123.    RDI admits the allegations of paragraph 123 of the Complaint.
- 7           124.    RDI admits the allegations of paragraph 124 of the Complaint.
- 8           125.    RDI denies the allegations of paragraph 122 of the Complaint.
- 9           126.    RDI denies the allegations of paragraph 126 of the Complaint.
- 10          127.    RDI denies the allegations of paragraph 127 of the Complaint.
- 11          128.    RDI denies the allegations of paragraph 128 of the Complaint.
- 12          129.    RDI denies the allegations of paragraph 129 of the Complaint.
- 13          130.    RDI denies the allegations of paragraph 130 of the Complaint.
- 14          131.    To the extent the allegations in this paragraph relate to the actions of individual
- 15 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
- 16 defendants. RDI denies the allegations of paragraph 131 of the Complaint in all other respects.
- 17          132.    RDI denies the allegations of paragraph 132 of the Complaint.
- 18          133.    RDI denies the allegations of paragraph 133 of the Complaint.
- 19          134.    The allegations of paragraph 134 of the Complaint are purportedly based on
- 20 written documents, which speak for themselves. RDI denies the remaining allegations of
- 21 paragraph 134 of the Complaint.
- 22          135.    RDI denies the allegations of paragraph 135 of the Complaint.
- 23          136.    The allegations of paragraph 136 of the Complaint are purportedly based on
- 24 written documents, which speak for themselves. RDI denies the remaining allegations of
- 25 paragraph 136 of the Complaint.
- 26          137.    RDI denies the allegations of paragraph 137 of the Complaint.
- 27          138.    RDI denies the allegations of paragraph 138 of the Complaint.
- 28          139.    RDI denies the allegations of paragraph 139 of the Complaint.

1           140. The allegations of paragraph 140 of the Complaint are purportedly based on  
2 written documents, which speak for themselves. RDI denies the remaining allegations of  
3 paragraph 140 of the Complaint.

4           141. The allegations of paragraph 141 of the Complaint are purportedly based on  
5 written documents, which speak for themselves. RDI denies the remaining allegations of  
6 paragraph 141 of the Complaint.

7           142. The allegations of paragraph 142 of the Complaint are purportedly based on  
8 written documents, which speak for themselves. RDI denies the remaining allegations of  
9 paragraph 142 of the Complaint.

10           143. RDI denies the allegations of paragraph 143 of the Complaint.

11           144. RDI denies the allegations of paragraph 144 of the Complaint.

12           145. RDI denies the allegations of paragraph 145 of the Complaint.

13           146. RDI denies the allegations of paragraph 146 of the Complaint.

14           147. RDI denies the allegations of paragraph 147 of the Complaint.

15           148. RDI admits that Ellen Cotter proposed Judy Coddling as a candidate for RDI's  
16 Board of Directors. RDI denies the allegations of paragraph 148 of the Complaint in all other  
17 respects.

18           149. RDI admits that Mary Cotter knows Judy Coddling. RDI denies the allegations of  
19 paragraph 149 of the Complaint in all other respects.

20           150. RDI admits that, on October 5, 2015, Judy Coddling was made a director of RDI.  
21 To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI  
22 as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI  
23 denies the allegations of paragraph 150 of the Complaint in all other respects.

24           151. RDI denies the allegations of paragraph 151 of the Complaint.

25           152. RDI denies the allegations of paragraph 152 of the Complaint.

26           153. RDI denies the allegations of paragraph 153 of the Complaint.

27           154. RDI denies the allegations of paragraph 154 of the Complaint.

28

155. RDI admits Michael Wrotniak was nominated as a director of RDI. RDI denies the allegations of paragraph 155 of the Complaint in all other respects.

156. RDI denies the allegations of paragraph 156 of the Complaint.

157. RDI denies the allegations of paragraph 157 of the Complaint.

158. RDI denies the allegations of paragraph 158 of the Complaint.

159. RDI denies the allegations of paragraph 159 of the Complaint.

160. RDI denies the allegations of paragraph 160 of the Complaint.

161. RDI admits is issued a Proxy Statement which is a written document, which speaks for itself. RDI denies the remaining allegations of paragraph 142 of the Complaint.

162. RDI denies the allegations of paragraph 162 of the Complaint.

163. RDI denies the allegations of paragraph 163 of the Complaint.

164. RDI denies the allegations of paragraph 164 of the Complaint.

165. RDI denies the allegations of paragraph 165 of the Complaint.

166. RDI denies the allegations of paragraph 166 of the Complaint.

167. RDI denies the allegations of paragraph 167 of the Complaint.

168. RDI denies the allegations of paragraph 168 of the Complaint.

169. RDI denies the allegations of paragraph 169 of the Complaint.

**RESPONSE TO “FIRST CAUSE OF ACTION**

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

170. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the Complaint.

171. The allegations of paragraph 171 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 171 of the Complaint are denied.

172. The allegations of paragraph 172 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 172 of the Complaint are denied.

1           173. The allegations of paragraph 173 of the Complaint constitute conclusions of law  
2 to which no responsive pleading is required. To the extent a response is deemed required, the  
3 allegations of paragraph 173 of the Complaint are denied.

4           174. RDI denies the allegations of paragraph 174 of the Complaint.

5           175. RDI denies the allegations of paragraph 175 of the Complaint.

6           176. RDI denies that Plaintiff, RDI, or its stockholders have suffered any damages by  
7 virtue of Defendants' conduct.

8                           **RESPONSE TO "SECOND CAUSE OF ACTION**

9                           **(Breach of Fiduciary Duty – Against MC, EC, Adams, Kane, McEachern and**  
10                           **Gould)"**

11           177. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the  
12 Complaint.

13           178. The allegations of paragraph 178 of the Complaint constitute conclusions of law  
14 to which no responsive pleading is required. To the extent a response is deemed required, the  
15 allegations of paragraph 178 of the Complaint are denied.

16           179. The allegations of paragraph 179 of the Complaint constitute conclusions of law  
17 to which no responsive pleading is required. To the extent a response is deemed required, the  
18 allegations of paragraph 179 of the Complaint are denied.

19           180. The allegations of paragraph 180 of the Complaint constitute conclusions of law  
20 to which no responsive pleading is required. To the extent a response is deemed required, the  
21 allegations of paragraph 180 of the Complaint are denied.

22           181. RDI denies the allegations of paragraph 181 of the Complaint.

23           182. RDI denies the allegations of paragraph 182 of the Complaint.

24           183. RDI denies that Plaintiff, RDI, or its stockholders have suffered any damages by  
25 virtue of Defendants' conduct.

**RESPONSE TO “THIRD CAUSE OF ACTION**

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

184. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the Complaint.

185. RDI denies the allegations of paragraph 185 of the Complaint.

186. RDI denies the allegations of paragraph 186 of the Complaint.

187. RDI denies the allegations of paragraph 187 of the Complaint.

188. RDI denies the allegations of paragraph 188 of the Complaint.

189. The allegations of paragraph 189 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 189 of the Complaint are denied.

190. RDI denies the allegations of paragraph 190 of the Complaint.

191. RDI denies that Plaintiff, RDI, or its stockholders have suffered any damages by virtue of Defendants’ conduct.

**RESPONSE TO “IRREPARABLE HARM”**

192. RDI denies the allegations of paragraph 192 of the Complaint.

193. RDI denies the allegations of paragraph 193 of the Complaint.

**RESPONSE TO “PRAYER FOR RELIEF”**

194. To the extent that the allegations contained in the Prayer for Relief require a response, RDI denies the allegations therein. Further, RDI denies that Plaintiff should be reinstated as President of RDI and denies that Plaintiff is entitled to any damages or that corrective disclosures are necessary.

**AFFIRMATIVE DEFENSES**

Subject to the responses above, RDI alleges and asserts the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, RDI

specifically reserves all rights to allege additional affirmative defenses that become known through the course of discovery.

**1. FAILURE TO STATE A CLAIM**

The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a claim.

**2. FAILURE TO MAKE DEMAND**

Plaintiff has failed to make a demand prior to filing the purported derivative suit.

**3. CORPORATE GOVERNANCE**

Plaintiff's claims are barred because RDI has at all times acted, through its Board of Directors, in good faith consistent with corporate governance standards.

**4. IRREPAIRABLE HARM TO COMPANY**

Plaintiff's claims are barred because RDI would be irreparably harmed by the relief Plaintiff seeks.

**5. STATUTES OF LIMITATIONS AND REPOSE**

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the applicable statutes of limitations and/or statutes of repose.

**6. UNCLEAN HANDS**

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of unclean hands.

**7. SPOILIATION**

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's spoliation of evidence and obstruction of justice.

**8. WAIVER, ESTOPPEL, AND ACQUIESCENCE**

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiff's acts, conduct, and/or omissions are inconsistent with his requests for relief.



1 **9. RATIFICATION AND CONSENT**

2 The Complaint, and each purported cause of action therein, is barred, in whole or in part,  
3 because any purportedly improper acts by RDI, if any, were ratified by Plaintiff and his agents,  
4 and/or because Plaintiff consented to the same.

5 **10. NO UNLAWFUL ACTIVITY**

6 The Complaint, and each purported cause of action therein, is barred, in whole or in part,  
7 because to the extent any of the activities alleged in the Complaint actually occurred, those  
8 activities were not unlawful.

9 **11. PRIVILEGE AND JUSTIFICATION**

10 The Complaint, and each purported cause of action therein, is barred, in whole or in part,  
11 because the actions complained of, if taken, were at all times reasonable, privileged, and  
12 justified.

13 **12. GOOD FAITH AND LACK OF FAULT**

14 The Complaint, and each purported cause of action therein, is barred, in whole or in part,  
15 because, at all times material to the Complaint, RDI acted in good faith and with innocent intent.

16 **13. NO ENTITLEMENT TO INJUNCTIVE RELIEF**

17 Plaintiff is not entitled to injunctive relief because, among other things, he has not  
18 suffered irreparable harm, he has an adequate remedy at law, and injunctive relief is not  
19 supported by any purported cause of action alleged in the Complaint and is not warranted by the  
20 balance of the hardships and/or any other equitable factors.

21 **14. DAMAGES TOO SPECULATIVE**

22 Plaintiff is not entitled to damages of any kind or in any sum or amount whatsoever as a  
23 result of RDI's acts or omissions alleged in the Complaint because any damages sought are  
24 speculative, uncertain and not recoverable.

25 **15. MITIGATION OF DAMAGES**

26 Plaintiff has failed to properly mitigate the damages, if any, he has sustained, and by  
27 virtue thereof, Plaintiff is barred, in whole or in part, from maintaining the causes of action  
28 asserted in the Complaint against RDI.

1 **16. COMPARATIVE FAULT**

2 Plaintiff's recovery is barred, in whole or in part, based on principles of comparative  
3 fault, including Plaintiff's own comparative fault.  
4

5 **17. BUSINESS JUDGMENT RULE**

6 The Complaint, and each purported cause of action alleged therein, is barred, in whole or  
7 part, by the business judgment rule.

8 **18. EQUITABLE ESTOPPEL**

9 The Complaint, and each purported cause of action alleged therein, is barred, in whole or  
10 part, by the doctrine of equitable estoppel.

11 **19. NEVADA REVISED STATUTE 78.138**

12 The Complaint, and each purported cause of action alleged therein, is barred, in whole or  
13 part, by Nevada Revised Statute 78.138, which provides that a director or officer is not  
14 individually liable to the corporation or its stockholders or creditors for any damages as a result  
15 of any act or failure to act in his or her capacity as a director or officer unless it is proven  
16 that: (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary  
17 duties as a director or officer; and (b) the breach of those duties involved intentional  
18 misconduct, fraud or a knowing violation of law.

19 **20. CONFLICT OF INTEREST AND**  
20 **UNSUITABILITY TO SERVE AS REPRESENTATIVE**

21 The Complaint, and each purported cause of action alleged therein is barred, in whole or  
22 Part because Plaintiff has a conflict of interest and is unsuitable to serve as a derivative  
23 representative.

24 What about failure to make demand and unsuitability as a derivative representative  
25 (conflict of interest).  
26  
27  
28

**WHEREFORE**, RDI request that Plaintiff's Complaint be dismissed in its entirety with prejudice, that judgment be entered in favor of RDI, that RDI be awarded costs and, to the extent provided by law, attorney's fees, and any such other relief as the Court may deem proper.

DATED this 29<sup>th</sup> day of March, 2016.

GREENBERG TRAURIG, LLP

/s/ Kara B. Hendricks

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)

KARA B. HENDRICKS, ESQ. (NV Bar No. 7743)

3773 Howard Hughes Parkway

Suite 400 North

Las Vegas, Nevada 89169

*Counsel for Reading International, Inc.*

**GREENBERG TRAURIG, LLP**  
3773 Howard Hughes Parkway, Suite 400 North  
Las Vegas, Nevada 89169  
Telephone: (702) 792-3773  
Facsimile: (702) 792-9002

**CERTIFICATE OF SERVICE**

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing *Reading International, Inc.'s Answer to James Cotter, Jr.'s First Amended Complaint* to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 29<sup>th</sup> day of March, 2016.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP



**APPENDIX TO WRIT PETITION  
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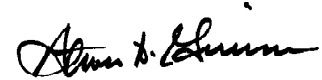
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**COMPB**  
MARK G. KRUM (Nevada Bar No. 10913)  
[MKrum@LRRLaw.com](mailto:MKrum@LRRLaw.com)  
LEWIS ROCA ROTHGERBER LLP  
3993 Howard Hughes Parkway, Suite 600  
Las Vegas, Nevada 89169  
(702) 949-8200  
(702) 949-8398 fax

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, TIMOTHY STOREY,  
WILLIAM GOULD, and DOES 1 through 100,  
inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada  
corporation;

Nominal Defendant.

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

**COMPLAINT**

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

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

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

**NATURE OF THE CASE**

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

3993 Howard Hughes Parkway  
Suite 600  
Las Vegas, NV 89169-5996  
**LEWIS ROCA**  
**ROTHGERBER**

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

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

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

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

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

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

24                               **PARTIES**

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

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Suite 600  
Las Vegas, NV 89169-5996  
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1 or about August 7, 2014, immediately after JJC, Sr. resigned from that position. He is the son of  
2 the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. JJC at all times  
3 relevant hereto has owned RDI stock, and owns 718,232 shares of RDI Class A non-voting stock  
4 (including 47,500 shares subject to stock options) and is co-trustee and beneficiary of the James J.  
5 Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539  
6 shares of RDI Class A (non-voting) stock and 1,023,888 shares of RDI Class B (voting) stock, and  
7 options to acquire 100,000 additional shares of RDI Class B (voting) stock, which Trust became  
8 irrevocable upon the passing of JJC, Sr. on September 13, 2014.

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

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

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

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

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

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

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

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

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

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

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

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

5 **ALLEGATIONS COMMON TO ALL CLAIMS**

6 **General Background**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26          44. Plaintiff’s work as CEO was recognized as successful by the stock market. RDI  
27 stock was trading at \$8.17 per share when Plaintiff became CEO but, by approximately the end of  
28

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1 2014, had traded as high as \$13.26 per share and, in the Spring of 2015, traded at over \$14.45 per  
2 share.

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

4 Management Catalysts

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of RDI and its shareholders.

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

10 **The Outside Directors Demand More Money**

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

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

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

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

28

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

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

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

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

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

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

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



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

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

10 **Kane Acts To Protect MC**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 satisfactory to EC and MC.

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

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

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

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



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

3 **Demand Is Excused**

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

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

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

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1 McEachern's fate as a director.

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

8 **FIRST CAUSE OF ACTION**

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

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

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

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

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

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

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

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

## SECOND CAUSE OF ACTION

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

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

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

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

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

122. By reason of the foregoing, each of MC, EC, Adams, Kane and McEachern have breached their fiduciary obligations, and in particular their fiduciary duties of good faith, loyalty and candor, to the Company and to Plaintiff and all other shareholders of the Company.

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

124. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages,

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1 which are in excess of \$50,000, suffered by virtue of the complaint of conduct of said defendants.  
2 Plaintiff will amend this complaint and set forth said damages when they are ascertained,  
3 according to proof at trial.

### 4 **THIRD CAUSE OF ACTION**

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

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

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

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

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

21 129. EC and MC further prompted and aided and abetted the fiduciary breaches of  
22 Storey and Gould.

23 130. Each of EC and MC have acted with knowledge of the fiduciary obligations of the  
24 five outside directors. Each of EC and MC have acted with knowledge of the manner in which  
25 those fiduciary obligations were breached, and aided and abetted and continue to aide and abed  
26 said breaches. Accordingly, each of EC and MC are liable for aiding and abetting those fiduciary  
27 breaches.

28 131. As a direct and proximate result of the acts and omissions of said defendants as

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1 described herein, Plaintiff and the Company and its other shareholders have suffered injury and  
2 continue to suffer injury as alleged herein.

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

### 7 **Irreparable Harm**

8 133. As a result of the ongoing acts of Defendants, the Company, Plaintiff and other  
9 shareholders have suffered and will continue to suffer immediate and ongoing irreparable injury  
10 for which no adequate remedy at law exists. Accordingly, Plaintiff is entitled to temporary,  
11 preliminary and permanent injunctive relief restraining Defendants, and each of them, from  
12 continuing their course of conduct and undertaking further actions in derogation of their fiduciary  
13 obligations, and to an order and judgment finding that the actions undertaken to date to threaten  
14 JJC with termination and thereafter terminate JJC as President and CEO of RDI, as well as such  
15 further actions that may be undertaken in furtherance of the scheme alleged herein, are legally  
16 ineffectual and of no force and effect.

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

### 19 **PRAYER FOR RELIEF**

20 **WHEREFORE**, Plaintiff prays for judgment against Defendants and each of them, jointly  
21 and severely, as follows:

22 1. For relief restraining and enjoining Defendants from taking further action to  
23 effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of  
24 RDI;

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

27 3. For judgment against each of the Defendants for breach of their respective fiduciary  
28 obligations;

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1           4.     For actual and compensatory damages against Defendants in an amount according  
2 to proof at trial;

3           5.     For costs of suit herein; and

4           6.     For such other and further relief as the Court may deem just and proper.

5           DATED this 12th day of June, 2015.

6                               LEWIS ROCA ROTHGERBER LLP

7  
8                               /s/ Mark G. Krum  
9                               Mark G. Krum (Nevada Bar No. 10913)  
10                              3993 Howard Hughes Pkwy, Suite 600  
                                Las Vegas, NV 89169-5958

11                             Attorneys for Plaintiff  
12                             James J. Cotter, Jr.

LEWIS ROCA  
ROTHGERBER  
3993 Howard Hughes Parkway  
Suite 600  
Las Vegas, Nevada 89169

1 **IAFD**  
2 MARK G. KRUM (Nevada Bar No. 10913)  
3 MKrum@LRRLaw.com  
4 LEWIS ROCA ROTHGERBER LLP  
5 3993 Howard Hughes Parkway, Suite 600  
6 Las Vegas, Nevada 89169  
7 (702) 949-8200  
8 (702) 949-8398 fax

9 Attorneys for Plaintiff  
10 *James J. Cotter, Jr.*

11 DISTRICT COURT  
12 CLARK COUNTY, NEVADA

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

16 Plaintiff,

17 v.

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

23 Defendants.

24 and

25 READING INTERNATIONAL, INC., a Nevada  
26 corporation;

27 Nominal Defendant.

CASE NO.  
DEPT. NO.

**INITIAL APPEARANCE  
FEE DISCLOSURE**

28 Pursuant to NRS Chapter 19, as amended by Senate Bill 106, filing fees are  
submitted for parties appearing in the above-entitled action as indicated below:

JAMES J. COTTER, JR. \$1,530.00

///

///

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**LEWIS ROCA  
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Total

\$1,530.00

DATED this 12th day of June, 2015.

LEWIS ROCA ROTHGERBER LLP

/s/ Mark G. Krum

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

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



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1 **COMP**  
2 ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
3 *arobertson@arobertsonlaw.com*  
4 ROBERTSON & ASSOCIATES, LLP  
32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
6 *aanderson@pslrfirm.com*  
7 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Plaintiffs and Intervenor, T2  
9 PARTNERS MANAGEMENT, LP, a Delaware  
limited partnership, doing business as KASE  
10 CAPITAL MANAGEMENT; T2 ACCREDITED  
FUND, LP, a Delaware limited partnership, doing  
business as KASE FUND; T2 QUALIFIED  
11 FUND, LP, a Delaware limited partnership, doing  
business as KASE QUALIFIED FUND; TILSON  
12 OFFSHORE FUND, LTD, a Cayman Islands  
exempted company; T2 PARTNERS  
13 MANAGEMENT I, LLC, a Delaware limited  
liability company, doing business as KASE  
14 MANAGEMENT; T2 PARTNERS  
15 MANAGEMENT GROUP, LLC, a Delaware  
limited liability company, doing business as  
16 KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
20 Inc.

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

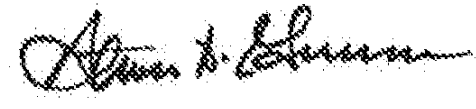
23 T2 PARTNERS MANAGEMENT, LP, a  
Delaware limited partnership, doing business  
24 as KASE CAPITAL MANAGEMENT; T2  
ACCREDITED FUND, LP, a Delaware  
25 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a  
26 Delaware limited partnership, doing business  
as KASE QUALIFIED FUND; TILSON  
27 OFFSHORE FUND, LTD, a Cayman Islands  
exempted company; T2 PARTNERS  
28 MANAGEMENT I, LLC, a Delaware limited

Case No. A-15-719860  
Dept. No. XI

**VERIFIED SHAREHOLDER  
DERIVATIVE COMPLAINT**

**DEMAND FOR JURY TRIAL**

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

11 Plaintiffs,

12 vs.

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

18 Defendants,

19 And,

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

22 Nominal Defendant.

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

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

## 6 INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

7 **DEMAND IS EXCUSED**

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

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

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

5 Edward Kane is an "Interested" Director:

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

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

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

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



1           Guys Adams is an "Interested" Director:

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

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

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

17           Margaret Cotter is an "Interested" Director:

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

26           Ellen Cotter is an "Interested" Director:

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

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

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

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

23 **FIRST CAUSE OF ACTION**

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

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

27 ///

28 ///

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

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

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

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

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

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

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

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

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

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

## 20 SECOND CAUSE OF ACTION

21 (Aiding and Abetting Breach of Fiduciary Duty --

22 Against Defendants Margaret Cotter and Ellen Cotter)

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

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

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

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

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

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

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

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

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

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

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

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

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

3 53. Plaintiffs have no adequate remedy at law.

4 **FOURTH CAUSE OF ACTION**

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

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

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

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

16 57. Plaintiffs have no adequate remedy at law.

17 **FIFTH CAUSE OF ACTION**

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

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

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



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

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

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

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

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

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

26 65. Plaintiffs have no adequate remedy at law.  
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PRAYER FOR RELIEF

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

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

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

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

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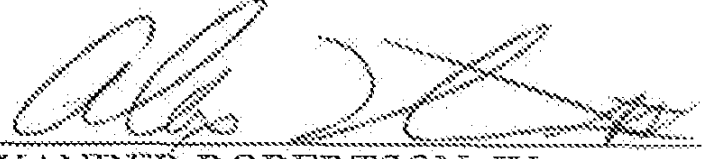


- 1 C. For attorney's fees and costs of suit herein; and  
2 D. For such other and further relief as the Court may deem just and proper.

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

4 ROBERTSON & ASSOCIATES, LLP

5  
6 By:

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

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

Derivatively On Behalf of Reading International,  
Inc.

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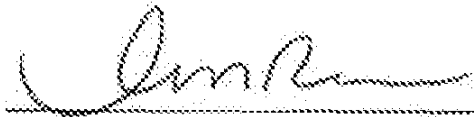
**CERTIFICATE OF SERVICE**

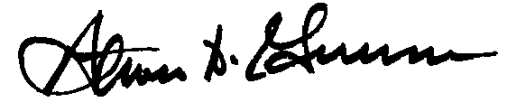
The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 28<sup>th</sup> day of August, 2015, I served a true and correct copy of Plaintiffs-In-Intervention's **VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT; DEMAND FOR JURY TRIAL** by electronic service by submitting the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

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

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

Dated: August 28, 2015

  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 arobertson@arobertsonlaw.com  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
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7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8  
9 Attorneys for Attorneys for Plaintiffs and  
Intervenors, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
business as KASE MANAGEMENT; T2  
15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.

20

21

DISTRICT COURT

22

CLARK COUNTY, NEVADA

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

25

Plaintiff,

26

v.

27

MARGARET COTTER, et al.,

28

Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

**ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT**

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

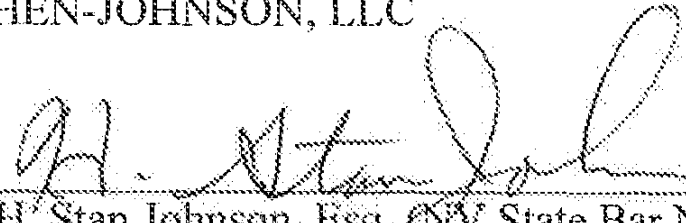
12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, H. Stan Johnson, Esq., Counsel for Defendant, DOUGLAS McEACHERN, hereby  
18 accepts service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
19 Defendant.

20 DATED this 1<sup>st</sup> day of September, 2015. COHEN-JOHNSON, LLC

21  
22 By:   
H. Stan Johnson, Esq. (NV State Bar No. 00265)

23 QUINN EMANUEL URQUHART &  
24 SULLIVAN, LLP  
25 Christopher Taybeck (CA Bar No. 145532,  
pro hac vice application pending)

26 *Attorneys for Defendants MARGARET COTTER,*  
27 *ELLEN COTTER, GUY ADAMS, EDWARD*  
28 *KANE, and DOUGLAS McEACHERN*

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**CERTIFICATE OF SERVICE**

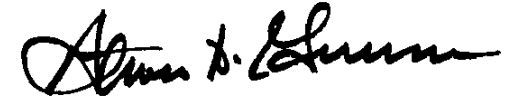
The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 8<sup>th</sup> day of September, 2015, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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

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

Dated:

 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 arobertson@arobertsonlaw.com  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
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720 S. 7th Street, 3rd Floor  
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Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
9 Intervenor, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
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15 PARTNERS MANAGEMENT GROUP, LLC, a  
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16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.  
20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

Case No. A-15-719860-B  
Dept. No.: XI

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT

1 and

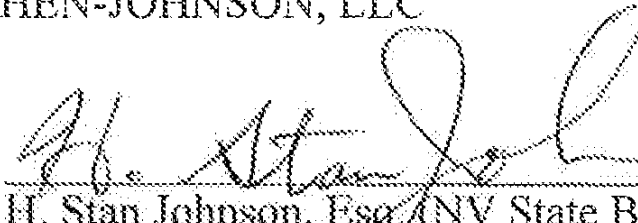
2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,  
4  
5 Nominal Defendant.

6 T2 PARTNERS MANAGEMENT, LP, a  
7 Delaware limited partnership, doing business  
8 as KASE CAPITAL MANAGEMENT; et al.,  
9  
10 Plaintiffs,  
11  
12 vs.  
13 MARGARET COTTER, et al.,  
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15 Defendants,  
16  
17 And,  
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19 READING INTERNATIONAL, INC., a  
20 Nevada corporation,  
21  
22 Nominal Defendant.

23 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
24 DERIVATIVE COMPLAINT

25 I, H. Stan Johnson, Esq., Counsel for Defendant, EDWARD KANE, hereby accepts  
26 service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
27 Defendant.

28 DATED this 4<sup>th</sup> day of September, 2015. COHEN-JOHNSON, LLC

By:   
H. Stan Johnson, Esq. (NV State Bar No. 00265)

QUINN EMANUEL URQUHART &  
SULLIVAN, LLP  
Christopher Taybeck (CA Bar No. 145532,  
*pro hac vice* application pending)

*Attorneys for Defendants MARGARET COTTER,  
ELLEN COTTER, GUY ADAMS, EDWARD  
KANE, and DOUGLAS McEACHERN*

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**CERTIFICATE OF SERVICE**

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 8<sup>th</sup> day of September, 2015, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

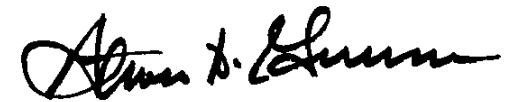
**PLEASE SEE THE E-SERVICE MASTER LIST**

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

Dated:

 Anna Russo  
An employee of ROBERTSON & ASSOCIATES, LLP





CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 arobertson@arobertsonlaw.com  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

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6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
9 Intervenor, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
12 limited partnership, doing business as KASE  
QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
company; T2 PARTNERS MANAGEMENT I,  
14 LLC, a Delaware limited liability company, doing  
business as KASE MANAGEMENT; T2  
15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.

20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, H. Stan Johnson, Esq., Counsel for Defendant, **ELLEN COTTER**, hereby accepts  
18 service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
19 Defendant.

20 DATED this 1<sup>st</sup> day of September, 2015. COHEN-JOHNSON, LLC

21 By: 

22 H. Stan Johnson, Esq. (NV State Bar No. 00265)

23 QUINN EMANUEL URQUHART &  
24 SULLIVAN, LLP

25 Christopher Taybeck, Esq. (CA Bar No. 145532,  
26 *pro hac vice* application pending)

27 *Attorneys for Defendants MARGARET COTTER,*  
28 *ELLEN COTTER, GUY ADAMS, EDWARD*  
*KANE, and DOUGLAS McEACHERN*

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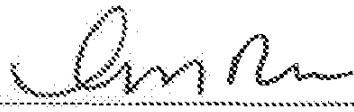
**CERTIFICATE OF SERVICE**

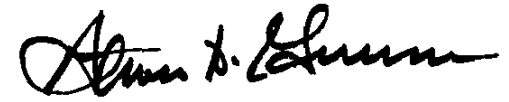
The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 8<sup>th</sup> day of September, 2015, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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

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

Dated:

 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 *arobertson@arobertsonlaw.com*  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
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6 PATIL, SGRO, LEWIS & ROGER  
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7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
9 Interveners, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
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FUND; T2 QUALIFIED FUND, LP, a Delaware  
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14 LLC, a Delaware limited liability company, doing  
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16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.  
20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

Case No. A-15-719860-B  
Dept. No.: XI

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, H. Stan Johnson, Esq., Counsel for Defendant, GUY ADAMS, hereby accepts service of  
18 the Summons and Verified Shareholder Derivative Complaint on behalf of said Defendant.

19 DATED this 4<sup>th</sup> day of September, 2015. COHEN-JOHNSON, LLC

20 By: 

21 H. Stan Johnson, Esq. (NV State Bar No. 00265)

22 QUINN EMANUEL URQUHART &  
23 SULLIVAN, LLP

24 Christopher Taybeck (CA Bar No. 145532,  
25 pro hac vice application pending)

26 *Attorneys for Defendants MARGARET COTTER,*  
27 *ELLEN COTTER, GUY ADAMS, EDWARD*  
28 *KANE, and DOUGLAS McEACHERN*

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**CERTIFICATE OF SERVICE**

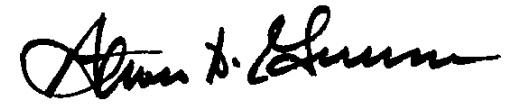
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An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
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MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.

20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

**ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT**

1 and

2 READING INTERNATIONAL, INC., a  
Nevada corporation,

3  
Nominal Defendant.

4

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

6  
Plaintiffs,

7  
vs.

8 MARGARET COTTER, et al.,

9  
Defendants,

10  
And,

11

12 READING INTERNATIONAL, INC., a  
Nevada corporation,

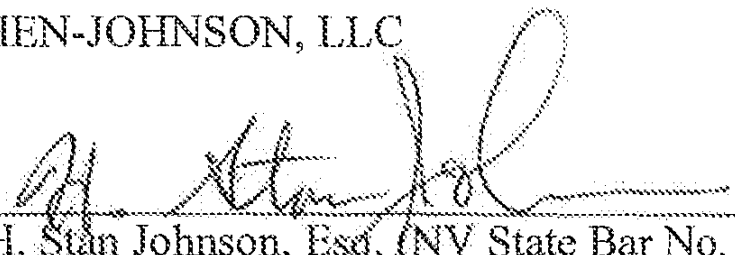
13  
Nominal Defendant.

14

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, H. Stan Johnson, Esq., Counsel for Defendant, MARGARET COTTER, hereby accepts  
18 service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
19 Defendant.

20 DATED this 4<sup>th</sup> day of September, 2015. COHEN-JOHNSON, LLC

21  
22 By:   
H. Stan Johnson, Esq. (NV State Bar No. 00265)

23  
24 QUINN EMANUEL URQUHART &  
SULLIVAN, LLP  
25 Christopher Taybeck (CA Bar No. 145532,  
*pro hac vice* application pending)

26  
27 *Attorneys for Defendants MARGARET COTTER,*  
*ELLEN COTTER, GUY ADAMS, EDWARD*  
28 *KANE, and DOUGLAS McEACHERN*



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**CERTIFICATE OF SERVICE**

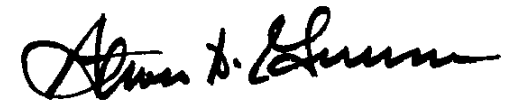
The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 8<sup>th</sup> day of September, 2015, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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

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

Dated:

 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 *arobertson@arobertsonlaw.com*  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
*aanderson@pslrfirm.com*  
6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8  
9 Attorneys for Attorneys for Plaintiffs and  
Intervenors, T2 PARTNERS MANAGEMENT,  
LP, a Delaware limited partnership, doing  
10 business as KASE CAPITAL MANAGEMENT;  
T2 ACCREDITED FUND, LP, a Delaware  
11 limited partnership, doing business as KASE  
FUND; T2 QUALIFIED FUND, LP, a Delaware  
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QUALIFIED FUND; TILSON OFFSHORE  
13 FUND, LTD, a Cayman Islands exempted  
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14 LLC, a Delaware limited liability company, doing  
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15 PARTNERS MANAGEMENT GROUP, LLC, a  
Delaware limited liability company, doing  
16 business as KASE GROUP; JMG CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
17 liability company; PACIFIC CAPITAL  
MANAGEMENT, LLC, a Delaware limited  
18 liability company,

19 Derivatively On Behalf of Reading International,  
Inc.

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

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

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

Case No. A-15-719860-B  
Dept. No.: XI

**ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT**

1 and

2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,

4 Nominal Defendant.

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

7 Plaintiffs,

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
13 Nevada corporation,

14 Nominal Defendant.

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, Mark E. Ferrario, Counsel for Nominal Defendant, READING INTERNATIONAL,  
18 INC., a Nevada corporation, hereby accepts service of the Summons and Verified Shareholder  
19 Derivative Complaint on behalf of said Defendant.

20 DATED this 5 day of September, 2015.

21 GREENBERG TRAURIG

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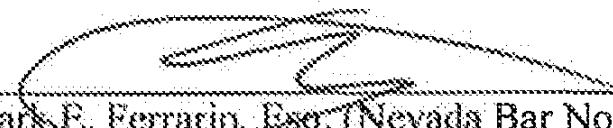
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27

28

By:

  
Mark E. Ferrario, Esq. (Nevada Bar No. 1625)  
3773 Howard Hughes Parkway, Suite 400 North  
Las Vegas, Nevada 89169

*Attorneys for Nominal Defendant, READING  
INTERNATIONAL, INC., a Nevada corporation*

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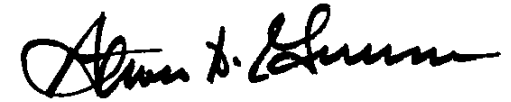
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 Ann Russo  
An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 ACSR  
ALEXANDER ROBERTSON, IV (Nevada Bar No. 8642)  
2 arobertson@arobertsonlaw.com  
ROBERTSON & ASSOCIATES, LLP  
3 32121 Lindero Canyon Road, Suite 200  
Westlake Village, California 91361  
4 Telephone: (818) 851-3850 • Facsimile: (818) 851-3851

5 ADAM C. ANDERSON (Nevada Bar No. 13062)  
aanderson@pslrfirm.com  
6 PATTI, SGRO, LEWIS & ROGER  
720 S. 7th Street, 3rd Floor  
7 Las Vegas, NV 89101  
Telephone: (702) 385-9595 • Facsimile: (702) 386-2737

8 Attorneys for Attorneys for Plaintiffs and  
9 Intervenor, T2 PARTNERS MANAGEMENT,  
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17 liability company; PACIFIC CAPITAL  
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18 liability company,

19 Derivatively On Behalf of Reading International,  
20 Inc.

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

23 JAMES J. COTTER, JR., individually and  
24 derivative on behalf of Reading International,  
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Case No. A-15-719860-B  
Dept. No.: XI

25 Plaintiff,

26 v.

27 MARGARET COTTER, et al.,

28 Defendants.

ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT

1 and

2 READING INTERNATIONAL, INC., a  
Nevada corporation,

3 Nominal Defendant.

4

5 T2 PARTNERS MANAGEMENT, LP, a  
Delaware limited partnership, doing business  
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6 Plaintiffs,

7

8 vs.

9 MARGARET COTTER, et al.,

10 Defendants,

11 And,

12 READING INTERNATIONAL, INC., a  
Nevada corporation,


13 Nominal Defendant.

14

15 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
16 DERIVATIVE COMPLAINT

17 I, Donald A. Lattin, Esq., Counsel for Defendant, TIMOTHY STOREY, hereby accepts  
18 service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
19 Defendant.

20 DATED this 20<sup>th</sup> day of September, 2015. MAUPIN, COX & LeGOY

21 By  #9164  
22 Donald A. Lattin, Esq.  
23 (NV Bar No. 00265)

24 BIRD, MARELLA, BOXER, WOLPERT, NESSIM,  
25 DROOKS, LINCENBERG & RHOW, P.C.  
26 Bonita D. Moore, Esq. (CA Bar No. 221479,  
*pro hac vice* application pending)

27 *Attorneys for Defendants WILLIAM GOULD and*  
28 *TIMOTHY STOREY*

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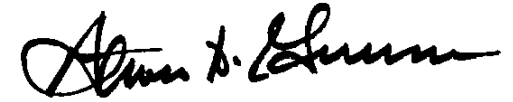
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The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the 25<sup>th</sup> day of September, 2015, I served a true and correct copy of **ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

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2 arobertson@arobertsonlaw.com  
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3 32121 Lindero Canyon Road, Suite 200  
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19 Derivatively On Behalf of Reading International,  
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20

21 DISTRICT COURT

22 CLARK COUNTY, NEVADA

23 JAMES J. COTTER, JR., individually and  
24 derivative on behalf of Reading International,  
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Case No. A-15-719860-B  
Dept. No.: XI

25 Plaintiff,

26 v,

27 MARGARET COTTER, et al.,

28 Defendants.

ACCEPTANCE OF SERVICE OF  
SUMMONS AND VERIFIED  
SHAREHOLDER DERIVATIVE  
COMPLAINT



1 and  
2 READING INTERNATIONAL, INC., a  
3 Nevada corporation,  
4 Nominal Defendant.  
5 T2 PARTNERS MANAGEMENT, LP, a  
6 Delaware limited partnership, doing business  
7 as KASE CAPITAL MANAGEMENT; et al.,  
8 Plaintiffs,  
9 vs.  
10 MARGARET COTTER, et al.,  
11 Defendants,  
12 And,  
13 READING INTERNATIONAL, INC., a  
14 Nevada corporation,  
15 Nominal Defendant.

16 ACCEPTANCE OF SERVICE OF SUMMONS AND VERIFIED SHAREHOLDER  
17 DERIVATIVE COMPLAINT

18 I, Donald A. Lattin, Esq., Counsel for Defendant, WILLIAM GOULD, hereby accepts  
19 service of the Summons and Verified Shareholder Derivative Complaint on behalf of said  
20 Defendant.

21 DATED this 24th day of September, 2015. MAUPIN, COX & LeGOY

22 By: Donald A. Lattin, Esq. #91104  
23 (NV Bar No. 00265)

24 BIRD, MARELLA, BOXER, WOLPERT, NESSIM,  
25 DROOKS, LINCENBERG & RHOW, P.C.  
26 Bonita D. Moore, Esq. (CA Bar No. 221479,  
27 pro hac vice application pending)

28 Attorneys for Defendants WILLIAM GOULD and  
TIMOTHY STOREY

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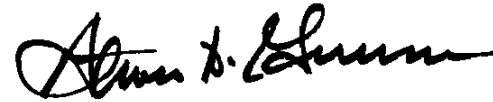
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An employee of ROBERTSON & ASSOCIATES, LLP



CLERK OF THE COURT

1 **ACOM**  
2 MARK G. KRUM (Nevada Bar No. 10913)  
3 MKrum@LRRLaw.com  
4 LEWIS ROCA ROTHGERBER LLP  
5 3993 Howard Hughes Parkway, Suite 600  
6 Las Vegas, Nevada 89169  
7 (702) 949-8200  
8 (702) 949-8398 fax

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

DISTRICT COURT

CLARK COUNTY, NEVADA

10 JAMES J. COTTER, JR., derivatively on behalf  
11 of Reading International, Inc.,

12 Plaintiff,

13 v.

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

19 Defendants.

20 and

21 READING INTERNATIONAL, INC., a Nevada  
22 corporation;

23 Nominal Defendant.

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

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

*Jointly administered*

**FIRST AMENDED VERIFIED  
COMPLAINT**

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

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

3993 Howard Hughes Parkway  
Suite 600  
Las Vegas, NV 89169-5996  
**LEWIS ROCA  
ROTHGERBER**

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

3 **NATURE OF THE CASE**

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

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

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

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

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

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

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

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

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