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DISTRICT COURT  
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,	)	
individually and	)	
derivatively on behalf of)	)	
Reading International,	)	
Inc.,	)	
	)	Case No. A-15-719860-B
Plaintiff,	)	
	)	Coordinated with:
vs.	)	
	)	Case No. P-14-082942-E
MARGARET COTTER, et al.,	)	
	)	
Defendants.	)	
and	)	
<hr/>		
READING INTERNATIONAL,	)	
INC., a Nevada	)	
corporation,	)	
	)	
Nominal Defendant)	)	
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VIDEOTAPED DEPOSITION OF MARGARET COTTER  
TAKEN ON MAY 13, 2016  
VOLUME II

REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 A. The meeting that I told him about Simon  
2 Roberts?

3 Q. Yes.

4 A. I think they were at the meeting about  
5 other possible candidates for the board.

6 Q. So, having gone through that sequence,  
7 does that refresh your recollection at all about the  
8 time frame in which you had this communication with  
9 Mr. Roberts and meeting with other directors in  
10 which you discussed your communication with  
11 Mr. Roberts?

12 A. I don't recall when I first had a  
13 conversation with Mr. Roberts.

14 The meeting with the other directors I  
15 believe was sometime in 2015 in the fall.

16 Q. Was there any other person with whom you  
17 spoke or communicated about becoming an RDI director  
18 at any point in time in 2015?

19 A. Michael Wrotniak.

20 Q. Who is he?

21 A. He is somebody that I went to college  
22 with, and he is married to a friend of mine.

23 Q. What's her name?

24 A. Patricia Wrotniak.

25 Q. How long have you known Michael

1 Wrotniak?

2 A. I met him in college, so --

3 Q. We have your education. You don't have  
4 to do the calculations.

5 A. Thank you.

6 Q. And how long have you known his wife  
7 Patricia?

8 A. I've known her longer than Michael  
9 Wrotniak.

10 Q. Dating back to when, whether my date or  
11 place in life?

12 A. Freshman year in college.

13 Q. So you've known her since freshman in  
14 college and Michael Wrotniak since later in college?

15 A. That's correct.

16 Q. I assume because she started dating him,  
17 correct?

18 A. That's correct.

19 Q. Sometimes lawyers can fuse together a  
20 couple points of data.

21 When did you first communicate with  
22 either Patricia or Michael Wrotniak about Michael  
23 Wrotniak joining the RDI board of directors?

24 A. Sometime in the fall of 2015.

25 Q. Describe your relationship with Patricia

1     **Wrotniak, please.**

2             A.    She is a college friend.  I speak to  
3   her -- I don't know -- once every three or four  
4   weeks.  I see her maybe four times a year.  It  
5   varies.  She had kids very early on after college,  
6   so I really didn't see her that much.

7             And now that I have kids and work, I  
8   don't see her that often.

9             **Q.   Does she still -- well, as of today is**  
10   **she one of your best friends?**

11            MR. SEARCY:  Objection.  Vague.

12            THE WITNESS:  I would consider her a  
13   close friend.

14   BY MR. KRUM:

15            **Q.   And describe your relationship with**  
16   **Michael Wrotniak.**

17            A.    I don't talk to him or see him as I --  
18   as I had done with Patricia.  I would maybe see him  
19   once a year if I went to her house for dinner, but I  
20   wouldn't consider I have, you know, an ongoing  
21   relationship with him.

22            **Q.   How often do you communicate with him?**

23            A.    Now?

24            **Q.   How often did you communicate with him**  
25   **in 2014?**



1           A.    Oh, he would email me if he wanted show  
2   tickets.

3           Q.    How often did you communicate with him  
4   in 2015?

5           A.    I don't know.

6           MR. KRUM:  I'll ask the court reporter  
7   to mark as Exhibit 160 --

8           THE REPORTER:  Yes.

9           MR. KRUM:  -- two pages, the first of  
10   which is dated April 9, 2015, and appears to be an  
11   email from Margaret Cotter to Kelley Anderson with  
12   the subject "Michael Wrotniak."  Production numbers  
13   are MC2812 and 13.

14                   (Whereupon the document referred  
15                   to was marked Plaintiffs'  
16                   Exhibit 160 by the Certified  
17                   Shorthand Reporter and is attached  
18                   hereto.)

19           MR. FERRARIO:  This has a red mark on  
20   it.

21           MR. KRUM:  A what?

22           MR. FERRARIO:  158.  There you go.

23           MR. KRUM:  Oh, I passed you a prior  
24   exhibit --

25           MR. FERRARIO:  That's all right.

# **EXHIBIT 40**

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

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

---

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JONATHAN GLASER  
Los Angeles, California  
Wednesday, June 1, 2016

Reported by:  
JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2312217  
Pages 1 - 293

Page 1

1 search -- CEO search was concluded and they  
2 announced Ellen was becoming the permanent CEO, one,  
3 I was not in the least bit surprised and, two, I  
4 told Andrzej in the conversation I had with him that  
5 I was not necessarily troubled by that either. 04:18PM

6 Q. Did you say to Andrzej, the CFO, why you  
7 were not troubled by that?

8 A. I don't recall, no.

9 Q. Why weren't you troubled by that?

10 A. I recognize, one, the difficulty of finding 04:18PM  
11 anybody else, particularly with the circus going on;  
12 and, two, I think she knows the company pretty well,  
13 has been there a long time, probably learned the  
14 business from her dad.

15 So I'm not convinced that there's some 04:18PM  
16 knight in shining armor out there to come in and be,  
17 you know, a great -- you know, a much better CEO of  
18 this company. I'm okay with Ellen.

19 Q. Did you -- I believe you indicated that you  
20 spoke to someone on behalf of Pico -- 04:19PM

21 A. Yes.

22 Q. -- Pico Holdings?

23 A. Yeah.

24 Q. Do you recall -- you don't remember who the  
25 name was? 04:19PM

# **EXHIBIT 41**

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD  
TAKEN ON JUNE 8, 2016  
VOLUME 1

JOB NUMBER 315485  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 school.

2 A. Including high school.

3 Q. No. Following high school.

4 A. Oh, following. I went to Loyola  
5 Marymount University, was an English major, and then  
6 after that went to U.C.L.A. Law School, graduated in  
7 1963.

8 Q. And in whatever form suits you, if you  
9 would, please, describe your professional  
10 experience, job position and title.

11 A. I'm a partner at the Law Firm of Troy  
12 and Gould. Basically I'm a corporate lawyer. I  
13 don't do litigation. I do business transactions,  
14 security offerings, capital raising, and then  
15 disputes among partners.

16 So those would be my main areas of  
17 expertise.

18 Q. Has that been the case since you began  
19 practice?

20 A. It has. But the level of it changed  
21 from being more into the weeds than now being more  
22 in corporate governance type things.

23 Q. And describe for us, if you would,  
24 please, your corporate governance practice.

25 A. I advise boards of directors on proper

1 procedures to be followed and how the directors can  
2 fulfill their responsibilities in following through  
3 and taking actions.

4 Q. And by "responsibilities," are you  
5 referring to their fiduciary duties?

6 A. Yes.

7 Q. And I do not intend make this a law  
8 exam, Mr. Gould. I'm not going to ask a dozen of  
9 these questions, but I'll ask a couple of  
10 foundational questions.

11 So if you would, please, with that as  
12 context, what in general terms would you describe  
13 the fiduciary obligations of directors of public  
14 companies to be?

15 MR. SWANIS: Objection. Form.

16 MR. HELPERN: Join.

17 MR. RHOW: You can answer.

18 THE WITNESS: Well, I think it -- a  
19 fiduciary is very similar to a trust beneficiary  
20 type of relationship. And the directors have to use  
21 their best efforts and due care in making decisions  
22 on behalf of the corporation for the benefit of the  
23 corporation and the shareholders. That's the  
24 essence of it.

25 ///



1 three members of the C.E.O. search committee?

2 A. No.

3 Q. Okay. So let me backfill a little bit.

4 So the first step in the C.E.O. search  
5 process was formation of the committee; is that  
6 right?

7 A. Yes.

8 Q. And how did that come to pass?

9 A. Early on when -- there were two  
10 committees that were being formed. One committee  
11 was a committee -- was an executive committee, one  
12 committee was a search committee.

13 This happened, oh, I would say, in June  
14 of 2015, around that time, June or July.

15 Ellen asked me if I would like to be a  
16 member of the executive committee.

17 And I said "No, I don't have time for  
18 it." I knew that would be an extensive job. But I  
19 did tell her at that time that I would be willing to  
20 serve on the search committee.

21 So, when the board approved it, she  
22 basically included my name as one of the four  
23 persons who would be on that committee.

24 Q. Did Ellen select the four members of the  
25 committee?

1 A. Yes.

2 Q. Did anybody respond?

3 A. There was responses, and I think, you  
4 know -- I think the general feeling was that as long  
5 as -- my feeling was -- I should just say it that  
6 way -- my feeling was I didn't feel as strongly  
7 about it as he did, because any major decisions of  
8 the executive committee would have to be reported to  
9 the board.

10 And I felt that a lot of corporations do  
11 have executive committees, and it didn't bother me  
12 as it bothered Tim.

13 Q. When you say, Mr. Gould, any major  
14 decisions would have to be reported to the board,  
15 are you saying that the executive committee would  
16 make the decision but that the board would learn to  
17 it?

18 MR. SWANIS: Object to form.

19 MR. HELPERN: Join.

20 MR. RHOW: I think it's vague, but you  
21 can answer.

22 THE WITNESS: Well, I think that, you  
23 know, the problem -- I think both reported, and I  
24 think -- I think the executive committee using its  
25 judgment would not make important decisions without

1 having them vetted out by the board. It's like the  
2 chief executive of the company would not make major  
3 decisions without clearing it with the board.

4 And so I -- I wasn't concerned until I  
5 saw the executive committee -- unless I saw that the  
6 executive committee was doing things outside their  
7 scope of what I thought their authority should be.

8 BY MR. KRUM:

9 Q. You understand that the executive  
10 committee set the date for the 2015 annual  
11 shareholders meeting, right?

12 MR. HELPERN: Objection to form.

13 MR. SWANIS: Join.

14 THE WITNESS: I wasn't aware of that. I  
15 mean I may have been aware of it at the time but  
16 I've forgotten it.

17 BY MR. KRUM:

18 Q. Do you recall that the executive  
19 committee set the date for the -- the record date  
20 with respect to the 2015 annual shareholders  
21 meeting?

22 MR. RHOW: Foundation.

23 MR. SWANIS: Object to form.

24 MR. RHOW: Foundation.

25 MR. HELPERN: Join.

1 MR. RHOW: You can answer.

2 THE WITNESS: I can't recall that.

3 BY MR. KRUM:

4 Q. Given the circumstances that existed in  
5 2015, what was your thought at the time about  
6 whether the executive committee should set the  
7 record date and the annual shareholder meeting date  
8 or that the full board should do some?

9 MR. SWANIS: Objection. Form,  
10 foundation.

11 MR. HELPERN: Join.

12 THE WITNESS: I had no thought about it.

13 BY MR. KRUM:

14 Q. What discussion was there at the board  
15 meeting you've been describing at which the  
16 executive committee was repopulated about who would  
17 or should be a member of that executive committee?

18 A. Well, I think Tim Storey expressed his  
19 concerns about having the committee in general.

20 I think Jim Cotter, Jr., expressed  
21 concerns about having the composition of the  
22 executive committee. He was concerned about --  
23 particularly about Guy Adams.

24 Q. What did he say about Guy Adams?

25 A. He said that Guy Adams, he felt, was not

1 an independent director.

2 Q. Do you recall what, if anything, he said  
3 as to why he thought Mr. Adams did not qualify as an  
4 independent director?

5 A. He -- he said that a large percentage of  
6 Guy Adams's income was dependent upon the Cotter  
7 family and the corporation.

8 Q. Had you ever heard or been told that  
9 previously?

10 A. I'm not so sure I had known -- I think  
11 Jim Cotter, Jr. Had mentioned this at meetings, but  
12 I had no direct knowledge of that. I had no idea  
13 about Guy Adams's net worth or what his income was.

14 I did know he had worked for Jim Cotter,  
15 Sr., done some work for him. But I had always  
16 assumed Guy had a number of other business  
17 activities that he really earned his living by.

18 Q. Okay. Did you ever learn otherwise?

19 MR. SWANIS: Objection to form.

20 THE WITNESS: Yes.

21 BY MR. KRUM:

22 Q. When?

23 A. About three weeks ago or a month ago.

24 Q. What did you learn about three weeks or  
25 a month ago?

1           A.    I learned that in Guy Adams's deposition  
2   he admitted that a great percentage of his net worth  
3   had come from the corporate -- not his net worth,  
4   but his earnings had been derived from the  
5   corporation and from the Cotter family.

6           Q.    And by "the corporation" you're  
7   referring to RDI?

8           A.    RDI.

9           Q.    What, if anything, did you do as a  
10   consequence of learning that information?

11          A.    I was asked whether Guy Adams was -- if  
12   I considered him independent for the purposes of his  
13   service on the comp committee.

14          Q.    Who asked you that?

15          A.    Craig Tompkins and Ellen Cotter.

16          Q.    What was your response?

17               MR. SWANIS: I just want to object to  
18   this line of questioning, object on attorney-client  
19   privilege.

20               I didn't know if you were heading into  
21   the -- the person that asked him that.

22               MR. KRUM: Well, no. I haven't asked  
23   about what Mr. Tompkins said --

24               MR. SWANIS: Let me finish.

25               MR. KRUM: I'm sorry. Go ahead.

1 MR. SWANIS: To the extent that  
2 communications with Mr. Tompkins for the purposes of  
3 soliciting or providing information is providing  
4 legal advice to the company, those communications  
5 are privileged.

6 To the extent the purpose was not for  
7 the purpose of providing -- or communications were  
8 not for the purpose of providing advice, then you  
9 may answer the question.

10 THE WITNESS: Thank you. This was not  
11 really legal advice. He asked -- They asked my  
12 opinion, how I felt about it.

13 BY MR. KRUM:

14 Q. What did you tell him?

15 A. I told him that I did not believe he was  
16 independent for the purpose of serving on the  
17 audit -- on the nomination -- on the compensation  
18 committee.

19 Q. Did you explain why you thought that?

20 A. Yes, I did.

21 Q. What did you tell him?

22 A. I said that even though he did not  
23 violate the test -- the concrete test laid out by  
24 the Exchange, that there is an overriding test on  
25 particular types of transactions where a person

1 might be not independent for that type of  
2 transaction.

3 And clearly if Mr. Adams's income was  
4 substantially derived from Reading and the Cotter  
5 family, if his whole livelihood depended on them, he  
6 could not be independent in passing on the  
7 compensation of the Cotter family members.

8 **Q. What other types of transactions were**  
9 **you referencing in your last answer, if any, beyond**  
10 **passing on compensation of Cotter family members?**

11 A. That -- that's what I was referencing,  
12 just that particular matter.

13 **Q. What types of transactions are subject**  
14 **to the overriding test you just described?**

15 MR. HELPERN: Objection. Form.

16 MR. SWANIS: Join. Foundation.

17 THE WITNESS: Well, if a question -- a  
18 party, for example, was totally independent, has a  
19 separate business relationship or transaction  
20 proposed with the company, even though that person  
21 might otherwise be independent for all other  
22 purposes, that transaction brings into question that  
23 person's independence with respect to that  
24 transaction. That's what I was referring to.  
25 ///



1 BY MR. KRUM:

2 Q. Mr. Gould, what other discussions, if  
3 any, have you had with anyone regarding the subject  
4 of Mr. Adams's independence or lack of independence?

5 A. The only people I talked to about that  
6 were Ellen and Craig Tompkins. I don't recall  
7 discussing it with anybody else.

8 Q. Mr. Adams has resigned from the RDI  
9 board of directors compensation committee, correct?

10 A. Yes.

11 Q. But he was on the RDI board of directors  
12 compensation committee when it approved the  
13 compensation packages -- the new compensation  
14 packages for Ellen Cotter and Margaret Cotter  
15 earlier in calendar year 2016, correct?

16 MR. HELPERN: Objection to form.

17 MR. SWANIS: Join.

18 BY MR. KRUM:

19 Q. Mr. Adams also was a vocal proponent in  
20 support of terminating Jim Cotter, Jr., correct?

21 MR. SWANIS: Objection to form.

22 THE WITNESS: Yes.

23 MR. HELPERN: Join.

24 MR. RHOW: I'm --

25 ///

1 words "given the situation"?

2 A. None of the candidates met the perfect  
3 profile that we all wish we would come up with, you  
4 know, somebody like from central casting.

5 Ellen did not have certain of the  
6 qualities we were looking for in the sense of the  
7 real estate experience and this and that. But none  
8 of the candidates had what we were looking for.

9 So, as we interviewed these  
10 candidates -- and by the way, all of them were very,  
11 very qualified good candidates. They really were.  
12 I was very impressed with the quality of the people  
13 that Korn Ferry had put forward.

14 And this became apparent to me, anyway,  
15 that Ellen was the type of person who would continue  
16 the continuity, that people liked her, that she had  
17 had a good reputation, we had been working with her  
18 for all these years. And given all those  
19 circumstances, she stood head and shoulders above a  
20 person who would be asked to come into this horrible  
21 vicious situation.

22 It made it almost an impossible task for  
23 somebody to enter this corporate management  
24 structure and be able to thrive.

25 Q. So is it fair to say your view was that

1 foundation.

2 MR. HELPERN: Join.

3 THE WITNESS: Yes.

4 BY MR. KRUM:

5 Q. When did you first hear that?

6 A. Around the same time frame, early --  
7 early 2015.

8 Q. You understood that there were disputes  
9 between Ellen and Margaret Cotter on one hand and  
10 Jim Cotter, Jr., on the other hand regarding certain  
11 trust matters, correct?

12 A. Yes.

13 Q. And was your understanding of the nature  
14 of those disputes?

15 A. Well, I didn't get much into those  
16 disputes, but my general understanding is that it  
17 all basically concerned an amendment to a trust  
18 where the -- Margaret had been the sole trustee, and  
19 now when Jim, Sr., was very sick, he amended that  
20 trust to make Jim, Jr., a co-trustee.

21 That was the essence of what I knew  
22 about it.

23 Q. And the trust to which you just  
24 referred, was that the trust that was going to hold  
25 the RDI class B voting stock?

1 A. Yes.

2 Q. And so the issue was about whether  
3 Margaret alone or Margaret as co-trustee with  
4 Jim, Jr., would control over 50 percent of the RDI  
5 class B voting stock, right?

6 A. Right.

7 Q. And the point of that is the person or  
8 persons who controlled that voting stock were in a  
9 position to select and elect members of the RDI  
10 board, right?

11 MR. SWANIS: Objection. Form.

12 THE WITNESS: Yes.

13 BY MR. KRUM:

14 Q. Did any other member of the RDI board of  
15 directors ever express in your presence or in an  
16 email that you saw a view on the issue of whether  
17 Margaret or Margaret and Jim should be trustees of  
18 the voting trust?

19 MR. SWANIS: Objection. Form.

20 MR. HELPERN: Join.

21 THE WITNESS: Well, Jim, Jr., showed me  
22 some videos of his father contemporaneously with the  
23 signing of the -- of the amendment, and the  
24 discussion came up generally, but it was never part  
25 of the board proceedings. I don't recall it.

1 finished.

2 A. I'm ready.

3 Q. Do you recognize Exhibit 274?

4 A. I do.

5 Q. What is it?

6 A. It's an email from Jim, Jr., to me  
7 giving me some information about Linda Pham's  
8 history with the company.

9 Q. Do you have any recollection as you sit  
10 here today, Mr. Gould, why --

11 Well, did you know at the time why he  
12 sent this email to you?

13 A. Well, I was then acting as lead director  
14 and was communicating with the other directors on  
15 the general subject. And I had established a pretty  
16 good line of communication with Jim, Jr.

17 Q. Okay. What was the status of the Linda  
18 Pham investigation as of February 20, 2015?

19 A. I'm not certain.

20 Q. Meaning you don't recall?

21 A. I don't recall.

22 Q. Okay. We're done with that exhibit.

23 When was the first time you heard anyone  
24 speak of or refer to replacing Jim Cotter, Jr., as  
25 C.E.O., including with an interim C.E.O.?

1           A.    That would have been in late April,  
2    early May 2015.

3           **Q.    What happened then?**

4           A.    There was a notice sent out to the board  
5    indicating there would be a meeting to discuss,  
6    among other things, the status of the -- something  
7    like this, the status of the C.E.O. or something  
8    like that.

9                   And I called for an independent board  
10   meeting to find out what this was all about and what  
11   the issues were.

12                   And that's when I first heard it.

13           **Q.    How did you first hear?**

14           A.    At some meeting we had -- there were  
15   several meetings, so excuse me if I'm not specific  
16   about which one on which date.

17                   But at this meeting I heard the three  
18   other directors, Tim -- not Tim Storey, but Guy,  
19   Doug and Ed Kane say they felt that -- that Jim's  
20   performance was such that he should be replaced.

21           **Q.    Was that at the first supposed board**  
22   **meeting pursuant to the -- where the agenda item was**  
23   **status of president and C.E.O.?**

24                   MR. SWANIS:  Objection to form.

25                   THE WITNESS:  No.  It was before that.

1 BY MR. KRUM:

2 Q. What is Exhibit 11?

3 A. Exhibit 11 is a -- basically is an email  
4 from me to the independent directors, basically  
5 setting the agenda for this telephonic meeting we  
6 were going to have.

7 Q. Did you send Exhibit 11 on or about  
8 March 6 or 7, 2015?

9 A. Yes.

10 Q. Directing your attention to the next to  
11 last page of Exhibit 11, it bears production number  
12 249 in the lower right-hand corner.

13 Do you have that?

14 A. I do.

15 Q. You see that item number four concerns  
16 Tim Storey acting as ombudsman --

17 A. Yes.

18 Q. -- and so forth?

19 A. Yes.

20 Q. Is that the arrangement to which you  
21 were referring a moment ago?

22 A. Yes, it is.

23 Q. Does that refresh your recollection --

24 A. Yes, it does.

25 Q. Let me finish.

1 Does that refresh your recollection  
2 that -- that it was in March of 2015 that the five  
3 non-Cotter directors agreed to Tim Storey being a  
4 committee of one or the ombudsman to work with the  
5 Cotters?

6 A. Yes.

7 MR. SWANIS: Objection to form.

8 MR. HELPERN: Join.

9 BY MR. KRUM:

10 Q. Now, did the -- did the conference call  
11 of March 12 occur that's referenced both in the  
12 cover email Exhibit 11 and the --

13 A. Yes, it did.

14 Q. And who said what during that call  
15 regarding Tim Storey serving as a committee of one  
16 or ombudsman to work with the Cotters?

17 A. Well, I think all the directors felt  
18 that that was a reasonable approach to try. And it  
19 was felt by -- by everybody that hopefully Tim could  
20 accomplish three things. First of all, he would  
21 mediate -- help mediate the disputes among the three  
22 family members; secondly, he would monitor the  
23 progress of how Jim, Jr., was coming along and how  
24 the other siblings were doing, as well; and finally  
25 he would report back to the board as to how he



1 viewed the progress of -- of these relationships.

2 And everybody seemed to agree with that.

3 Q. When you say "everybody seemed to  
4 agree," you mean that no one said anything in words  
5 or substance that communicated -- well, strike that.

6 Why do you say everyone seemed to agree?

7 A. Well, the only issue I can remember was  
8 the fact that we were worried about Tim's time. He  
9 lived in Auckland, and he had to fly over here and  
10 spend time. And we knew it would be time consuming  
11 and expensive.

12 And he indicated he would be willing to  
13 do it.

14 Q. What did -- when you say he would help  
15 mediate the disputes among the three family members,  
16 to what are you referring?

17 A. I'm referring to the fact that on one  
18 hand Jim was saying that Ellen wasn't giving him  
19 the -- her business plan, and she -- Margaret was  
20 being -- refusing to do -- excuse me -- to provide  
21 anything.

22 And they were saying that Jim was making  
23 unreasonable demands on them and he was asking them  
24 for things that he shouldn't be asking them for.

25 So, Tim, who is a very successful and

1 foundation.

2 MR. HELPERN: Join.

3 THE WITNESS: Yes. We did not wait  
4 until the end of June.

5 BY MR. KRUM:

6 Q. Both you and Mr. Storey expressed to  
7 Messrs. Kane, Adams and McEachern that the process  
8 should be completed, correct?

9 A. Yes.

10 Q. Did any of them provide any response  
11 other than to communicate that they were unwilling  
12 to allow that to happen?

13 MR. HELPERN: Objection to form.

14 MR. SWANIS: Join.

15 THE WITNESS: They clearly made the  
16 statements that you had said, that they -- they felt  
17 that they were convinced that Jim's performance was  
18 such that it had to be cut off at an earlier point;  
19 that the time had come to make a decision, and we  
20 should not wait the extra month or so to get Tim  
21 Storey's final report.

22 Q. Did any of the -- any of Messrs. Kane,  
23 Adams or McEachern ever provide any responses to any  
24 interim reports provided by Mr. Storey?

25 MR. HELPERN: Objection. Lacks

1 that I think was when we received the notice of the  
2 board meeting where on the agenda was an item that  
3 looked suspicious. And that agenda item was  
4 something like "consideration of C.E.O. status."

5 Q. When you say -- when you say it looked  
6 suspicious, why do you say that?

7 A. Because there hadn't -- to me there  
8 hadn't been any discussion of that at that point.

9 Q. Did that turn out to be -- did that turn  
10 out to mean a motion to terminate Jim Cotter, Jr.,  
11 as the president and C.E.O.?

12 MR. HELPERN: Objection. Form and  
13 foundation.

14 MR. SWANIS: Join.

15 MR. RHOW: You can answer.

16 THE WITNESS: I forgot the question.

17 MR. KRUM: Okay. Sure. Would you read  
18 the question back, please.

19 (Whereupon the question was read  
20 as follows:

21 "Question: Did that turn out to  
22 be -- did that turn out to mean a  
23 motion to terminate Jim Cotter,  
24 Jr., as the president and  
25 C.E.O.?"

1 THE WITNESS: It eventually turned out  
2 to be that, yes.

3 BY MR. KRUM:

4 Q. And when you say "eventually," is that  
5 because the vote did not occur at that first  
6 meeting?

7 A. That's correct.

8 MR. KRUM: I'll ask the court reporter  
9 to mark as Exhibit 277 what purports to be a  
10 May 19th, 6:38 P.M. email from Ellen Cotter to the  
11 other members of the RDI board of directors, carbon  
12 copy to William Ellis. It bears production number  
13 GA5340.

14 (Whereupon the document referred  
15 to was marked Plaintiffs'  
16 Exhibit 277 by the Certified  
17 Shorthand Reporter and is attached  
18 hereto.)

19 THE WITNESS: Yes. I'm prepared.

20 BY MR. KRUM:

21 Q. Do you recognize Exhibit 277?

22 A. Yes.

23 Q. What is it?

24 A. This is an agenda for the meeting of the  
25 board of directors that was scheduled for the 21st

1 That's fine. I had the time to do it.

2 So she -- she came out to my office with  
3 Craig Tompkins and said that there was -- I think  
4 she mentioned the two directors -- she said there  
5 was a meeting coming up in like 48 hours, and she  
6 said that these were two people that had been vetted  
7 out by the three other -- other than Tim Storey and  
8 myself, by Guy and -- and Doug, and that there were  
9 two very qualified people that she felt should be on  
10 the board.

11 She went through and explained it to me.

12 I -- I was surprised on the shortness of  
13 notice, because the meeting was coming up. And I  
14 was also surprised I had not heard about this until  
15 that time. I expressed that comment to Ellen.

16 **Q. What was her response, if any?**

17 A. Well, they wanted to -- I guess the  
18 thought was that this committee, this so-called  
19 nominating committee had been doing the work, and  
20 they didn't want to get everybody -- to, you know,  
21 get things too firm until they had decided it was  
22 worth going forward with these two people.

23 **Q. What information, if any, did Ellen**

24 **Cotter provide you about these two people?**

25 A. She provided me with resumes of both

1 BY MR. KRUM:

2 Q. I don't know whether I should be  
3 insulted by those objections.

4 A. I just have -- corporate governance, I  
5 don't know about that. Because they were -- they  
6 were involved in their own companies and -- they  
7 might have had some corporate governance experience.  
8 I think both of them probably did. Not public  
9 corporate governance, though.

10 Q. So that we can obviate these objections  
11 when you use the term "corporate governance,"  
12 Mr. Gould, what do you mean?

13 A. Well, I mean the general best practices  
14 that boards of directors should follow in operating  
15 companies and overseeing them.

16 Q. Did you ever express to Ellen Cotter the  
17 notion that the time afforded you and/or other  
18 directors who were not members of the special  
19 nominating committee to consider the persons  
20 proposed was inadequate?

21 A. Not exactly in those terms. But I did  
22 express my unhappiness that I was brought this  
23 information on such short notice.

24 Q. Did she indicate that there was some  
25 rush?

1           A.    Yes.. Because the -- I thought the proxy  
2           statement apparently was in the process of being  
3           prepared and had to go out.

4           Q.    And by that time had you heard or  
5           learned that Tim Storey was not going to continue to  
6           be a director?

7                     MR. SWANIS:  Objection to form,  
8           foundation.

9                     THE WITNESS:  Sometime around that time  
10          I was informed that he was not going to be staying  
11          for reelection.

12         BY MR. KRUM:

13          Q.    Who told you what in that regard?

14          A.    Well, I heard just -- I heard from Ellen  
15          who told me that they had decided that -- that the  
16          nominating committee had decided that he was not  
17          going to be -- that they did not want to nominate  
18          him; that the directors, the non- -- except for  
19          myself, who, by the way, I have tremendous  
20          confidence in Tim Storey, but the other directors  
21          had lost confidence in him, and that Ellen and  
22          Margaret I still think felt his -- he was focusing  
23          too much on process and procedure rather than  
24          substance.

25          Q.    What did she tell you, if anything,

1 what due diligence, if any, RDI had done regarding  
2 either or both of them?

3 And by RDI, I mean generally or  
4 specifically the so-called nominating committee.

5 A. Well, she -- first of all, she had  
6 known -- she had known Judy Coddling for quite a  
7 while. So she went through her statements about  
8 that. I don't remember specifically what she said.

9 But on Michael, again, she had  
10 Margaret's strong push on him. And I'm not sure if  
11 she went into any questions about diligence, any  
12 issues about diligence.

13 Q. Did you subsequently learn anything  
14 about what diligence, if any, had been done with  
15 respect to either or both of Ms. Coddling and  
16 Mr. Wrotniak?

17 A. Well, one -- the one bit of diligence  
18 that -- that was somehow missed, and that was the  
19 fact that it came to our attention after the first  
20 session where the board reviewed -- the two new  
21 directors as a whole were taking up the subject of a  
22 board meeting, it came to our attention that Andy  
23 Shapiro had uncovered by Googling that Judy Coddling  
24 had been involved in a matter involving -- I think  
25 it was in L.A. and something involving the



1 educational thing.

2 And there was a -- there were certain  
3 criminal things that were mentioned in this -- in  
4 this article.

5 And I was kind of surprised that we  
6 hadn't -- we hadn't come up with that. I mean it  
7 was embarrassing to have some third party just  
8 Google and come up with something at least we should  
9 have known about when we first considered; not that  
10 it made any difference, because subsequently we did  
11 take that into account. We grilled her on it for a  
12 great period of time, and she satisfied us.

13 But I wish I had known it the first  
14 go-around.

15 **Q. When you say, Mr. Gould, that "we**  
16 **grilled her on it," who did what?**

17 A. Well, the directors asked her questions  
18 about it. She was on the call, it was a conference  
19 call that was on a Saturday morning. I think it was  
20 on a weekend. Maybe it wasn't.

21 And she answered questions about what  
22 happened in this matter and how could she explain  
23 this -- this episode that occurred. And she did  
24 explain it.

25 **Q. Were all of the directors on that call?**

1 A. I believe they were.

2 Q. What was said, if anything, about her --  
3 the status of her employment during that phone call?

4 MR. SWANIS: Objection. Form.

5 THE WITNESS: Her employment?

6 BY MR. KRUM:

7 Q. Right. So, for example, was she asked  
8 if she expected to continue to be employed by the  
9 person -- excuse me -- by the entity by which she  
10 then was employed?

11 A. I don't recall that discussion.

12 Q. Did anybody ask in words or substance  
13 "Are you going to get fired on account of these  
14 matters that were reported in the press that were  
15 brought to our attention" --

16 A. Yes.

17 Q. -- "by Andy Shapiro?"

18 A. Well, yes. And she basically satisfied  
19 our concerns. I mean what she basically told us was  
20 this was more of a political thing and there was no  
21 substance to it.

22 And this seemed to be confirmed by the  
23 way certain governmental entities do business.

24 Q. You reviewed the proxy for the 2015  
25 annual shareholders meeting, right?

1 A. Yes.

2 Q. And you saw that it described her  
3 employment?

4 A. I didn't read that that carefully about  
5 other people. I don't read the whole proxy as to  
6 every single aspect of it. I read the parts that  
7 pertain to me and then the most important parts of  
8 it that I want to make sure are correct. But I  
9 didn't dwell on her employment.

10 Q. Did you ever hear or learn that her  
11 employment had terminated?

12 A. I don't recall.

13 Q. So as we sit here today, to the best of  
14 your knowledge, Ms. Cotter -- Ms. Cotter -- well,  
15 it's close.

16 A. It's close.

17 MR. RHOW: You got it both on Ms. and  
18 Cotter.

19 BY MR. KRUM:

20 Q. Try again. As you sit here today,  
21 Mr. Gould, is it your understanding that  
22 Ms. Coddington, Judy Coddington, continues to be employed  
23 by the same entity by which she was employed when  
24 she was added to the RDI board of directors?

25 A. I don't have any understanding on that.

1 Q. Did you ever hear or learn that her  
2 employment with the entity by which she was employed  
3 when she was added to the RDI board of directors  
4 terminated following issuance of the proxy and prior  
5 to the 2015 annual shareholders meeting?

6 A. The timing I can't tell you, but I do  
7 know I did hear that there was a -- some kind of a  
8 termination of that employment, yes. I can't tell  
9 you when I heard it.

10 Q. Who -- who are the persons primarily  
11 responsible for preparing the proxy for the 2015  
12 annual shareholders meeting?

13 A. Well, for this meeting I think we had a  
14 cast of thousands because there was so much involved  
15 with the disputing facts that the different sides  
16 had.

17 Basically it would be prepared first by  
18 the -- usually be prepared by Craig Tompkins who  
19 would take the proxy, put it together, submit it to  
20 outside counsel.

21 Now, there were several different  
22 outside counsel that had to be -- had to review this  
23 proxy. The various factions had their attorneys who  
24 also looked at it.

25 So that's the way -- by the time the

1 board got it, it was almost a semi-completed  
2 document. And most of us on the board -- I mean I'm  
3 just speaking for myself. I don't read every single  
4 part of the proxy statement. You read the parts  
5 that, you know, pertain to you and the most  
6 important parts of it, but a lot of the stuff you  
7 just skip over.

8 Q. With respect to the proxy statement for  
9 the 2015 annual shareholders meeting, did you direct  
10 any particular questions to anybody about any aspect  
11 of it?

12 A. Yes. I think there were some mistakes  
13 made in the column of stock ownership and when  
14 the -- I think it's in this -- on the proxy  
15 statement rather than in the -- in the 10-K, but  
16 there were some -- some minor errors. And I think I  
17 did comment on those.

18 Q. Did you review the portion of the proxy  
19 statement for the 2015 annual shareholders meeting  
20 that -- well, strike that.

21 What -- when you say mistakes in the  
22 column of stock ownership, are you talking about --  
23 well, what were those mistakes, if you recall?

24 A. Well, they were -- one was -- there were  
25 a couple of them. They had -- the footnote was in

1 Q. How did that call come to pass, if you  
2 know?

3 A. Yes. The call came because there had  
4 been this discovery of this letter or this email  
5 Andy Shapiro had sent out to the board members about  
6 this problem that Judy Coddington had had with the City  
7 of Los Angeles with this -- this education issue.

8 And all of us were blind sided. I was  
9 blind sided to get that information and was a little  
10 bit disappointed that we hadn't done our own Google  
11 search.

12 Q. Was an email or an outlook calendar  
13 invitation or something of that nature sent around  
14 to schedule this call with Ms. Coddington on a  
15 Saturday?

16 A. I believe that the call was -- was set  
17 up informally. I don't think -- I'm not sure there  
18 was an Outlook calendar set up on it.

19 Q. When you say "informally," was that mean  
20 telephonically?

21 A. Telephonically, yes.

22 Q. If I told you that Jim Cotter, Jr., was  
23 not on the call, would that refresh your  
24 recollection as to whether he was?

25 MR. SWANIS: Object to form.

# **EXHIBIT 42**

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD  
TAKEN ON JUNE 29, 2016  
VOLUME 2

Job No.: 319129  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400



1 Q. Can you read the handwriting to the  
2 right of that?

3 A. "8-K will be filed tomorrow."

4 Q. Okay. Do you recall to what 8-K that  
5 referred?

6 A. I don't.

7 Q. Okay. So this is in October of 2014.

8 Do you recall any -- any events that  
9 warranted or required the filing of an 8-K by the  
10 company in October of 2014?

11 A. When did the litigation -- it depended  
12 on when the litigation got filed. Was that -- had  
13 that been filed by that time?

14 Q. My understanding, Mr. Gould, is that the  
15 litigation was filed in January of 2015.

16 A. I see.

17 MR. RHOW: Don't speculate.

18 THE WITNESS: I just don't remember when  
19 it was.

20 BY MR. KRUM:

21 Q. Okay. Well, I can always find documents  
22 to prompt your memory.

23 A. Okay.

24 Q. Now, as a practical matter, would you  
25 have seen the 8-K before it was filed?

1 A. As a practical matter, I would have.

2 Q. What was the practice you employed in  
3 terms of reviewing 8-K's filed by the company?

4 A. Usually the company's counsel would  
5 submit to the directors before they would file a  
6 version of the 8-K for the directors to review.

7 Q. Your practice was to review them?

8 A. Yes.

9 Q. And was it also your practice to  
10 communicate to counsel for the company any comments  
11 or corrections you had?

12 A. Yes.

13 Q. Was there a practice at the company with  
14 respect to counsel for the company or whomever else  
15 distributed the 8-K's undertaking to contact each of  
16 the directors and obtain feedback, or was it left to  
17 the director to choose whether to respond?

18 How did that process play out typically?

19 A. It would be -- it would change a little  
20 bit depending on nature of the 8-K. But usually the  
21 8-K draft would come out; say if you have any  
22 comments or suggestions, notify Craig Tompkins or  
23 whoever was responsible for the preparation of the  
24 8-K.

25 Q. And was there a practice that

1 Mr. Tompkins or whomever it was would wait a certain  
2 period of time before filing the 8-K so as to make  
3 sure directors had an opportunity to review and  
4 respond?

5 A. We would try, but we had -- the 8-K had  
6 a firm deadline. It had to be filed in four days.  
7 And so all the directors knew that that was the time  
8 frame.

9 And sometimes these 8-K's would come out  
10 at inconvenient times for some directors. They  
11 couldn't get back to him in time.

12 Q. Directing your attention to the item two  
13 items above the "filings 13D's," you see it begins  
14 "William 'Bill' Ellis"?

15 A. Yes.

16 Q. And then there is some handwriting to  
17 the right of that.

18 Can you read that?

19 A. Yes, I can.

20 Q. Was does it --

21 A. It says,

22 "Approve employment agreement.

23 Corporate secretary approve" -- or

24 "corporate secretary," and then it

25 says "approve 60,000 stock

1 internal candidates through Korn Ferry's unique  
2 proprietary assessment process.

3 Do you see that?

4 A. I do.

5 Q. Do you recall that Korn Ferry's  
6 proprietary assessment process was one of the stated  
7 reasons for engaging Korn Ferry?

8 A. No.

9 Q. Okay. To your knowledge, was any  
10 candidate put through a Korn Ferry proprietary  
11 assessment process?

12 A. To my knowledge, no.

13 Q. In fact, the C.E.O. search committee  
14 told Korn Ferry not to pursue that process with any  
15 candidates because the committee had already settled  
16 on Ellen Cotter, correct?

17 A. Yes.

18 Q. I direct your attention, Mr. Gould,  
19 further down on the second paragraph on the first  
20 page of Exhibit 375.

21 Toward the end of the line the sentence  
22 says -- reads as follows:

23 "But I think that it would be a big  
24 mistake for Reading to just anoint  
25 one of the internal candidates as

1 MR. TAYBACK: That's good.

2 THE WITNESS: I'm prepared.

3 BY MR. KRUM:

4 Q. Mr. Gould, do you recognize Exhibit 377?

5 A. I recognize the interview preparation  
6 portion of it.

7 Q. Are you talking about the attachments to  
8 the emails --

9 A. Yes.

10 Q. -- the second and third pages?

11 A. Yes.

12 Q. What did you do -- what did you -- well,  
13 strike that.

14 So you received and reviewed the Reading  
15 International interview preparation two -- page  
16 document?

17 A. Yes.

18 Q. What did you do with it, if anything,  
19 beyond read it?

20 A. Well, I thought about the questions and  
21 made some notes at the time and got prepared for  
22 this call that Korn Ferry said they were going to  
23 have with each of us.

24 MR. TAYBACK: Mark, could I just ask,  
25 can we take a short break, just two minutes?

1 MR. KRUM: Sure.

2 VIDEOTAPE OPERATOR: We are off the  
3 record.

4 The time is 11:33.

5 (Brief recess.)

6 VIDEOTAPE OPERATOR: We are on the  
7 record.

8 The time is 11:39.

9 BY MR. KRUM:

10 Q. Mr. Gould, directing your attention to  
11 the -- was it a call or a meeting that followed your  
12 receipt of the Korn Ferry interview preparation  
13 document.

14 A. It was a call.

15 Q. Okay. Who participated in that call?

16 A. Just myself and Bob Mayes and one other  
17 person from Korn Ferry.

18 Q. How long did your call last?

19 A. My recollection is it was over an hour,  
20 maybe an hour and 15 minutes, around that period of  
21 time.

22 Q. As best you can recall, what did they  
23 say and what did you say?

24 A. Well, we talked generally about each of  
25 these subjects. And, you know, I think at that time

1 BY MR. KRUM:

2 Q. Do you recognize Exhibit 378?

3 A. I do.

4 Q. Did you receive it on or about the date  
5 it bears, September 3, 2015?

6 A. Yes.

7 Q. What happened next in the -- with  
8 respect to the RDI C.E.O. search?

9 A. My recollection is that there was a  
10 subsequent version of this following this one, but  
11 I'm not certain. Because I know I had a  
12 conversation with at least Craig Tompkins where he  
13 pointed out to me -- and I think he was right --  
14 that there was too much emphasis on solely the real  
15 estate side of it.

16 Q. Did you have any conversations with  
17 anyone at Korn Ferry with respect to the position  
18 specification document on or after September 3,  
19 2015?

20 A. I can't re- -- I can't remember specific  
21 conversation about that.

22 Q. So, for example, when you -- when you  
23 referred in your prior response to a conversation  
24 you had with Craig Tompkins, how did that conclude?

25 A. I don't recall.

1 MR. RHOW: I will ask.

2 BY MR. KRUM:

3 Q. So, Mr. Gould, continuing on on  
4 page 23 -- production number 234 in the lower right  
5 of Exhibit 386, what does that handwriting say?

6 A. Well, again there are three points. One  
7 was -- the first point looks like "public company  
8 experience."

9 The second point I'm having a hard time  
10 making out, something about exposure. And the third  
11 one was "international," I was wondering about his  
12 international experience.

13 Q. Take a look at the page of Exhibit 386  
14 that bears production number 239 on the lower right.  
15 There's some handwriting in the left-hand margin.

16 What does that say?

17 A. He was sometimes in California. And  
18 then something about relationship, and then "move  
19 New York City."

20 I -- I was making these notes quickly,  
21 and I don't -- I can't really recall what they  
22 related to.

23 Q. Okay. Do you recall what your -- as a  
24 general matter what your impressions were of  
25 Mr. Brooks, if any, beyond the four points you



1 listed on the page bearing production number WG230?

2 A. Yes. I was -- I was impressed with  
3 Mr. Brooks. I thought he had a very pleasant  
4 personality, he seemed like he had good people  
5 skills. He was short of experience on being --  
6 being with a public company. He was primarily a  
7 real estate person totally. But overall I thought  
8 he -- he conducted himself very well during the  
9 interview.

10 Q. At the conclusion of the interview did  
11 you view Mr. Brooks as a -- as someone who might --  
12 you might approve or suggest offering the C.E.O.  
13 position?

14 A. I thought he was in the hunt at that  
15 point. That was how I would say.

16 I hadn't reached any conclusions but I  
17 felt that I was really grateful to Korn Ferry for at  
18 least presenting one good candidate.

19 Q. He was the first one you interviewed?

20 A. The first one we interviewed.

21 Q. Okay. Let's go to the page bearing  
22 production 245 in the lower right. This is the  
23 first page of the candidate report for Mr. Cruse,  
24 C-r-u-s-e, still on Exhibit 386.

25 Do you have that?

1 A. Yes.

2 Q. Can you read your handwriting on the --  
3 on the face page of the report regarding Mr. Cruse?

4 A. Yes. I was impressed with him as you --  
5 as -- I will read what I said. My notes on him  
6 were,

7 "Very impressive, but he might take  
8 another position."

9 He was talking about something else he  
10 was interested in. I said, "very" something -- I  
11 can't read what I said. But then I note -- then it  
12 says,

13 "I like him, this guy is good, he  
14 likes deals and is very  
15 impressive."

16 So, he made a very good impression on  
17 me.

18 Q. Okay. Let's go to the next page.  
19 What does your handwriting next to the  
20 blacked out compensation box say?

21 A. It says,

22 "Discretionary, tied to standards."

23 I was -- I was I guess there -- my note  
24 there says,

25 "Discretionary or tied to

1 standards."

2 So I guess I was -- I don't remember  
3 what I was actually thinking then. I was wondering  
4 about his compensation package, what it would be.

5 Q. I direct your attention to the portion  
6 of the report on -- regarding Mr. Cruse that bears  
7 production number WG255 in the lower right-hand  
8 corner, still part of Exhibit 386.

9 Do you see the portion of the text  
10 that's underlined?

11 Do you have 255?

12 A. I do.

13 Q. You see the portion of the text that's  
14 underlined concerning Mr. Cruse being willing to  
15 function as an interim C.E.O. so RDI had an  
16 opportunity to try him out and vice versa?

17 A. Yes, I do.

18 Q. Do you recall that?

19 A. Yes.

20 Q. And what were your thoughts about that?

21 A. Interesting -- interesting way to go.  
22 It might be something we should think about.

23 Q. And so what were your thoughts about  
24 Mr. Cruse at the conclusion of his interview?

25 A. Very favorable. But I did find that he

1 had -- again, there were some limitations in his  
2 background.

3 As you go through here there were some  
4 issues with him, as well. He was presently base --  
5 basically he was operating his own private equity  
6 firm. He really hadn't had the kind of experience  
7 in anything other than the real estate area,  
8 although he had done hotels and deals of that sort.

9 But I -- I did feel as much as I liked  
10 him, I wanted to see more people.

11 Q. On the page bearing production number  
12 WG254, there is some handwriting in the upper right.

13 What does that say?

14 A. Oh, he was talking about his work in the  
15 hospitality business. And I was trying to -- I made  
16 a note that says hospitality tied to theaters.  
17 Because theaters is a -- in a sense kind of a --  
18 it's related to the hospitality business.

19 Q. Okay. Let's look at the candidate  
20 report on Mr. Chin which begins at WG257 as part of  
21 Exhibit 286.

22 Do you have that?

23 A. I do.

24 Q. You see on the next page that bears  
25 production number WG258 there's some handwriting?

1 A. Yes.

2 Q. At the bottom what does the handwriting  
3 say?

4 A. Yeah. At the bottom it says -- this is  
5 a restructuring guy. His emphasis was really more  
6 on companies that are in trouble. He was -- he was  
7 a very -- you know, he was a good candidate, but his  
8 skills were directed more toward coming in and being  
9 a -- a business doctor.

10 Q. Okay. And in the left-hand margin, what  
11 does that handwritten note say?

12 A. "Too high." That relates to  
13 compensation. I -- whatever was in that column  
14 looked to me that it was way out of anything that  
15 RDI would be offering any permanent C.E.O.

16 Q. Did you have that thought about the  
17 compensation for any candidates other than Mr. Chin?

18 A. I don't recall right now whether I did  
19 or not.

20 Q. Okay. Let's go to the candidate report  
21 for Mr. Sheridan, it begins on WG267 of Exhibit 386.

22 The next page 268 has some handwriting  
23 in the upper right-hand margin.

24 What does that say?

25 A. "Where are you from?"

1 Q. Do you have any idea what that meant?

2 A. Yes. I was trying to find out what part  
3 of the country he was from, because he went to the  
4 University of Michigan Law School and -- and the  
5 University of Michigan undergraduate, and I was  
6 wondering whether he was from Michigan.

7 Q. You don't have many notes with respect  
8 to Mr. Sheridan.

9 Do you recall what impression you had  
10 after you interviewed him?

11 A. Well, I remember my impression changed.  
12 At first I was a little dubious that a lawyer could  
13 be coming in and be the right kind of person for the  
14 job.

15 But after talking to him I was -- I saw  
16 that he had a great deal of good experience and  
17 seemed to have been performing very well in the  
18 areas that he had been trained in.

19 Q. So at the conclusion of his interview  
20 did you think he was in the hunt?

21 A. Yes.

22 Q. And was that true for each of the four  
23 candidates except for Mr. Chin?

24 A. I believe there were -- I think that  
25 there were two or three of them that I liked better

1 than others. And if I had prioritize them, I would  
2 put Mr. Sheridan and I think maybe Mr. Brooks are  
3 two of the ones that I thought were the better of  
4 the two.

5 Q. Okay. Did you meet Mr. Clayton? That  
6 is the fifth candidate --

7 A. Not at this -- not at that session. I  
8 think we had a separate meeting later on with  
9 Mr. Clayton. I'm not certain.

10 Q. What were your impressions of  
11 Mr. Clayton?

12 A. As I sit here right now I can't recall  
13 any particulars of that -- of that meeting, of that  
14 interview.

15 Q. Did you also meet a candidate by the  
16 name of Martin Caverly?

17 A. Yes.

18 Q. When did you meet him?

19 A. I don't remember when, but I do remember  
20 meeting him. I believe he came in later at a  
21 subsequent session.

22 Q. Now, he came in in December, correct?

23 A. I believe that's right. I think he  
24 could not make the original schedule in -- in  
25 November.

1 Q. Did Ellen Cotter participate in the  
2 interviews on Friday the 13th of any or all of  
3 Brooks, Cruse, Chin and Sheridan?

4 A. No.

5 Q. Why not, if you know?

6 A. Yes. At the beginning as we were about  
7 to begin our interviewing session we all arrived at  
8 the company, Ellen came into the room and said that  
9 she had decided that she was going to throw her hat  
10 into the ring for this job; and she felt that given  
11 that, it would be unethical and improper for her to  
12 be involved in the search committee.

13 Q. What was the discussion that ensued, if  
14 any?

15 A. I believe that all of us -- my rec- --  
16 my -- my response and I know Doug's was that we  
17 agree we don't think she should be involved in the  
18 search committee if she, herself, is going to be a  
19 candidate.

20 Q. What else, if anything else, was  
21 discussed about the search committee or the search  
22 in view of Ellen's announcement that she was going  
23 to be a candidate?

24 A. I can't recall anything at that time  
25 other than that.



1 Q. Do you recall anything at any subsequent  
2 point in time prior to the decision to select Ellen?

3 MR. TAYBACK: Object to the form of the  
4 question.

5 MR. FERRARIO: I'll object to the extent  
6 it calls for attorney-client communications.

7 MR. RHOW: Do you have --

8 THE WITNESS: I can't really recall  
9 anything else about that, about Ellen, her role in  
10 the search committee or anything else.

11 BY MR. KRUM:

12 Q. Did you or anyone else ask her when she  
13 had decided to be a candidate?

14 A. No.

15 Q. Did you or anyone else ask her when she  
16 first considered being a candidate?

17 A. No.

18 Q. Did you or anyone else ask her why she  
19 had not disclosed prior to the day of candidate  
20 interviews that she was a candidate?

21 A. Well, I believe in making her statement  
22 to the search committee members other than herself,  
23 she indicated that she had just decided that she was  
24 going to do it.

25 Q. So your -- your memory is that when she

1 announced before the first candidate interview at or  
2 about 8:30 in the morning on November 13, 2015, that  
3 she had been decided -- she had decided to be a  
4 candidate that she also indicated that she had just  
5 decided or words to that effect?

6 A. Words to that effect.

7 Q. And as best you can recall, what did she  
8 say in that respect?

9 A. Just the -- all I can remember is the  
10 notion that she said she had decided that she wanted  
11 to give it a try, and so she didn't think it would  
12 be proper for her to be on -- working with us on the  
13 search committee anymore.

14 Q. Okay. But the question I was asking was  
15 about what's your best recollection as to what she  
16 had said about when she had decided?

17 A. I can't recall actually what she said  
18 about that.

19 Q. And --

20 A. My impression was that she had just  
21 decided it. That's my impression.

22 Q. What's the basis for that impression?

23 A. Well, I don't know that. I can't give  
24 you any basis for it.

25 Q. Okay. Was there any discussion at that

1 remember having thought about that.

2 BY MR. KRUM:

3 Q. Did you or, to your knowledge,  
4 Mr. McEachern seek the advice of counsel with  
5 respect to the conduct of the C.E.O. search at any  
6 point in time?

7 A. No.

8 Q. What happened next after the four  
9 candidate interviews of Friday, November 13, 2015?

10 A. After that -- after that there was a --  
11 another candidate that was proposed by Korn Ferry.  
12 And I believe we had a subsequent session with  
13 Mr. Caverly. As I recall, he came in at a different  
14 time.

15 And then we had to interview Ellen.

16 So there was a subsequent -- one or two  
17 subsequent interview sessions sometime in December.  
18 One of them was done by Skype and one with the --  
19 the new candidate, which Korn Ferry had recommended  
20 was in New York, was running a privately-owned  
21 hotel, had been running it. And we interviewed that  
22 gentleman on Skype.

23 Q. Do you recall his name?

24 A. No.

25 Q. Did it begin with a D?

1 A. Could have.

2 Q. Okay. I'm sorry. I don't have the name  
3 at hand.

4 And what were your impressions of that  
5 candidate?

6 A. I thought the candidate was a --was  
7 good. I think it would have been better to have the  
8 interview in person where you get a better -- can  
9 see better the movements and look into their eyes  
10 and get a better feel for it.

11 It wasn't -- I don't think the interview  
12 on Skype was as good as a personal interview. He  
13 had the camera turned a little funny and it  
14 wasn't -- wasn't as good.

15 Q. When -- when relative to the other two  
16 candidate interviews that occurred after  
17 November 13, 2015, was Ellen interviewed?

18 A. Ellen was interviewed I believe after  
19 the Skype interview in -- with the fellow in  
20 New York, and then we had Ellen come in -- it could  
21 have been the same day as the -- as the Reading  
22 Christmas party.

23 And we interviewed Ellen -- I think she  
24 was the last candidate we interviewed.

25 Q. Who -- who is the "we"? You --

1 If I recall, he wasn't too aggressive  
2 during that interview session.

3 Q. With respect to the interview of Ellen  
4 Cotter that occurred in December, perhaps on the day  
5 of the Reading holiday party, how long did that  
6 last?

7 A. My guess is it -- I'm mean I'm just  
8 trying to put it -- the exact time, I guess, is  
9 about 45 minutes.

10 Q. Okay. Who led that interview?

11 A. I did.

12 Q. What did you cover? What were the  
13 topics you covered?

14 A. Doug -- when I say I led it, I think it  
15 was really Doug and myself. He we covered all kinds  
16 of things; I mean what prior involvement, what she  
17 saw, what her future thinking was about the future  
18 of the company, how she saw her shortcomings.

19 We went through the whole gamut of -- of  
20 the same kinds of questions that we asked the  
21 others. The only difference with Ellen was that we  
22 had had 20 years of prior experience dealing with  
23 her. We knew a lot about her.

24 Q. So what did that -- what did that mean?  
25 That there was less in the interview learning about

1 Q. And how long did those discussions last?

2 A. I would say they lasted 30 minutes.

3 Q. Who said what?

4 A. Well, I was actually the one that said  
5 after listening to Ellen, thinking about it, and  
6 looking at the prior candidates, even though they  
7 were all good, that she had probably made the most  
8 sense for where we were at this time. Because she  
9 had a great reputation, the people liked her at the  
10 company.

11 We all enjoyed our own -- we all thought  
12 highly of her, every one of us. She is intelligent.  
13 She had the kind of a personality that could help  
14 get through some of these difficulties dealing with  
15 other people.

16 And she had theatrical experience. She  
17 was willing to bring in real estate help.

18 And that this was a very tough time to  
19 bring in somebody from the outside given the fact  
20 that no one knew who would actually control this  
21 company a year down the line.

22 And for all those reasons, you know, it  
23 became apparent to me, my -- I just said, "This  
24 makes the most sense for the company."

25 And Doug said, "You know, I agree with

1 you."

2 Q. That was my next question, Mr. Gould.

3 The reasons you just described, are  
4 those your reasons and is that what you articulated?  
5 Was that what you and Mr. McEachern together  
6 articulated or --

7 A. Most of them were my -- were my  
8 statements, but Doug did add a few of his own. And  
9 I probably incorporated some of his statements in  
10 there.

11 Now, before we got into too much detail,  
12 the question was raised about Margaret leaving  
13 because she was -- she is Ellen's sister. And, you  
14 know, both Doug and I said, "I don't think we need  
15 to do that."

16 I forget whether Margaret did excuse  
17 herself or not. I don't remember whether she did.  
18 But from my standpoint it was just clear in my mind  
19 that this was the best solution.

20 Q. What did Margaret say, if anything,  
21 during that discussion among the three of you?

22 A. Margaret didn't really say too much.  
23 She was -- she -- I think Doug and I did most of the  
24 talking.

25 Q. Did Margaret exhibit any response to

1 meetings.

2 Q. And in point of fact the executive  
3 committee held meetings and conducted business,  
4 correct?

5 A. It did.

6 Q. At any point in time in or after June of  
7 2015, to your knowledge did the company ever  
8 disclose in an 8-K or otherwise the changes to the  
9 composition and/or the function of the executive  
10 committee of the RDI board of directors?

11 A. I don't recall. I can't remember it.

12 Q. Did you ever have any discussions with  
13 anybody regarding the subject of whether the company  
14 could or should make a disclosure of any type  
15 regarding the changes to the composition and/or the  
16 function of the executive committee of the RDI board  
17 of directors?

18 A. I don't remember that discussion. I  
19 know at each of our meetings we had more lawyers  
20 than directors. And I think we left that subject up  
21 to the lawyers to do -- to decide whether there  
22 should be a filing made on it.

23 Q. Well, when you say that, that you think  
24 you left that subject up to the lawyers, do you  
25 actually recall a discussion in which the conclusion



1 was to leave that subject, meaning whether the  
2 company could or should make a disclosure regarding  
3 the new members or the new function of both of the  
4 executive committee, to the lawyers?

5 A. No.

6 Q. That's just your surmise looking  
7 backwards as what might have happened?

8 A. That's usually what would happen with  
9 these meetings on questions of disclosure and things  
10 like that, yes.

11 Q. And by the lawyers, to whom are you  
12 referring?

13 A. The lawyers for the company.

14 Q. Ellis --

15 A. Bill Ellis, Craig Tompkins and then  
16 outside counsel, as well. We usually had outside  
17 counsel. Or Mike Bonner would be at almost every  
18 meeting. He was a very good securities lawyer.

19 Q. I'm not asking you who said what. I'm  
20 just asking whether it happened.

21 Did you ever have any discussions with  
22 Mike Bonner about the executive committee?

23 A. No.

24 Q. Did you ever have any discussions with  
25 him about S.E.C. filings? Made by the company, of

1 previous. I don't mean to do so.

2 Either during the conversation -- well,  
3 during the conversation following Ellen Cotter's  
4 interview, who said what, if anything, about Korn  
5 Ferry?

6 A. We did discuss this earlier, but my  
7 recollection was at the time that -- that somebody  
8 said, "Well, we -- if she's our preferred candidate,  
9 then, you know, we can probably tell Korn Ferry  
10 until we decide -- or the board decides this thing,  
11 let's not have them incur any more expense doing  
12 what they were doing with respect to the other  
13 candidates. Let's see if we can keep this down --  
14 the expense down."

15 Q. What are the annual revenues of RDI?

16 MR. TAYBACK: Objection. Vague as to  
17 time.

18 BY MR. KRUM:

19 Q. In 2015 or any other time that you can  
20 identify?

21 A. Well, several -- several hundred  
22 million.

23 Q. And what was the expense that would have  
24 been saved by having Korn Ferry stand down?

25 A. It was, you know, maybe 50 -- \$50,000.

1 It doesn't seem like much, but I don't  
2 throw money in the street unless I have to.  
3 Especially when it's other people's money.

4 Q. Do you recall that -- that the Korn  
5 Ferry materials provided to the board of directors  
6 indicated that Korn Ferry would make its proprietary  
7 assessment of finalists including the internal  
8 candidates?

9 A. I do remember something like that, yes.

10 Q. Did you have any discussions with  
11 McEachern and/or Margaret Cotter about whether to  
12 follow through with the process that had been  
13 described to the full board previously by having  
14 these assessments done or by having the board  
15 determine whether to do so?

16 A. Well, at that point the internal  
17 candidates had dropped out. And so there would be  
18 no need to do assessments of them.

19 And I don't -- and I don't -- I think  
20 all of us felt that we didn't need an independent  
21 assessment of Ellen because we knew her so well.

22 Q. By the way, how do you know that Wayne  
23 Smith dropped out?

24 A. I was told at some point that -- I  
25 forget by whom, that following Ellen's announcement,

1 A. I'm not certain.

2 Q. Was this letter -- when you say this  
3 letter was public, was this distributed as part of a  
4 press release?

5 A. It clearly went out to the employees and  
6 others at the company, but I'm not -- I don't know  
7 whether it went out as a press release or not.

8 Q. Did you see drafts of this letter?

9 A. I don't recall.

10 Q. When you say you're not certain who  
11 drafted it, do you have an understanding or  
12 expectation based on some other experience?

13 A. Well, should I surmise?

14 MR. RHOW: No.

15 BY MR. KRUM:

16 Q. If you have a --

17 A. If have no understanding.

18 Q. Okay. If you have a basis, I am  
19 entitled to hearing it. But if you're simply  
20 surmising as you sit here today, I don't need to  
21 hear that.

22 A. Okay. I don't have a basis as to who  
23 prepared it.

24 Q. When did the board meeting occur with  
25 respect to the selection of the permanent C.E.O.?

1           A.    I believe it was in the first week of  
2   January.   First -- first ten days.

3           Q.    Did someone make a presentation on  
4   behalf of the C.E.O. search committee?

5           A.    Yes.   I did.

6           Q.    Was it a -- did you have notes or did  
7   you have a written presentation that you used?

8           A.    I basically went through what we had  
9   done and presented to the board what had happened  
10   and the reasons why we selected Ellen as the  
11   preferred candidate to recommend.

12                   And then I don't believe I had prepared  
13   notes.   I just did it off the cuff.

14          Q.    Was there any discussion?

15          A.    Yes.

16          Q.    Excluding any comments that Jim Cotter,  
17   Jr., made or any responses to those comments, was  
18   there any discussion?

19          A.    Yes, there was.

20          Q.    Ed Kane said he agreed, right?

21          A.    My -- my recollection is that's right.

22          Q.    Did he explain why?

23          A.    I don't remember that he did.

24          Q.    Okay.   What else was said by anyone as  
25   best you can recall in terms of the discussion about

1 and Korn Ferry personnel?

2 A. Yes.

3 Q. Did that occur -- okay.

4 Do you see in the last paragraph of that  
5 page that continues over onto the second page, it  
6 indicates that on December 17th the committee  
7 elected you to serve as the committee's chairman?

8 A. Yes.

9 Q. What did you do as chairman of this  
10 C.E.O. search committee?

11 A. I ran the -- well, the meetings, and --  
12 and I also issued the letter, made the report to the  
13 board and then issued the -- the letter to the  
14 employees.

15 Q. And the meetings to which you're  
16 referring were on December 17th and the telephonic  
17 meeting on December 29th?

18 A. Let me see here. It would be the  
19 meeting, yes, on December 17th and the telephonic  
20 meeting on the 29th and the letter that went out.

21 Q. Is this correct that the committee --  
22 the C.E.O. search committee had a meeting on  
23 December 17th at 4:00 P.M.?

24 MR. RHOW: Bottom of page two.

25 THE WITNESS: Yes. My recollection --

1 my recollection is that it is correct.

2 BY MR. KRUM:

3 Q. Was that in person?

4 A. Yes. I believe -- I believe we -- that  
5 was the day of the -- that might have been the day  
6 of the Christmas party.

7 Q. Directing your attention to what's  
8 labeled as page three of seven, and that is of the  
9 C.E.O. search committee report, it's actually the  
10 fourth page of Exhibit 313, do you see that it says  
11 the committee discussed among other things, and so  
12 forth, and then it lists six lengthy bullet points?

13 A. Yes.

14 Q. Take such time as you need to review  
15 those.

16 My question is does that fairly and  
17 accurately describe what the committee discussed on  
18 the 17th of December?

19 A. Generally, yes.

20 Q. And when you say "generally," is that a  
21 qualification that you --

22 A. No. It's just that I can't remember  
23 every specific aspect of it, but in general that's  
24 my recollection of what was discussed.

25 Q. Directing your attention to the third

1 bullet point that begins with the words "The  
2 benefits and detriments of the selection of Ellen  
3 Cotter as the committee's recommended candidate," do  
4 you recall anything other than what's discussed  
5 there -- strike that.

6 Do you recall anything other than what's  
7 listed there being discussed by the committee with  
8 respect to Ellen as a candidate?

9 A. I believe that one other factor there  
10 was that having Ellen selected would create problems  
11 with one of the major shareholders, Jim, Jr.

12 Q. Okay.

13 A. Which was brought up.

14 Q. Anything else?

15 A. No.

16 Q. Directing your attention to the fourth  
17 bullet point that refers to Korn Ferry's  
18 recommendation about moving forward with the  
19 assessment process for Ellen Cotter, Dan Sheridan  
20 and Marty Caverly --

21 A. Yes.

22 Q. -- what do you recall, if anything,  
23 being discussed about that other than the preclusion  
24 to not do so?

25 A. Well, that because -- just generally



1                   Exhibit 391 does not reference any  
2 actions or observations of the special nominating  
3 committee with respect to Mr. Storey not being  
4 renominated, correct?

5           A.    Correct.

6           Q.    Nor does it make any mention of the fact  
7 that Ellen and Margaret Cotter who purported to  
8 control and vote approximately 70 percent of the  
9 voting stock had taken the position that they would  
10 not vote to reelect him?

11          A.    On that point I don't know whether they  
12 had taken that position. I had heard something to  
13 that effect, but I don't know whether they had taken  
14 that position.

15          Q.    So, did it occur to you when you read  
16 Exhibit 391 and the second paragraph on the third  
17 page of the document that simply saying that  
18 Mr. Storey had retired was omitting information that  
19 some shareholder might consider to be material to  
20 the circumstances of his departure from the RDI  
21 board of directors?

22          A.    No. I -- first of all, I wasn't very  
23 much involved in that process at all. I didn't know  
24 very much about it and was surprised to hear about  
25 it. I think I heard it from Tim Storey primarily.

1 But my knowledge of some of these things  
2 about what happened occurred after the actual  
3 resignation.

4 Q. Okay. Did you ever speak to anybody  
5 about issuing a further 8-K updating the disclosure  
6 regarding the circumstances of the departure of Tim  
7 Storey from the RDI board of directors?

8 A. No.

9 Q. Do you recall that at one of the  
10 meetings in May or June of 2015, Mr. McEachern  
11 invited Jim Cotter to resign rather than be  
12 terminated?

13 A. Yes.

14 Q. And do you understand that that's how it  
15 came to pass that Mr. Storey retired, is he was  
16 given the choice of not being renominated and  
17 whatever consequences, if any, flowed from that or,  
18 quote, retiring?

19 A. I come to -- I've come to learn that.  
20 And I don't know how much of that I knew at the  
21 time, because I was kept out of that process.

22 Q. Directing your attention, Mr. Gould, to  
23 the three paragraphs on the third page of  
24 Exhibit 391 starting with the word Dr. Coddington, do  
25 you see those?

1 Cotter-related entities?

2 A. No.

3 Q. To the best of your recollection, you  
4 didn't receive a phone call from him following the  
5 May or June meeting in which he refused to speak to  
6 the subject at which he explained anything about his  
7 relationship or compensation with Cotter-related  
8 companies?

9 A. I can't recall that conversation.

10 Q. At the time you read drafts of  
11 Exhibit 392 had you received any information,  
12 whether from Guy Adams or any other source, bearing  
13 upon the subject of whether he in any respect was  
14 financially independent or financially dependent on  
15 Cotter family entities?

16 A. There were discussions raised by Jim  
17 Cotter, Jr., which raised questions about  
18 Mr. Adams's financial dependence. But there was no  
19 hard evidence provided to anybody as to what whether  
20 that would be.

21 And it had not been our practice to ask  
22 people how much of their livelihood -- each  
23 director, for example, I had never been asked by the  
24 board or anybody else had.

25 So my answer was if he disclosed this --

1 and I mentioned this at the board meeting, every  
2 director prepares a D and O questionnaire. And they  
3 disclose all these things in there.

4 So all the directors don't have to know  
5 the personal finances of Jim, Jr., and myself, but  
6 the person collecting those D and O questionnaires  
7 does, and that person is a lawyer, and that person  
8 will then make a judgment as to whether or not  
9 Mr. Adams is independent or not.

10 Q. Is it your understanding, Mr. Gould,  
11 that certain of the information sought by questions  
12 in the D and O questionnaires concerns financial  
13 matters and financial dependence as measured by  
14 Exchange -- Securities Exchange listing rules?

15 A. Yes.

16 Q. Do you have an understanding as to  
17 whether that measure of independence is the same or  
18 different than the measure of independence for the  
19 purpose of related party transactions?

20 MR. TAYBACK: Objection. Calls for a  
21 legal opinion. You're a lawyer, but still  
22 objection.

23 THE WITNESS: Yeah. I think that's kind  
24 of a complicated question because I'm not sure that  
25 the -- that it calls for exactly all the information

1 to the portion that concerns Mr. Wrotniak, and you  
2 see that that will carry over to page 17, did you  
3 have any communications with anybody about whether  
4 that information should be supplemented to include  
5 information concerning his historical personal  
6 relationship -- his wife's historical close personal  
7 relationship with Margaret Cotter?

8 A. No.

9 Q. Did you think about that?

10 A. No.

11 Q. That is how he came to be a candidate to  
12 be added to the RDI board of directors, right?

13 A. Yes.

14 MR. FERRARIO: Objection. Lacks  
15 foundation.

16 MR. TAYBACK: Objection.

17 BY MR. KRUM:

18 Q. Well, when you had a meeting at your  
19 office on Friday, I think it was, Ellen Cotter told  
20 you -- Ellen Cotter told you how it was both Judy  
21 Coddington and Michael Wrotniak had come to be  
22 candidates, right?

23 A. She did.

24 Q. And she was forthright and she told you  
25 about the historical personal relationship between

1 Judy Coddington and Mary Cotter?

2 A. She did.

3 Q. And she told you about the relationship  
4 between Michael Wrotniak's wife and Margaret, right?

5 A. She did.

6 Q. Now, directing your attention,  
7 Mr. Gould, back to Judy Coddington's description on  
8 page 15.

9 A. Yes.

10 Q. Do you see that in the third sentence it  
11 says,

12 "She is currently, and has since of  
13 2010 been, the managing director of  
14 The System of Courses, a division  
15 of Pearson, P.L.C., a leading  
16 education company providing  
17 education products and services to  
18 institutions, governments and  
19 direct to individual learners"?

20 A. Yes.

21 Q. At that -- at the time you reviewed  
22 drafts of this document did you have any  
23 understanding as to whether she knew or expected  
24 that position to terminate?

25 A. No.

1 question.

2 Q. Do you recall whether Mr. Shapiro in his  
3 email raised the issue of whether Ms. Coddington's  
4 employment was going to be terminated?

5 A. I don't remember.

6 MR. TAYBACK: Mark, when it's a  
7 convenient point for you, can we just take two  
8 minutes?

9 MR. KRUM: Sure. We'll be there in just  
10 a couple minutes.

11 BY MR. KRUM:

12 Q. Mr. Gould, I direct your attention to  
13 page 21 of Exhibit 392. And in particular to the  
14 first line in the chart entitled "Amount and nature  
15 of beneficial ownership." You see it says Ellen M.  
16 Cotter footnotes two and eight?

17 A. Yes.

18 Q. And then under the class B stock column  
19 it says number of shares 1,173,888 and percentage  
20 69.8?

21 A. Yes.

22 Q. And of course footnotes two and eight on  
23 the next page, page 22, include some explanation of  
24 those numbers, right?

25 A. Correct.

1 Q. Did you review this information?

2 A. No.

3 Q. You understood at the time there were  
4 disputes with respect to who controlled certain RDI  
5 stock, such as whether it was part of the James  
6 Cotter, Sr. Trust, whether it was part of the  
7 Estate, whether it had flowed into the voting trust,  
8 whether it had poured over into the voting trust and  
9 issues of that sort, right?

10 A. Oh, yes.

11 Q. And so why is it that you took no steps  
12 to ascertain whether this information including as  
13 set out in footnotes two and eight on page 22 of  
14 Exhibit 392 was correct?

15 A. If I spent time going through this proxy  
16 statement verifying all the facts in it, I would  
17 spend my lifetime doing it.

18 These are not the things that directors  
19 look at. I look at my own facts, how they pertain  
20 to me, but I don't know anything -- I pay virtually  
21 no attention to what's happening in the litigation  
22 among the family members.

23 So I don't even know where to start. I  
24 don't know how many shares they own. I just know  
25 that the three of them control the shares of the



1 stock of the company. But I don't know who owns  
2 what shares.

3 Q. Well, let me ask you a different  
4 question.

5 Did you ever hear or learn or were you  
6 ever told that there was a dispute about -- or a  
7 question, even, about whether any or all of the  
8 Cotters could vote the class B voting stock held in  
9 the name of the Jim -- James Cotter, Sr. Living  
10 Trust?

11 A. Yes, I was told that.

12 Q. And you see at footnote eight on page 22  
13 of Exhibit 392, about six lines from the bottom  
14 there is a discussion of the 696,080 shares of  
15 class B voting stock?

16 A. Yes.

17 Q. Did it occur to you that if the  
18 information about who had the right to vote that  
19 stock contained in the proxy statement was  
20 erroneous, that owners of class B voting stock who  
21 were not members of the Cotter family would be  
22 making decisions about whether to vote, how to vote,  
23 whether to act and so forth based on erroneous  
24 information?

25 MR. RHOW: Form of the question,

1 foundation.

2 THE WITNESS: No. You know, I never  
3 really even thought about that question. I'm  
4 assuming -- I had assumed at the time that these --  
5 the facts and legal conclusions were being attended  
6 to by the people who were most directly involved in  
7 them. And I had no involvement in them.

8 BY MR. KRUM:

9 Q. When you say, Mr. Gould, you had no  
10 involvement, you had no discussions with those  
11 people about these issues?

12 A. That's correct.

13 Q. And who were those people?

14 A. Those people would be Craig Tompkins and  
15 Bill Ellis at the company. They would be the  
16 individuals, Jim Cotter, Jr., Margaret and Ellen,  
17 and the outside counsel, Mike Bonner and others who  
18 helped prepare the -- the proxy statement.

19 Q. Okay. Well, there were disputes between  
20 Ellen and Margaret on the one hand --

21 A. Jim.

22 Q. -- and Jim, Jr. on the other hand on  
23 those issues, right?

24 A. Correct.

25 MR. FERRARIO: That's what it says.

1 A. Yes.

2 Q. And that it includes in the first  
3 paragraph under the words "Change of control of  
4 registrant" a description of, among other shares,  
5 shares that are reflected in the company's stock  
6 register as held in the name of James J. Cotter,  
7 Sr.?

8 A. Yes.

9 Q. And was your view of this the same as  
10 the view that you articulated with respect to  
11 information of this nature as included in the proxy,  
12 meaning that it was someone else's responsibility?

13 A. Yes.

14 MR. KRUM: Ekwan, you don't have the  
15 documents that were marked yesterday, do you?

16 MR. RHOW: I don't.

17 MR. KRUM: Okay. Here's what I'm going  
18 do, and if it's okay, Ekwan, instead of looking at  
19 the document --

20 MR. RHOW: That's fine.

21 MR. KRUM: -- I'm just going to show him  
22 one that has my --

23 MR. FERRARIO: Are you looking at  
24 yesterday's --

25 MR. KRUM: Yes. 347 is the document

1 recollection?

2 A. Well, the proposal of the new two  
3 candidates to me and I think to Jim, Jr., was done  
4 without a great deal of public knowledge. I did not  
5 know the process was even going on until that  
6 meeting in my office, I believe it was on a Friday,  
7 with Craig and Ellen where they informed me of what  
8 had been happening.

9 Q. And that was the Friday two days before  
10 you received this email from Jim, right?

11 A. I believe so, yes.

12 Q. I direct your attention, Mr. Gould, to  
13 the top of the second page of Exhibit 398.

14 Do you see that Mr. Cotter suggests that  
15 the board discuss the qualifications of board  
16 candidates?

17 A. Yes, I do.

18 Q. Did you agree with that observation?

19 A. Well, there is some truth in the  
20 observation that ordinarily boards decide on  
21 candidates to some extent based on their  
22 qualifications and experience.

23 But in this case there are a number of  
24 other factors that also were in play given the fact  
25 that, you know, we had a conflict among the -- the

1 directors and that unless we made some decisions  
2 going forward, the company would continue to be  
3 involved in this ongoing dispute as to almost  
4 everything.

5 Q. Okay. And how did that consideration  
6 impact the -- whether or not the board should have  
7 discussions about qualifications of candidates to be  
8 added to the board?

9 A. Well, that's -- that's one of the  
10 factors mentioned. And the other factor is that the  
11 board become constituted in a way that will help,  
12 you know, project the company into the future and  
13 have the confidence of the C.E.O. of the company.

14 And that was another factor that was  
15 important to the directors -- or I should say it was  
16 important to me.

17 I mean at this point this company had  
18 been involved in dispute after dispute after  
19 dispute. Many of Jim's points -- Jim, Jr.'s points  
20 as a general principle were valid, but there was  
21 also the factor of trying to get this company back  
22 on track. And I think that's what I was concerned  
23 about in approving the two new directors.

24 Q. Did you have any discussions with the  
25 so-called special nominating committee about whether

# **EXHIBIT 43**

1 (9) Responding Party is conducting discovery and an ongoing investigation of  
2 the facts and law relating to this action, including certain of the Requests.  
3 Responding Party's objections and responses are based on the present  
4 knowledge, information and belief of Responding Party, as well as the  
5 documents in Responding Party's possession, custody or control. For these  
6 reasons, among others, the objections and responses provided are made  
7 without prejudice to Responding Party's right to produce evidence of  
8 subsequently discovered facts or to supplement, modify or otherwise  
9 change or amend the objections and responses or to rely on additional  
10 evidence in pretrial proceedings and trial. Responding Party expressly  
11 reserves the right to amend, supplement, or modify these objections and  
12 responses.

13 **REQUESTS FOR ADMISSION**

14 **REQUEST NO. 1**

15 Admit that William Gould is not liable for the termination of James J. Cotter, Jr.

16 **RESPONSE TO REQUEST NO. 1**

17 Subject to and without waiving the foregoing objections, Responding Party responds to  
18 Request No. 1 as follows: Responding Party denies Request No. 1.

19 **REQUEST NO. 2**

20 Admit that William Gould did not vote for the termination of James J. Cotter, Jr..

21 **RESPONSE TO REQUEST NO. 2**

22 Subject to and without waiving the foregoing objections, Responding Party responds to  
23 Request No. 2 as follows: Responding Party admits Request No. 2.

24 **REQUEST NO. 3**

25 Admit that William Gould did not draft the June 18, 2015 Form 8K.

26 **RESPONSE TO REQUEST NO. 3**

1 Subject to and without waiving the foregoing objections, Responding Party responds to  
2 Request No. 3 as follows: Responding Party presently lacks information sufficient to admit or  
3 deny Request No. 3, and on that basis denies Request No. 3.

4 **REQUEST NO. 4**

5 Admit that William Gould did not approve the June 18, 2015 Form 8K.

6 **RESPONSE TO REQUEST NO. 4**

7 Subject to and without waiving the foregoing objections, Responding Party responds to  
8 Request No. 4 as follows: Responding Party presently lacks information sufficient to admit or  
9 deny Request No. 4, and on that basis denies Request No. 4.

10 **REQUEST NO. 5**

11 Admit that William Gould did not draft the October 13, 2015 Form 8-K.

12 **RESPONSE TO REQUEST NO. 5**

13 Subject to and without waiving the foregoing objections, Responding Party responds to  
14 Request No. 5 as follows: Responding Party presently lacks information sufficient to admit or  
15 deny Request No. 5, and on that basis denies Request No. 5.

16 **REQUEST NO. 6**

17 Admit that William Gould did not approve the October 13, 2015 Form 8-K.

18 **RESPONSE TO REQUEST NO. 6**

19 Subject to and without waiving the foregoing objections, Responding Party responds to  
20 Request No. 6 as follows: Responding Party presently lacks information sufficient to admit or  
21 deny Request No. 6, and on that basis denies Request No. 6.

22 **REQUEST NO. 7**

23 Admit that William Gould does not determine whether the Company files a Form 8-K.

24 **RESPONSE TO REQUEST NO. 7**

25 Subject to and without waiving the foregoing objections, Responding Party responds to  
26 Request No. 7 as follows: Responding Party admits Request No. 7.

27 **REQUEST NO. 8**

28



1 Admit that William Gould did not participate in any decision whether to file a Form 8-K  
2 with respect to the Executive Committee.

3 **RESPONSE TO REQUEST NO. 8**

4 Subject to and without waiving the foregoing objections, Responding Party responds to  
5 Request No. 8 as follows: Responding Party presently lacks information sufficient to admit or  
6 deny Request No. 8, and on that basis denies Request No. 8.

7 **REQUEST NO. 9**

8 Admit that William Gould did not draft the June 15, 2015 press release.

9 **RESPONSE TO REQUEST NO. 9**

10 Subject to and without waiving the foregoing objections, Responding Party responds to  
11 Request No. 9 as follows: Responding Party presently lacks information sufficient to admit or  
12 deny Request No. 9, and on that basis denies Request No. 9.

13 **REQUEST NO. 10**

14 Admit that William Gould did not approve the June 15, 2015 press release.

15 **RESPONSE TO REQUEST NO. 10**

16 Subject to and without waiving the foregoing objections, Responding Party responds to  
17 Request No. 10 as follows: Responding Party presently lacks information sufficient to admit or  
18 deny Request No. 10, and on that basis denies Request No. 10.

19 **REQUEST NO. 11**

20 Admit that Gould was not a member of the nominating committee, which nominated  
21 Coddington to be a Director.

22 **RESPONSE TO REQUEST NO. 11**

23 Subject to and without waiving the foregoing objections, Responding Party responds to  
24 Request No. 11 as follows: Responding Party admits Request No. 11.

25 **REQUEST NO. 12**

26 Admit that Gould was not on the nominating committee, which nominated Wrotniak to be  
27 a director.

28

**RESPONSE TO REQUEST NO. 12**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 12 as follows: Responding Party admits Request No. 12.

**REQUEST NO. 13**

Admit that Gould did not draft the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 13**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 13 as follows: Responding Party admits Request No. 13.

**REQUEST NO. 14**

Admit that Gould did not approve the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 14**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 14 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 14, and on that basis denies Request No. 14.

**REQUEST NO. 15**

Admit that Ellen Cotter is qualified to be CEO of RDI.

**RESPONSE TO REQUEST NO. 15**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 15 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 15, and on that basis denies Request No. 15.

DATED this 13th day of June, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

Mark G. Krum (Nevada Bar No. 10913)  
3993 Howard Hughes Pkwy, Suite 600  
Las Vegas, NV 89169-5958  
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Attorneys for Plaintiff  
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Las Vegas, NV 89169-5996

**Lewis Roca**  
**ROTHGERBER CHRISTIE**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 13th day of June, 2016, I caused a true and correct copy of the foregoing **JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** was electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

DATED this 13th day of June, 2016.

/s/ Jessie M. Helm

An employee of Lewis Roca Rothgerber  
Christie LLP

# **EXHIBIT 32**

1 Mark G. Krum  
2 Lewis Roca Rothgerber Christie LLP  
3 3993 Howard Hughes Pkwy, Suite 600  
4 Las Vegas, NV 89169-5996  
5 Tel: 702-949-8200  
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7 E-mail: mkrum@lrcc.com

8 *Attorneys for Plaintiff*  
9 *James J. Cotter, Jr.*

10 DISTRICT COURT

11 CLARK COUNTY, NEVADA

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

15 Plaintiff,

16 vs.

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

22 Defendants.

23 and

24 READING INTERNATIONAL, INC., a  
25 Nevada corporation,

26 Nominal Defendant.

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

Coordinated with:

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

Jointly Administered

**JAMES J. COTTER, JR.'S  
RESPONSES TO WILLIAM GOULD'S  
FIRST SET OF REQUESTS FOR  
ADMISSION**

27 COMES NOW, James J. Cotter, Jr. ("Plaintiff" or "Responding Party") and hereby serves  
28 his responses to William Gould's ("Defendant" or "Propounding Party") First Set of Requests for  
Admission (the "Requests").

**GENERAL OBJECTIONS**

Responding Party incorporates the following general objections into each specific response  
and objection set forth below:

- (1) Responding Party objects to the Requests to the extent they seek documents  
or information which is protected by (or which cannot be provided without

- 1 disclosing) attorney client privilege, the attorney-work product doctrine  
2 and/or otherwise is privileged or protected from disclosure, including in  
3 particular communications of counsel of record for Plaintiff in this action,  
4 which communications will not be produced or logged;
- 5 (2) Responding Party objects to the Requests to the extent they seek documents  
6 or information the production or disclosure of which violates any person or  
7 entity's right to privacy;
- 8 (3) Responding Party objects to the Requests to the extent they seek documents  
9 or information not in Responding Party's possession, custody, or control;
- 10 (4) Responding Party objects to the Requests to the extent they seek documents  
11 or information within the possession or control of the Propounding Party, or  
12 seeks documents or information which is publicly available and/or which  
13 otherwise is uniquely or equally available to the Propounding Party;
- 14 (5) Responding Party objects to the Requests to the extent they seek  
15 information or documents that constitute or disclose confidential,  
16 proprietary, or developmental commercial or business information or  
17 research, or seeks documents or information otherwise protected from  
18 disclosure;
- 19 (6) Responding Party objects to the Requests to the extent they attempt or  
20 purport to impose obligations exceeding those authorized or imposed by the  
21 Nevada Rules of Civil Procedure;
- 22 (7) Responding Party objects to the Requests insofar as they seek documents or  
23 information beyond the time and scope of matters at issue in the captioned  
24 action and/or which are neither relevant nor reasonably calculated to lead to  
25 the discovery of admissible evidence; and
- 26 (8) Responding Party objects to the Requests because they generally are  
27 unlimited as to time, meaning that they generally provide no time frame or  
28 date range to limit the scope of documents or information requested.

(9) Responding Party is conducting discovery and an ongoing investigation of the facts and law relating to this action, including certain of the Requests. Responding Party's objections and responses are based on the present knowledge, information and belief of Responding Party, as well as the documents in Responding Party's possession, custody or control. For these reasons, among others, the objections and responses provided are made without prejudice to Responding Party's right to produce evidence of subsequently discovered facts or to supplement, modify or otherwise change or amend the objections and responses or to rely on additional evidence in pretrial proceedings and trial. Responding Party expressly reserves the right to amend, supplement, or modify these objections and responses.

**REQUESTS FOR ADMISSION**

**REQUEST NO. 1**

Admit that William Gould is not liable for the termination of James J. Cotter, Jr.

**RESPONSE TO REQUEST NO. 1**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 1 as follows: Responding Party denies Request No. 1.

**REQUEST NO. 2**

Admit that William Gould did not vote for the termination of James J. Cotter, Jr..

**RESPONSE TO REQUEST NO. 2**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 2 as follows: Responding Party admits Request No. 2.

**REQUEST NO. 3**

Admit that William Gould did not draft the June 18, 2015 Form 8K.

**RESPONSE TO REQUEST NO. 3**

1 Subject to and without waiving the foregoing objections, Responding Party responds to  
2 Request No. 3 as follows: Responding Party presently lacks information sufficient to admit or  
3 deny Request No. 3, and on that basis denies Request No. 3.

4 **REQUEST NO. 4**

5 Admit that William Gould did not approve the June 18, 2015 Form 8-K.

6 **RESPONSE TO REQUEST NO. 4**

7 Subject to and without waiving the foregoing objections, Responding Party responds to  
8 Request No. 4 as follows: Responding Party presently lacks information sufficient to admit or  
9 deny Request No. 4, and on that basis denies Request No. 4.

10 **REQUEST NO. 5**

11 Admit that William Gould did not draft the October 13, 2015 Form 8-K.

12 **RESPONSE TO REQUEST NO. 5**

13 Subject to and without waiving the foregoing objections, Responding Party responds to  
14 Request No. 5 as follows: Responding Party presently lacks information sufficient to admit or  
15 deny Request No. 5, and on that basis denies Request No. 5.

16 **REQUEST NO. 6**

17 Admit that William Gould did not approve the October 13, 2015 Form 8-K.

18 **RESPONSE TO REQUEST NO. 6**

19 Subject to and without waiving the foregoing objections, Responding Party responds to  
20 Request No. 6 as follows: Responding Party presently lacks information sufficient to admit or  
21 deny Request No. 6, and on that basis denies Request No. 6.

22 **REQUEST NO. 7**

23 Admit that William Gould does not determine whether the Company files a Form 8-K.

24 **RESPONSE TO REQUEST NO. 7**

25 Subject to and without waiving the foregoing objections, Responding Party responds to  
26 Request No. 7 as follows: Responding Party admits Request No. 7.

27 **REQUEST NO. 8**

28



1 Admit that William Gould did not participate in any decision whether to file a Form 8-K  
2 with respect to the Executive Committee.

3 **RESPONSE TO REQUEST NO. 8**

4 Subject to and without waiving the foregoing objections, Responding Party responds to  
5 Request No. 8 as follows: Responding Party presently lacks information sufficient to admit or  
6 deny Request No. 8, and on that basis denies Request No. 8.

7 **REQUEST NO. 9**

8 Admit that William Gould did not draft the June 15, 2015 press release.

9 **RESPONSE TO REQUEST NO. 9**

10 Subject to and without waiving the foregoing objections, Responding Party responds to  
11 Request No. 9 as follows: Responding Party presently lacks information sufficient to admit or  
12 deny Request No. 9, and on that basis denies Request No. 9.

13 **REQUEST NO. 10**

14 Admit that William Gould did not approve the June 15, 2015 press release.

15 **RESPONSE TO REQUEST NO. 10**

16 Subject to and without waiving the foregoing objections, Responding Party responds to  
17 Request No. 10 as follows: Responding Party presently lacks information sufficient to admit or  
18 deny Request No. 10, and on that basis denies Request No. 10.

19 **REQUEST NO. 11**

20 Admit that Gould was not a member of the nominating committee, which nominated  
21 Coddington to be a Director.

22 **RESPONSE TO REQUEST NO. 11**

23 Subject to and without waiving the foregoing objections, Responding Party responds to  
24 Request No. 11 as follows: Responding Party admits Request No. 11.

25 **REQUEST NO. 12**

26 Admit that Gould was not on the nominating committee, which nominated Wrotniak to be  
27 a director.  
28

**RESPONSE TO REQUEST NO. 12**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 12 as follows: Responding Party admits Request No. 12.

**REQUEST NO. 13**

Admit that Gould did not draft the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 13**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 13 as follows: Responding Party admits Request No. 13.

**REQUEST NO. 14**

Admit that Gould did not approve the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 14**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 14 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 14, and on that basis denies Request No. 14.

**REQUEST NO. 15**

Admit that Ellen Cotter is qualified to be CEO of RDL.

**RESPONSE TO REQUEST NO. 15**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 15 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 15, and on that basis denies Request No. 15.

DATED this 13th day of June, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

Mark G. Krum (Nevada Bar No. 10913)  
3993 Howard Hughes Pkwy, Suite 600  
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Attorneys for Plaintiff  
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Las Vegas, NV 89169-5996

**Lewis Roca**  
**ROTHGERBER CHRISTIE**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 13th day of June, 2016, I caused a true and correct copy of the foregoing **JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** was electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

DATED this 13th day of June, 2016.

/s/ Jessie M. Helm

An employee of Lewis Roca Rothgerber  
Christie LLP

# **EXHIBIT 33**

1	EIGHTH JUDICIAL DISTRICT COURT		
2	CLARK COUNTY, NEVADA		
3			
4	JAMES J. COTTER, JR.,	)	
	derivatively on behalf of	)	
5	Reading International, Inc.,	)	
		)	Case No.
6	Plaintiff,	)	A-15-719860-B
		)	
7	vs.	)	
		)	
8	MARGARET COTTER, ELLEN	)	Case No.
	COTTER, GUY ADAMS, EDWARD	)	P-14-082942-E
9	KANE, DOUGLAS McEACHERN,	)	
	TIMOTHY STOREY, WILLIAM	)	Related and
10	GOULD, and DOES 1 through	)	Coordinated Cases
	100, inclusive,	)	
11		)	
	Defendants,	)	
12	and	)	
		)	
13	READING INTERNATIONAL, INC.,	)	
	a Nevada corporation,	)	
14		)	
	Nominal Defendant.	)	
15		)	

16 Complete caption, next page.

17

18

19 VIDEOTAPED DEPOSITION OF GUY ADAMS

20 LOS ANGELES, CALIFORNIA

21 FRIDAY, APRIL 29, 2016

22 VOLUME II

23

24 REPORTED BY: LORI RAYE, CSR NO. 7052

25 JOB NUMBER 305149

1 THE WITNESS: My recollection was, we agreed  
2 we would fill that board seat and that there would  
3 be -- we would entertain other people for  
4 consideration.

5 BY MR. KRUM:

6 Q. And how long thereafter was Mr. Wrotniak  
7 proposed?

8 A. Three or four weeks.

9 Q. And he was proposed by Ellen and  
10 Margaret?

11 A. Yes.

12 Q. And you personally, Mr. Adams, how did  
13 you first hear about Mr. Wrotniak, was it --

14 A. The first time?

15 Q. Yes.

16 A. I think Ellen mentioned it to me in her  
17 office just in passing. Said she had another good  
18 candidate.

19 Q. What did you say in response?

20 A. Who is he? What's his background?

21 Q. What did she say?

22 A. Michael Wrotniak. He's a commodity  
23 trader in New York. He's CEO of his company. I  
24 think she mentioned that Margaret knew him, or she  
25 knew him. One of them knew him. And I asked, Does

1 he know about the litigation? Does he know about  
2 the suit between the siblings and he's still  
3 willing to serve? Unlike Fehmi, is Mike Wrotniak  
4 willing to serve? And she said, Yes, we told him  
5 all that and he's still willing to serve.

6 **Q. Was it your view, then, that RDI needed a**  
7 **board member with experience in commodities**  
8 **trading?**

9 MR. SWANIS: Objection; form.

10 THE WITNESS: It didn't bother me that he had  
11 commodity trading. We just lost approximately  
12 \$6 billion in foreign currency exchange in  
13 Australia. If we had somebody that knew more about  
14 commodities trading and exchange rates, that might  
15 have helped us.

16 It was interesting to me more than the  
17 commodities that he was a CEO of a company. He ran  
18 a company, P & L bottom line responsibility, and he  
19 grew it during his career substantially.

20 BY MR. KRUM:

21 **Q. How many employees did his company have?**

22 MR. TAYBACK: Objection; vague.

23 You can answer.

24 THE WITNESS: I don't remember. I mean --

25 ///

1 BY MR. KRUM:

2 Q. Did you ever know?

3 A. At some point, yes. I'd say it's less  
4 than a hundred. Maybe over 50, something like  
5 that.

6 Q. It was a private company; right?

7 A. Yes.

8 Q. And what diligence, if any, did you do  
9 after that initial conversation with Ms. Cotter and  
10 before the board voted to add Mr. Wrotniak?

11 MR. TAYBACK: Objection. You mean personally,  
12 you, Guy Adams?

13 MR. KRUM: Yes.

14 THE WITNESS: What did I do?

15 BY MR. KRUM:

16 Q. Yes.

17 A. I phoned him up and spoke to him.

18 Q. For how long?

19 A. Over an hour.

20 Q. What did you say and what did he say?

21 A. I asked him to explain his background,  
22 where he started, where he went to school, what he  
23 did, how he got his job. And the company expanded  
24 quite a bit and how he did that expansion. I asked  
25 him about his business.



1           At one point, I knew the precise number  
2   of employees, what he grew it to and from, where  
3   most of his business was located, trading partners,  
4   countries he does with, and how long he's been in  
5   the business. And I asked him what he thought  
6   about -- if he had any questions about Reading.

7           **Q. Did he?**

8           A. Yeah. The only question I remember he  
9   asked -- that I remember, he asked about what our  
10   expansion plans were overseas. He said, Now that  
11   you've gone to Australia and New Zealand, do you  
12   have any other expansion plans? And I said, Well,  
13   not at this time. I don't know if it's ruled out,  
14   but right now we're not talking about that.

15          **Q. Well, in point of fact, the Australia and**  
16   **New Zealand operations were acquired; correct?**

17          A. Jim Senior went down there with nothing  
18   but a briefcase and he bought; he built, so I think  
19   no, he didn't just acquire. I think he did  
20   construct and build and acquire both.

21          **Q. Okay. Did you ask Mr. Wrotniak what**  
22   **experience, if any, he had with respect to real**  
23   **estate development?**

24          A. We talked about real estate, the New York  
25   properties, specifically, and I told him there was

1 quite a bit of development going on in Australia  
2 and New Zealand. And he talked about what he  
3 thought about Australia and New Zealand, the  
4 opportunity, and he said he knew the two properties  
5 in New York and he thought they were in Manhattan  
6 and they were actually good pieces of real estate.

7 Q. Did you ask him what experience, if any,  
8 he had in cinema operations?

9 A. No, I did not.

10 Q. He didn't have any; right?

11 A. No, not to my knowledge.

12 Q. Now, what diligence -- what was the  
13 program, if any, actually -- excuse me.

14 What was the program, if any -- third  
15 time is a charm. Let me start over.

16 Who, if anyone, at RDI was charged with  
17 performing any due diligence on directorial  
18 candidates, including, but not limited to the two  
19 we've already discussed, Fehmi and Wrotniak?

20 A. To my recollection, Ed Kane also spoke to  
21 Michael Wrotniak by phone. And while I'm not  
22 certain of this, I think Doug McEachern spoke to  
23 him by phone as well before we put his name in  
24 contingent to the board.

25 Q. But my question, Mr. Adams, is, was there

1 any formal or informal due diligence plan with  
2 respect to directorial candidates? And if the  
3 answer is yes, what was it?

4 A. To my recollection, the company in the  
5 past has had a procedure where the -- Jim Cotter  
6 Senior put somebody and said this is who I'd like  
7 to go on the board and the board voted for it.

8 Wrotniak, several people spoke to him and  
9 gave positive feedback to Ellen, and Ellen proposed  
10 him to the board, is my recollection.

11 Q. When you spoke to Mr. Wrotniak, did you  
12 ask him what his relationship was with any of the  
13 Cotters?

14 A. Yes.

15 Q. What did he say?

16 A. He said his wife went to school with  
17 Margaret Cotter.

18 Q. Anything else?

19 A. He said, My wife and Margaret were close  
20 friends. He says, I'm not. I'm independent and I  
21 told both of the Cotter women that I would always  
22 vote my mind and be independent. And I said, Well,  
23 good.

24 Q. Did you ask anything else about the  
25 relationship between Mr. Wrotniak, his wife and/or

1 BY MR. KRUM:

2 Q. How do you know that's not the case?

3 A. My impression was it was a step towards  
4 better process, better governance practice.

5 Q. Well, the reality is that Mr. Storey was  
6 not renominated because, among other purported  
7 reasons, Ellen and Margaret Cotter wouldn't support  
8 him; correct?

9 MR. TAYBACK: Objection to the form of the  
10 question.

11 MR. SWANIS: Form.

12 MR. TAYBACK: Foundation.

13 THE WITNESS: There were three people on the  
14 committee when we met, the nominating committee.  
15 We were unanimous that he would not be renominated.

16 BY MR. KRUM:

17 Q. Mr. Storey was not renominated because,  
18 among other purported reasons, Ellen and Margaret  
19 Cotter would not support him; correct?

20 MR. TAYBACK: Objection; form and foundation  
21 as to what everybody's reasons were.

22 You can answer.

23 THE WITNESS: That wasn't the only reason.  
24 Each of us had our reasons to not support his  
25 nomination. One of them was if we did nominate

1 him, the controlling share of voting the stock  
2 would not vote for him.

3 BY MR. KRUM:

4 Q. What was your reason? What were you --  
5 strike that. I don't mean to mischaracterize your  
6 testimony.

7 What reasons, other than anything you've  
8 already said, accounted for why you determined not  
9 to renominate Mr. Storey?

10 A. I thought Mr. Storey, while good  
11 intentions to coach Jim Junior and perform his  
12 duties as ombudsman, et cetera, I think the months  
13 and months of him doing that was more divisive to  
14 the Cotter siblings than uniting and bringing them  
15 together and calming the situation down.

16 Q. Why do you think that?

17 A. Just an opinion I have.

18 Q. I understand.

19 How did you -- on what did you base that  
20 opinion?

21 A. The siblings became more difficult for  
22 them to work together, in my opinion, late in the  
23 spring. Tim had many things that he was going --  
24 he would tell the board that he's working with  
25 Junior on and we'll get it done very shortly, and

1 then next month, same thing, everything's going  
2 great but the things on his list weren't done.  
3 Next month, the same thing.

4 And we would ask Tim what's the problem  
5 with -- we're supposed to make -- on Tim's sheet,  
6 his own sheet, was Margaret becoming an employee.  
7 Tim, how's that coming? Well, we're having some  
8 difficulties there. And I'm sure there were. By  
9 Tim being involved in this management, he was -- as  
10 a director, he was down into the small things of  
11 operations as ombudsman. And I think in, my  
12 opinion, that was just more divisive and he  
13 certainly didn't get along with some directors.

14 **Q. Did you ever hear or learn or were you**  
15 **ever told that Mr. Storey made Margaret Cotter mad**  
16 **or exacerbated the dynamic between Margaret and Jim**  
17 **Junior or anything of that nature?**

18 MR. TAYBACK: Object to the form of the  
19 question; vague.

20 BY MR. KRUM:

21 **Q. It's an open-ended question so you can**  
22 **answer as you see fit, Mr. Adams.**

23 A. Thank you.

24 MR. TAYBACK: Still, objection.

25 THE WITNESS: No, I didn't hear that but it

1 was clear he had a low opinion of Margaret in her  
2 abilities as an executive.

3 BY MR. KRUM:

4 Q. What did you ever discuss or communicate  
5 with Ed Kane about how, if at all, Mr. Storey's  
6 conduct affected the views of Ellen or Margaret or  
7 both?

8 MR. TAYBACK: Objection; vague as to time.

9 You can answer.

10 THE WITNESS: I don't know if we discussed  
11 that specifically. Ed Kane shared my view that  
12 Tim's intervention as ombudsman was divisive to the  
13 siblings. He shared that view with me or I shared  
14 the view with him.

15 And I think Tim's style in the boardroom  
16 was a little hard for Mr. Kane. They didn't get  
17 along. Tim Storey had a propensity to talk over  
18 people in the boardroom and Ed Kane just found  
19 that -- took offense to that, let's say. They  
20 didn't see eye to eye on everything.

21 BY MR. KRUM:

22 Q. Mr. Adams, as to you, why was it that  
23 your view that Mr. Storey's work as ombudsman was  
24 divisive between Ellen and Margaret on the one hand  
25 and Jim Junior on the other hand?

1 A. And management.

2 Q. Right.

3 Did you communicate to any of those  
4 people that you just identified, anything about the  
5 subject of when Ms. Coddington's employment would  
6 terminate or had terminated?

7 A. No.

8 Q. Have you since learned that her  
9 employment terminated in October 2015 after the  
10 proxy was issued and before the annual shareholders  
11 meeting?

12 MR. TAYBACK: Objection; form and foundation.

13 THE WITNESS: No.

14 BY MR. KRUM:

15 Q. Was any background check of any sort done  
16 regarding Ms. Coddington before she was nominated?

17 MR. TAYBACK: Objection; foundation; form.

18 BY MR. KRUM:

19 Q. To your knowledge.

20 A. Not to my knowledge.

21 Q. How about Mr. Wrotniak?

22 A. Not to my knowledge.

23 Q. Do you recall that at some point, a  
24 directorial candidate by the name of Gil Borok came  
25 to your attention?



1 A. Gil, yes.

2 Q. Who was he?

3 A. My recollection is Jim Junior interviewed  
4 him for the CFO position and he's CFO of a large  
5 company, a large REIT.

6 Q. REIT, meaning real estate --

7 A. Investment trust. Sorry.

8 Q. Go ahead. I interrupted you.

9 A. That's who he is.

10 Q. And by the time his name came to your  
11 attention, had you already determined to add  
12 Ms. Coddington to the board of directors?

13 A. I would say no because I remember -- no,  
14 we -- we looked at Gil.

15 Q. Who did what, to your knowledge?

16 A. Well, the nominating committee, again.  
17 Ed Kane was out of town so Doug McEachern and I  
18 called Gil. Doug knows Gil, and we called him and  
19 Doug and Gil know each other so they talked for a  
20 while. And he stated he was interested. And we  
21 asked if he had any questions and we talked to him  
22 for a good 20, 25 minutes. He didn't have too many  
23 questions.

24 We talked to him a little bit and then I  
25 said, Gil, do you know that there's a derivative

1 lawsuit that Jim Junior has filed against all the  
2 directors? And he said, No, I didn't know that.

3 And I said, 'Do you know there's a lawsuit  
4 where the siblings are contesting the trust? And  
5 he said, No, I didn't know that. And then he said,  
6 Really, guys, I haven't done any due diligence on  
7 this. I met Jim Junior when he interviewed me. I  
8 haven't done any due diligence.

9 And then Doug asked him, Is it okay with  
10 your company, your board, for you to serve on the  
11 board of a public company? And he said, No, I  
12 haven't asked them. And then he said, How much  
13 time does this take for you guys to be on the  
14 board? And Doug said, This week, I've spent eight  
15 hours. And I said, I, too, have spent eight hours  
16 this week, and that was on the nominating  
17 committee.

18 And he said, I didn't know the  
19 background, what was going on with the company and  
20 I have a full-time job. Let me think about this  
21 and I'll get back to you. And Doug started to give  
22 him his number and he said, I already have your  
23 number, Doug. So they obviously know each other.

24 And Doug and I spoke after that and we  
25 thought he was really not informed about being a

1 director, but we would wait to see what he said.

2 And he called -- my recollection --

3 Q. Let me exhaust that first conversation  
4 before you go on to the next one.

5 A. Okay.

6 Q. Thank you.

7 What else, if anything, besides what you  
8 testified, did you or Mr. McEachern communicate to  
9 Mr. Borok about the amount of time he might expect  
10 or you actually spent to serve as a director of  
11 RDI? I don't know whether it's a weekly or monthly  
12 or annual basis.

13 MR. TAYBACK: On that one call?

14 MR. KRUM: On that one call, right, yeah.

15 THE WITNESS: Oh, I told him that, yeah, I put  
16 in eight hours, too. I'm on the nominating  
17 committee. We're putting time in on this. I put  
18 it in context. I didn't. Doug just said, Yeah, I  
19 got eight hours logged this week, and I said how  
20 many hours I had and I put it in context.

21 BY MR. KRUM:

22 Q. That was it in terms of the discussion of  
23 time demands?

24 A. Yes.

25 Q. Was anything else said by any of the

1 three of you with respect to the lawsuit, the  
2 California trust lawsuit?

3 A. Other than there was one, we didn't  
4 say -- that's all.

5 Q. What else, if anything, was said about  
6 this derivative case?

7 A. That it existed.

8 Q. What did you ask Mr. Borok, if anything,  
9 about his experience, whether as a chief financial  
10 officer, in the real estate development space or  
11 anything else?

12 A. We talked to him about his real estate  
13 experience, and he has a lot of real estate  
14 experience, obviously. And Doug knew him, I guess,  
15 professionally and knew financially he was very  
16 competent in that regard. And I remember that Doug  
17 liked him.

18 Q. So what did you and Mr. McEachern say to  
19 each other, if anything, about Mr. Borok following  
20 the telephone call you just described?

21 A. Let's see what he says when he calls  
22 back.

23 Q. So what happened next with Mr. Borok?

24 A. Well, he called back the very next day to  
25 Doug and said, Thank you for considering me, but

1 I'm not interested at this time. And if the  
2 lawsuits ever get settled and things calm down,  
3 please keep me in mind.

4 Q. And you weren't party to that  
5 conversation?

6 A. No, I was not.

7 Q. Mr. McEachern reported that to you?

8 A. Yes.

9 Q. What else, if anything else, did you or  
10 Kane or McEachern or the three of you do before  
11 selecting Judy Coddling?

12 A. Other than --

13 Q. This is just a wrap-up question. I don't  
14 mean to imply anything.

15 A. Okay. I don't remember anything else at  
16 this time.

17 MR. KRUM: I'll ask the court reporter to mark  
18 as Exhibit 68, a document bearing production  
19 numbers GA00005529 through 32.

20 (Exhibit 68 was marked for  
21 identification.)

22 MR. TAYBACK: Is this 68, is that what you  
23 said?

24 MR. KRUM: 68.

25 Q. Mr. Adams, take whatever time you need.

# **EXHIBIT 34**

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DISTRICT COURT  
CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER  
TAKEN ON MAY 19, 2016  
VOLUME II

Job Number 308469  
REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1 the context of larger discussions you were having  
2 with your mother?

3 A. I don't recall the conversations.

4 Q. If your mother had said to you in words  
5 or substance that she thought that it was a bad idea  
6 to ask Ms. Coddington to join the RDI board of  
7 directors or expressed any such sentiment with  
8 reservations, would that have made any difference to  
9 how you proceeded?

10 MR. SEARCY: Objection. Lacks  
11 foundation, calls for speculation.

12 THE WITNESS: My mother's opinions on  
13 Judy Coddington had no bearing on me asking Judy to be  
14 on the board. Judy has an amazing background. And  
15 I've known of her for years.

16 So, whatever my mother thought about her  
17 did not factor into my analysis at all.

18 BY MR. KRUM:

19 Q. How have you known -- how had you known  
20 of Ms. Coddington for years?

21 A. I had known of her reputation.

22 Q. Had you ever met her?

23 A. Yes.

24 Q. On how many occasions?

25 A. I don't know. I don't know.



1 Q. Can you estimate?

2 A. It wasn't frequent. Prior to asking  
3 Judy to consider being on the board I might have met  
4 her -- I don't know -- between five and ten times  
5 maybe.

6 Q. Over what period of time?

7 A. Probably the last 15 years.

8 Q. And where had you met her? At your  
9 mother's house?

10 A. I met her at my mother's house on one  
11 occasion that I recall.

12 Q. Where else had you met her?

13 A. I would have met her with Peggy and  
14 Harvey Saferstein.

15 Q. Did you ever meet her with your mother  
16 other than at your mother's house on one occasion  
17 that you recall?

18 A. I don't recall.

19 Q. Who are Peggy and Harvey Saferstein?

20 A. They are family friends.

21 Q. Cotter family friends?

22 A. Cotter family friends.

23 Q. Are they your mother's age? Are they  
24 your mother's friends?

25 A. Yes.

1 MR. SEARCY: Mark, we've been going  
2 about an hour now. Actually a little bit longer.

3 MR. KRUM: Sure. Let me wrap this  
4 particular subject and we'll take a break.

5 MR. SEARCY: That's fine.

6 MR. KRUM: But I'll do so promptly.

7 BY MR. KRUM:

8 Q. So, you -- in prior testimony you used  
9 the word "amazing" with respect to Ms. Coddling.

10 Do you have that in mind?

11 A. I've always been very impressed with her  
12 background and what she's accomplished.

13 Q. And what do you understand her  
14 background to be?

15 A. She began her career as an educator on  
16 the East Coast, was a principal in a school, I  
17 think, in Bronxville and came out to L.A., and I  
18 think ultimately became the head of the Pasadena  
19 School District.

20 And -- and then started her own company  
21 called America's Choice, which was an education  
22 company that was for profit. She was the C.E.O. of  
23 that company for a number of years. She had -- I  
24 don't know how many thousand people reporting to  
25 her.

1 And then she ultimately sold that  
2 company to Pearson, which is the largest education  
3 company in the world.

4 Q. What was the business of America's  
5 Choice?

6 A. It was education.

7 Q. Was it textbooks or was it software?  
8 Was it tutorials? Or do you know?

9 A. I believe she was -- she would assist  
10 school districts in -- in their teaching.

11 Q. Curriculum?

12 A. Yeah. Exactly. But also assisting the  
13 teachers.

14 Q. Okay. Did I interrupt you or were you  
15 finished describing her career up -- and you reached  
16 the point of Pearson?

17 A. I also knew that she had been on several  
18 boards, had done work with several high-profile  
19 foundations. So she's -- she's lectured around the  
20 world. She had done work in China.

21 And I was -- I was just very impressed  
22 with her background, but also her demeanor. Because  
23 I thought that she -- she was very collaborative and  
24 she had a good personality.

25 Q. When you say she had been on several

# **EXHIBIT 35**

1 DISTRICT COURT  
2 CLARK COUNTY, NEVADA  
3 JAMES J. COTTER, JR. )  
4 individually and derivatively )  
5 on behalf of Reading )  
6 International, Inc., )  
7 Plaintiff, )  
8 vs. ) Index No. A-15-179860-B  
9 MARGARET COTTER, ELLEN )  
10 COTTER, GUY ADAMS, EDWARD )  
11 KANE, DOUGLAS WILLIAM GOULD, )  
12 and DOES 1 through 100, )  
13 inclusive, )  
14 Defendants. )  
15 -----)  
16 READING INTERNATIONAL, INC., )  
17 a Nevada corporation, )  
18 Nominal Defendant. )  
19 -----)  
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21  
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23  
24 VIDEOTAPED DEPOSITION OF ELLEN COTTER  
25 New York, New York  
Thurseday, June 16, 2016  
  
Reported by:  
MICHELLE COX  
JOB NO. 316936



1 could convene a telephonic board for the  
2 purpose of deciding which -- strike that.

3 Who among them would be selected to fill  
4 the audit committee vacancy created by the  
5 resignation of Mr. Storey?

6 A I don't -- I don't remember the specifics,  
7 but my recollection is we needed somebody on  
8 the audit committee that had a finance  
9 background. And Michael Wrotniak had a perfect  
10 background.

11 Q Was there any other director who qualified  
12 to join the audit committee?

13 A I don't believe so.

14 Q When Michael Wrotniak was selected to be  
15 added to the RDI board of directors, was it  
16 anticipated that he would fill a vacancy on the  
17 audit committee created by Mr. Storey's  
18 so-called retirement?

19 A When Michael was put on the board or  
20 considered for the board, I'm not sure whether  
21 the audit committee position was taken into  
22 account.

23 But clearly his finance background was  
24 important for all of us.

25 Q When did it first -- strike that.

1 Q Sure.

2 A Well, it was fairly soon after I was  
3 appointed as the interim CEO that we were  
4 getting the process together to look for a  
5 permanent CEO.

6 Q And the next steps were that a CEO search  
7 committee was appointed, and you were charged  
8 with hiring the search firm to assist the  
9 company in identifying and hiring, identifying  
10 candidates and selecting one to be the CEO,  
11 right?

12 A I think the board delegated to me the  
13 responsibility of finding an appropriate search  
14 firm. And I can't remember if the search  
15 committee was appointed after that delegation,  
16 but I knew I had the responsibility to talk to  
17 several leading recruiting firms, pick one,  
18 report back to the board and the search  
19 committee was eventually appointed.

20 Q Who were the search firms with whom you  
21 communicated?

22 A Korn Ferry, Heidrick Struggles and Russell  
23 Reynolds.

24 Q With respect to Heidrick Struggles, with  
25 whom did you communicate?

1 Q What happened next with respect to their  
2 respective candidacies for the CEO position?

3 A Once Korn Ferry was selected?

4 Q Yes.

5 A Once Korn Ferry was selected, the process  
6 was first establishing what the job description  
7 was, what the specification was, what was the  
8 type of person they were looking for, what the  
9 qualities were we were looking for. So that  
10 took some time.

11 We talked about -- Korn Ferry has a  
12 proprietary assessment function that I thought  
13 would have been a benefit for us.

14 And then they, once a search committee was  
15 established, Korn Ferry started their search,  
16 their external search. And I'm not sure  
17 exactly, you know, what they did or how they  
18 contacted Wayne or Andrew.

19 Q Do you know whether they contacted either  
20 or both Wayne Smith or Andrzej Matyczynski?

21 A I'm not -- I'm not really sure if they did  
22 or how they did. They certainly knew that the  
23 two of them had submitted their résumés for the  
24 position.

25 Q What communications did you have with



1 being the permanent CEO of RDI?

2 A I don't remember.

3 Q When did you first have a thought about  
4 the possibility or subject of you being the  
5 permanent CEO of RDI?

6 A I don't remember precisely when I started  
7 thinking that I should put my name in for  
8 consideration.

9 Q What prompted you to have that thought the  
10 first time?

11 A I don't remember exactly when, as I said,  
12 I had that thought. But I remember looking at  
13 some of the candidates that Korn Ferry was  
14 having us consider. And I looked at their  
15 résumés. Some of them were looking for total  
16 cash compensation up to \$2 million. And  
17 several of them had experience that was two  
18 years at one company, three years at another  
19 company. They seemed to hop around.

20 And when I looked at their experience, it  
21 didn't seem that -- you know, we're kind of a  
22 unique company because we have -- we're in two  
23 businesses. We're in the cinema business,  
24 which is an operating business, and the real  
25 estate business, primarily as developers.

1           We're a public company. We have  
2   international operations. And looking at their  
3   résumés, I thought, well, I could probably do  
4   this.

5   **Q**    What was the first discussion or  
6   communication you had with anybody about you  
7   being or possibly being a candidate for the  
8   position of CEO of RDI?

9   A    I don't -- I don't remember.

10  **Q**    Was it Margaret Cotter?

11  A    I don't remember.

12  **Q**    Did you have any discussions with  
13  Margaret Cotter about the subject of you being  
14  a candidate or possibly being a candidate for  
15  the position at RDI -- position of CEO at RDI?

16  A    I mean, I ultimately had conversations  
17  with Margaret about it.

18  **Q**    Okay. When?

19  A    I don't remember.

20  **Q**    What were the circumstances or what was  
21  the context of the conversations you had with  
22  Margaret about being a candidate or possibly  
23  being a candidate for the position of CEO at  
24  RDI?

25  A    Circumstances would have been, Do you

1 think, named Sydney.

2 **Q Sydney Cooke?**

3 A Sydney Cooke.

4 I can't remember who else I met with.

5 **Q What is the first communication you had**  
6 **with anybody at Korn Ferry about you being a**  
7 **candidate or possibly being a candidate for**  
8 **CEO, that you recall?**

9 A It would have been sometime in the fall.  
10 I can't remember exactly when.

11 **Q With whom at Korn Ferry did you have that**  
12 **communication?**

13 A Bob Mayes.

14 **Q Was it a conversation, as distinct from an**  
15 **e-mail, for example?**

16 A Yes, I would have talked to him on the  
17 phone.

18 **Q What did you say and what did he say?**

19 A As -- I can't recall the specifics of the  
20 conversation, but I told him that I was  
21 considering becoming a candidate. And that  
22 when I had actually made that determination,  
23 that I should step out of the process and not  
24 be -- because I was on the search committee,  
25 and so I should step out of process and let the

1 process be handled without me.

2 Q I'm sorry. You should step out of the CEO  
3 search process when?

4 A Whenever I had called Bob and told him  
5 that I was considering this, I would have  
6 coupled that with, I'm also going to take  
7 myself out of the process.

8 But outside of the administrative things  
9 and making sure that they got their bills paid,  
10 and making sure that they were meeting with the  
11 rest of the search committee, I would not be  
12 participating in the interview process.

13 Q Commencing from the phone call to Mayes to  
14 tell him you were considering being a candidate  
15 or commencing when you decided to be a  
16 candidate?

17 A Well, I don't know if they are that much  
18 different. I mean, so . . .

19 Q I'm not implying anything.

20 A Yeah.

21 Q I'm just trying to cover all the  
22 possibilities that occur to me. Sometimes  
23 there are too many.

24 Okay. So what did he say to you during  
25 this call, phone call?

1           Where in that series of events you just  
2       described was the conversation in which  
3       Mr. Gould encouraged you to think about being a  
4       candidate for the position of CEO?

5       A     It was certainly well after we had the job  
6       description solidified.

7       Q     And by "job description," you're referring  
8       to the position specification?

9       A     Yes.

10           And it was probably well after we had --  
11       had résumés circulated for candidates.

12           I can't remember if we had actually  
13       interviewed -- well, no, we wouldn't have  
14       interviewed anybody by then.

15       Q     Why?

16       A     Well, because I hadn't participated in any  
17       of the interviews.

18       Q     Was it before the interviews that you  
19       decided to become a candidate for the position  
20       of CEO at RDI?

21       A     It -- before the interviews actually  
22       commenced, I had considered being a candidate.

23           MR. KRUM:   What's our next number?

24           THE COURT REPORTER:   330.

25           MR. KRUM:   I'll ask the court reporter to

1   shareholders meeting occurred?

2   A     Yes.

3           And I -- my recollection is there were  
4   sort of a couple rounds of interviews.  So I  
5   think that this -- whenever it occurred after  
6   the shareholders meeting, I think was the first  
7   set of interviews that occurred.

8   Q     And you did not participate in those,  
9   correct?

10   A     No.

11   Q     Okay.  Let me ask it differently:  Did you  
12   participate in those interviews?

13   A     No.

14   Q     So by that time, you had already  
15   communicated to -- you already communicated or  
16   disclosed that you were either considering  
17   being a candidate or were a candidate, right?

18   A     I must have, yeah.

19   Q     What communications, if any, did you have  
20   with anyone, including but not limited to  
21   Bill Gould, about updating the public's  
22   disclosures regarding the CEO search, after you  
23   had become a candidate?

24           MR. TAYBACK:  I would just say, I don't  
25   think he intends to include communications with

1           **Q   Well, that obviates any privilege issues.**

2           MR. KRUM: I'll ask the court reporter to  
3           mark as Exhibit 337 [sic], a document that  
4           purports to be a May 19 e-mail from  
5           Ellen Cotter to other members of the RDI board  
6           of directors, carbon copy to Bill Ellis, bears  
7           Production No. GA5340.

8           (Deposition Exhibit 338, E-mail dated May  
9           19, 2015, from Ellen Cotter to Margaret Cotter  
10          and Others, marked for identification as of  
11          this date.)

12          (Discussion off the record.)

13          MR. KRUM: So let me correct the record.

14          What the court reporter has marked as  
15          Exhibit 338, is a May 19th e-mail from  
16          Ellen Cotter to other members of the board of  
17          directors, copied to William Ellis, "Subject:  
18          Agenda - Board of Directors Meeting, May 21,  
19          2015." It Production No. GA5340.

20          That's deposition Exhibit 338.

21   BY MR. KRUM:

22          **Q   Ms. Cotter, do you recognize Exhibit 338?**

23          A   Yes.

24          **Q   What is it?**

25          A   It's an agenda for a board meeting of

1 May 21, 2015.

2 Q And did you send it on or about May 19,  
3 2015, at 6:38 p.m.?

4 A Yes.

5 Q What time would that have been in New  
6 Zealand -- what day and what time would that  
7 have been in New Zealand or Australia, do you  
8 know?

9 The next morning, right?

10 A It would have been Wednesday.

11 Q Wednesday morning something?

12 A Yeah.

13 Q This was not a regularly scheduled RDI  
14 board of directors meeting, correct?

15 A No, it was a special meeting.

16 Q And Exhibit 338 was the first distribution  
17 of an agenda for that special meeting, right?

18 A I believe so.

19 Q Item 1 reads: "Status of President and  
20 CEO."

21 Do you see that?

22 A Yes.

23 Q And what that referred to was the  
24 termination of Jim Cotter, Jr. as president and  
25 CEO, right?



1 Q Well, you had discussions with each of --  
2 Guy Adams, Ed Kane, Doug McEachern and  
3 Margaret Cotter about terminating Jim Cotter,  
4 Jr. as CEO prior to distributing Exhibit 338 on  
5 May 19th, correct?

6 MR. TAYBACK: Objection. Asked and  
7 answered.

8 A Yes.

9 Q You had no such discussions with  
10 Tim Storey, correct?

11 A I did have discussions with Tim Storey.

12 Q What discussions did you have with  
13 Tim Storey and when did you have them?

14 A I had had discussions with Tim Storey  
15 about Jim and his performance.

16 Q Okay. The question is: What discussions  
17 did you have with Tim Storey, if any, prior to  
18 distributing Exhibit 338 on May 19, 2015, about  
19 terminating Jim Cotter, Jr. as president and  
20 CEO?

21 A I don't remember the specific discussion  
22 that I had with Tim.

23 Q Did you have any conversation with  
24 Tim Storey prior to distributing Exhibit 338 on  
25 May 19, 2015, in which the subject of

# **EXHIBIT 36**

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.  
Los Angeles, California  
Monday, May 16, 2016  
Volume I

Reported by:  
JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2312188  
Pages 1 - 297

1 MR. KRUM: Same objections.

2 THE WITNESS: Again, technically, he may be  
3 independent. Yes. I mean --

4 BY MR. TAYBACK:

5 Q. Yes, he's independent, in your view? 11:28:22

6 A. I mean, I'm -- again, Mr. Tayback, I'm not  
7 a lawyer. I -- so I don't --

8 Q. I'm not asking the legal definition. I'm  
9 asking your view. You've stated that some people in  
10 your view aren't independent, and so now I'm asking 11:28:33  
11 about these other people.

12 Mr. Gould, in your view, is he independent?

13 A. Technically, I believe he's independent.

14 Q. Technically.

15 Are you giving me a legal definition there, 11:28:47  
16 or are you telling me --

17 A. I don't --

18 Q. -- what you think?

19 You don't know.

20 So with respect to -- I mean, all the other 11:28:54  
21 people we've asked about, Ms. Coddington, Mr. Wrotniak,  
22 you said, I'm not giving you the legal definition,  
23 I'm telling you what I think.

24 A. Right.

25 Q. Because you expressed a concern that there 11:29:03

1 aren't enough independent directors on the board and  
2 on this executive committee, and I'm trying to find  
3 out if you have a view as to whether Mr. Gould is  
4 independent or not.

5 And you think, in your view, he's 11:29:13  
6 independent?

7 A. For a period of time, Bill was independent  
8 but has -- yes, I mean, he is independent.

9 Q. Okay. And why do you think he's  
10 independent? 11:29:23

11 Does he have no connection to your family?

12 A. At least he doesn't have a relationship  
13 going back with me and my two sisters that would be  
14 of such that would question his independence.

15 Q. How long have you known Mr. Gould? 11:29:44

16 A. Maybe since -- at least since 2002.

17 Q. Was he a friend of your father's?

18 A. He was.

19 Q. A close friend?

20 A. I don't know. I mean, he was a business 11:30:03  
21 associate with my dad's. I wouldn't describe him as  
22 a close friend.

23 Q. So he did business with your father?

24 A. He's -- I think he's been on the board for  
25 a number years, going back to perhaps 1985. 11:30:16

1 with Ellen and Margaret. So --

2 Q. No business relationship -- Mr. Kane has no  
3 business relationship with Ellen and Margaret also;  
4 correct?

5 A. That's correct.

11:35:20

6 Q. So in your view, Mr. McEachern is  
7 independent and has always been independent?

8 MR. KRUM: Asked and answered.

9 THE WITNESS: Yeah, the testimony speaks  
10 for itself.

11:35:30

11 BY MR. TAYBACK:

12 Q. So the answer's yes?

13 MR. KRUM: Well, asked and answered. He  
14 said what he said.

15 BY MR. TAYBACK:

16 Q. Well, was your answer --

17 MR. KRUM: But it was yes with an  
18 explanation.

19 Do you want him to withdraw the  
20 explanation?

11:35:41

21 MR. TAYBACK: No. I was going to say, he's  
22 independent and he's always been independent.

23 BY MR. TAYBACK:

24 Q. I think you can answer it yes -- or not.

25 But I think the answer's yes, and I want to make

11:35:48

1 sure I understand the answer.

2 MR. KRUM: All right. Same objections.

3 You can answer.

4 THE WITNESS: Okay. Yes.

5 BY MR. TAYBACK: 11:35:54

6 Q. Guy Adams, is he independent?

7 MR. KRUM: Same -- may call for a legal  
8 conclusion.

9 BY MR. TAYBACK:

10 Q. In your view? 11:36:03

11 A. No.

12 Q. Okay. Why not?

13 A. A significant portion of his income derives  
14 from entities that are controlled by my two sisters,  
15 a significant portion. And I don't see how 11:36:28  
16 Mr. Adams can make decisions that, in one way or the  
17 other, impact Ellen and Margaret and do so in an  
18 independent way.

19 He is fully involved with a number of  
20 entities that my two sisters now purportedly 11:36:48  
21 control, and his livelihood really depends on them.

22 Q. Would he be independent if you controlled  
23 those entities?

24 MR. KRUM: Objection, calls for a legal  
25 conclusion, incomplete hypothetical. 11:37:11

1 of the stock would be owned by his three children.

2 Q. And were your -- either of your sisters on  
3 the board at the same time?

4 A. I don't believe my sisters were on the  
5 board at that time. I think possibly Margaret might 01:01:37  
6 have joined afterwards, and I don't think Ellen  
7 joined until 2013.

8 Q. And do you agree that at the time they  
9 joined, respectively, that they were both equally  
10 qualified to be board members of Reading? 01:01:50

11 A. For the same reasons that I listed for  
12 myself, as far as having an ownership interest or a  
13 potential ownership interest in the company, that --

14 Q. At least for those reasons.

15 A. Yeah, at least for those reasons that it 01:02:04  
16 would be appropriate that they be -- that they have  
17 a seat on the board, yes.

18 Q. And did you have -- what was the  
19 business --

20 How would you describe the business of 01:02:15  
21 Reading in 2002 at the time you became on the board?

22 A. I mean, it's -- this goes back.

23 Q. Generally.

24 A. It owned real estate at the time. This was  
25 before it had acquired an interest in U.S. cinemas, 01:02:48



1 I believe. But again, this goes back 14 years, so I  
2 can't tell you.

3 Q. Had you had any professional experience in  
4 real estate acquisition development prior to 2002?

5 A. I certainly had done real estate and other 01:03:14  
6 acquisitions and financings as a corporate lawyer at  
7 Whitman Breed prior to 2002.

8 Q. Other -- so as the corporate lawyer  
9 documenting a real estate transaction --

10 A. Right. 01:03:40

11 Q. -- have you made any -- had you been  
12 engaged in any business where the business decisions  
13 were acquisitions, real estate development, things  
14 like that?

15 A. Prior to 2002, no. 01:03:52

16 Q. Correct.

17 Did you feel that was an impediment to your  
18 being an effective board member of Reading when you  
19 first joined the board?

20 A. Well, it certainly wasn't preferred. But I 01:04:05  
21 felt that while I didn't have the real estate  
22 experience that would have been preferred for the  
23 board and I didn't have the public company  
24 experience that would have been preferred for the  
25 board, that my interest as a possibly very large 01:04:19

1 stockholder of Reading outweighed not having the  
2 real estate experience and not having the public  
3 company experience. So I thought on balance, it was  
4 appropriate.

5 Q. So you would agree that in, at least in 01:04:37  
6 that instance, the Reading board could properly  
7 weigh certain factors against other factors and make  
8 a business decision that would -- came -- that  
9 concluded that you were suitable for the board even  
10 if you didn't have all of the preferred 01:04:54  
11 characteristics of a board member; correct?

12 MR. KRUM: Objection, vague and ambiguous.

13 THE WITNESS: Okay.

14 BY MR. TAYBACK:

15 Q. Yes? 01:05:09

16 A. Yes.

17 Q. Once you came on the board, did you  
18 participate in the meetings? That is to say, were  
19 you an active participant in the meetings?

20 A. Early on? 01:05:20

21 Q. Yes.

22 A. Again, this takes me back many years.  
23 Initially, without having the experience, I might  
24 not have been as active as I had come to be over the  
25 years. 01:05:42

1 No?

2 A. No.

3 Q. Did you -- have you ever seen board minutes  
4 or any document approved by the board of directors  
5 of Reading that adopts a succession plan? 02:23:59

6 A. No.

7 Q. In -- let's see. In 2013, you became the  
8 president of Reading; correct?

9 A. Yes.

10 Q. And at that point in time, did you cease 02:24:30  
11 being the vice chairman?

12 A. No.

13 Q. So you continued to be the vice chairman,  
14 you continued to be on the board, and you also  
15 became president? 02:24:43

16 A. Yes.

17 Q. At the time you became president of  
18 Reading, did you leave your position as CEO of the  
19 orchards and Cecelia?

20 A. It was basically converted from being a CEO 02:24:57  
21 of Cecelia to being a director of Cecelia and the  
22 other agricultural entities. And that was the  
23 expectation -- the agreement I had with my father,  
24 that he wanted me to stay involved to a degree at  
25 Cecelia and the orchards but that I had to curtail 02:25:20

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1 executives. They were consultants also. Correct?

2 A. That's true. But when I became president,  
3 we didn't have a formal org chart that was created  
4 that said: Okay, Jim, you know, you've become  
5 president. Okay. We're going to create an org 02:30:32  
6 chart. Here are all the executives that are  
7 reporting to you.

8 Unfortunately, it wasn't laid out as  
9 clearly, given what was going on in the company.

10 So -- but technically, as president of the company, 02:30:47  
11 I reported to the CEO and the principal executives  
12 of the company reported to me.

13 But again, when my father was alive, he had  
14 a very wheel-and-spoke management structure where  
15 technically everybody reported to him. So he wasn't 02:31:06  
16 focused on, okay, here is the organizational chart,  
17 Jim. I want you to know that Craig Tompkins is  
18 going to be reporting to you.

19 It wasn't like that with my father. So  
20 it's difficult for me to say what the organizational 02:31:18  
21 structure was at that point in time. That was my  
22 understanding.

23 Q. And did it -- did the company -- the  
24 company worked, though, right, the way it was  
25 organized when your father was the chairman and CEO? 02:31:31

1 When you first became vice chairman --

2 A. Right.

3 Q. I'll rephrase the question.

4 A. I mean, gradually, the more and more I  
5 learned about the business, the more I thought it 02:33:51  
6 could be run better.

7 And I think it was helpful having  
8 management meetings where all the executives got  
9 together, you know, and having formal management  
10 meetings where, rain or shine, we would meet every 02:34:07  
11 week to discuss what was going on, to have action  
12 items and deliverables and having everyone on the  
13 same page as to what was going on in the company.

14 Before I became chair- -- vice chairman, we  
15 did not have that. And from 2007, as the company 02:34:23  
16 grew larger and larger, you needed more of process

17 and -- you know, in place. And it wasn't possible,  
18 as the company got bigger, for my dad to be at the  
19 center of -- it was his show. That's how he wanted

20 to run it. But it became more difficult. 02:34:43

21 Q. Other than weekly management meetings, were  
22 there any other changes that you sought, after you  
23 became vice chairman, to change the way the company  
24 was run?

25 MR. KRUM: Objection, vague. 02:35:05

1 meeting?

2 A. We did.

3 Q. Okay. And was that also held on August 7th  
4 or sometime after that? Do you remember?

5 A. I believe it was held on August 7th. 02:43:39

6 Q. Where?

7 A. At Reading's offices.

8 Q. And you were there in person?

9 A. I was.

10 Q. And were -- was there anybody who wasn't 02:43:51  
11 able to attend in person?

12 A. I can't recall.

13 Q. Did you -- was there a discussion about, in  
14 light of your father's resignation, who would be the  
15 CEO? Was there a discussion among the board 02:44:09  
16 members?

17 A. I can't recall specifically. I think there  
18 was a brief discussion, yes.

19 Q. How long would you say in total the meeting  
20 lasted? 02:44:21

21 A. I can't recall.

22 Q. Was there an agenda?

23 A. There may have been, but I think that the  
24 resignation of my father was the significant issue  
25 that was going to be discussed at that meeting. 02:44:41

1 Q. Was there -- were there any -- was there  
2 materials of any sort that were distributed either  
3 at the meeting or in advance of the meeting?

4 A. Not to my recollection, no.

5 Q. The board members who met who comprised the 02:44:57  
6 Reading board at that point in time are the same  
7 directors that you sued in this lawsuit; correct?

8 A. Yes.

9 Q. And at the time that they met, did you have  
10 any concerns about the independence of any of those 02:45:18  
11 directors? At that time.

12 A. I did at that time.

13 Q. Did you express that concern to any person?

14 A. At that time?

15 Q. Yes. 02:45:50

16 A. Not at this time, no.

17 Q. When's the first time that you expressed  
18 the fact that you were concerned about the  
19 independence of any director in August of 2014 to  
20 anybody? 02:45:59

21 A. I mean, at some point, I had a discussion  
22 with one of the directors relating to Guy Adams, but  
23 I can't recall specifically what we had discussed.

24 Q. Can you recall when that was, approximately  
25 when that was? 02:46:18

1 A. I could -- I cannot.

2 Q. Certainly, it's after you became CEO?

3 A. No, I don't think it was. It might have  
4 been before, but I can't specifically recall when.

5 Q. And who was it with whom you spoke? 02:46:31

6 A. It may have been Bill Gould.

7 Q. And do you recall what was said by you or  
8 by him?

9 A. Just to disc- -- a general discussion  
10 whether Guy Adams was independent. 02:46:46

11 Q. And did you articulate your view?

12 A. It was a very short communication, and I  
13 can't recall when we spoke, but I do recall having a  
14 short conversation with him about Guy.

15 Q. Other than that conversation that you just 02:47:06  
16 described with Mr. Gould, when's -- when else have  
17 you -- when's the next time that you discussed with  
18 any person your view that Mr. Adams or any other  
19 director wasn't independent as of August 7th, 2014?

20 A. Well, I had a discussion shortly after my 02:47:30  
21 father's death.

22 Guy Adams had wanted to provide my dad a  
23 massive bonus after his death. And I had a  
24 discussion with either Bill Gould and Ed Kane about  
25 Guy Adams and Guy comparing my dad to Jack Welch and 02:47:56



1 that my dad should be entitled to a massive bonus  
2 like 3-, \$4 million. I can't put -- give you a  
3 specific amount, but that was Guy's recommendation.

4 And following that recommendation, there  
5 was a brief discussion that I had -- I can't say if 02:48:16  
6 it was with Kane, Gould or both of them -- that,  
7 look, this is -- this sounds ridiculous. What is he  
8 doing, you know. And there might have been a  
9 discussion about Guy's independence.

10 Q. Was that -- you say it was his 02:48:35  
11 recommendation.

12 Was that an item brought before the board  
13 for a vote?

14 A. It was an item brought to the compensation  
15 committee. 02:48:47

16 Q. Were you on the compensation committee?

17 A. No.

18 Q. Okay. Were you present when the  
19 compensation committee discussed it?

20 A. I was. I was. 02:48:53

21 Q. So you attended the meeting even though you  
22 weren't on the compensation committee?

23 A. Yes.

24 Q. Okay. And was this -- this is after you're  
25 the CEO? 02:49:03

1 A. Yes.

2 Q. And was this -- but was it before you were  
3 terminated?

4 A. Yes.

5 Q. The proposal regarding the additional 02:49:11  
6 compensation to your father, was it approved?

7 A. Not of the quantum that Guy Adams was  
8 recommending.

9 Q. So there was some amount -- quantum  
10 meaning -- not meaning referring to the vote, but 02:49:33  
11 referring to the --

12 A. The amount --

13 Q. -- dollar amount?

14 A. -- yes.

15 Q. So there was some amount approved? 02:49:37

16 A. There was some amount approved.

17 Q. But it wasn't the amount that at least one  
18 director advocated for?

19 A. That's right.

20 Q. Okay. And other than -- and did you 02:49:46  
21 discuss -- did you raise the issue of Mr. Adams'  
22 independence at that meeting?

23 A. I can't recall.

24 Q. Now, on August --

25 A. It certainly wouldn't have been at that 02:50:00

1 meeting in front of Guy.

2 Q. When's the first time that you raised the  
3 issue of any director's independence at a board  
4 meeting?

5 A. I can't recall. 02:50:10

6 Q. Well, you didn't raise it on August 7th,  
7 correct, when the board appointed you as CEO?

8 A. No.

9 Q. And so you didn't say, you know, Ed Kane's  
10 been a family friend for however many years, he's 02:50:45  
11 very close to my sisters, and I don't think he  
12 should be the one to vote on whether I should be the  
13 CEO or not?

14 A. No.

15 Q. And you didn't say that Mr. Adams is 02:50:55  
16 somebody that I worked with with respect to the  
17 captive insurance companies, at the -- the business  
18 of the Cotter Orchard and Cecelia, and I don't think  
19 he should be somebody that should be deciding  
20 whether or not I should be the CEO? 02:51:16

21 A. I didn't realize at that point the level of  
22 income that was coming -- that the amount of money  
23 that was being provided to Guy, I never realized it  
24 represented such a significant percentage of his  
25 total income, that, in fact, all of his livelihood 02:51:34

1 depended on entities that the Cotters controlled. I  
2 did not have an appreciation for that.

3 Q. Is it your view that only wealthy people  
4 can serve on boards?

5 A. Certainly not, certainly not. 02:51:48

6 Q. So you're saying at some point as of  
7 August 7th, then, you didn't realize that the basis  
8 for your conclusion now that Mr. Adams was  
9 independent, you didn't actually understand those  
10 facts, you didn't know those facts? 02:52:07

11 MR. KRUM: Objection to the  
12 characterization and the testimony.

13 THE WITNESS: I knew that he was receiving  
14 income from Cotter-affiliated entities.

15 I didn't realize the extent that it 02:52:16  
16 represented of his overall income and that, at the  
17 end of the day, he was basically depending on the  
18 Cotter entities for his livelihood.

19 BY MR. TAYBACK:

20 Q. When did you first learn that fact, the 02:52:31  
21 fact that you felt that his total income was not  
22 sufficiently large relative to the amount he was  
23 earning from Cotter-related income?

24 A. Shortly before I was terminated.

25 Q. So it's fair to say that you obviously 02:52:50

1 BY MR. TAYBACK:

2 Q. So it's true, but you don't believe that  
3 you or your sisters said it?

4 A. I can't recall.

5 Q. Did you make any objection to the process 03:02:08  
6 by which you were appointed as CEO at this meeting?

7 A. No.

8 Q. Did you think the process was consistent  
9 with the fiduciary duty that these directors owed to  
10 the Reading shareholders? 03:02:29

11 MR. KRUM: Objection, vague and ambiguous.

12 THE WITNESS: Given the circumstances, I  
13 think it was.

14 BY MR. TAYBACK:

15 Q. What were the circumstances? 03:02:36

16 A. Well, my father had suddenly resigned from  
17 the company. In light of the succession plan, in  
18 light of the years I had been work at the company, I  
19 did not think it was a breach of fiduciary duty for  
20 the board to appoint me to serve as the company's 03:02:59  
21 chief executive officer.

22 Q. You think they needed to go through some  
23 larger process to maybe make a search for some  
24 replacement?

25 A. Again, given that I had been working since 03:03:12

1 2007 at the company in the capacity as vice chairman  
2 and in the capacity as president since June of 2013  
3 and given that our bylaws provided that the  
4 president shall also be the chief executive officer  
5 unless the board appoints the chairman as the chief 03:03:36  
6 executive officer, I didn't even think that it was  
7 necessary for the board to take any action at that  
8 meeting on August 7th.

9 It would have happened by operation of our  
10 bylaws unless the board wanted to appoint the 03:03:53  
11 chairman at that time, who would have been Ellen, I  
12 guess. I don't know the sequencing here. But if  
13 they wanted to do that, they could have made her  
14 CEO.

15 So no, I don't think this board meeting was 03:04:13  
16 necessary. I mean, I don't think this appointment  
17 of me to the chief executive officer position was  
18 required. It would have happened by operation of  
19 our bylaws.

20 Q. As you understand it, if the board had made 03:04:27  
21 Ellen as chair, chairman, chairperson --

22 A. Right.

23 Q. -- CEO, that would have under the  
24 circumstances also been consistent with their  
25 fiduciary duties; correct? 03:04:42

1 A. No.

2 MR. KRUM: Objection, misstates the  
3 testimony.

4 THE WITNESS: I didn't say that.

5 BY MR. TAYBACK: 03:04:47

6 Q. Why not? It's within the bylaws; correct?

7 MR. KRUM: Objection, misstates the  
8 testimony.

9 THE WITNESS: I think I also said I had  
10 been working since 2007 as vice chairman. I had 03:04:53  
11 been under the expectation -- working under the  
12 expectation that that was the succession plan from  
13 2009. I had become president in 2013, and I had  
14 experience over the worldwide operation. And so no,  
15 I don't think they're equivalent. 03:05:25

16 BY MR. TAYBACK:

17 Q. So it's not just the fact that the bylaws  
18 had the provisions that they had that you believe  
19 that the directors comported with their fiduciary  
20 duties? 03:05:36

21 A. I don't --

22 MR. KRUM: Same objections.

23 THE WITNESS: I don't believe that the  
24 action of appointing me as chief executive officer  
25 on August 7th, 2014, were required. I think I would 03:05:41

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# **EXHIBIT 37**



EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
Guy Adams, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.

Los Angeles, California

Tuesday, May 17, 2016

Volume II

Reported by:

JANICE SCHUTZMAN, CSR No. 9509

Job No. 2312191

Pages 298 - 567

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1 A. I do.

2 Q. Do you recall whose suggestion that was?

3 MR. KRUM: Objection, foundation.

4 THE WITNESS: My recollection is that it

5 was recommended by the so-called independent 09:45AM

6 directors.

7 BY MR. TAYBACK:

8 Q. And did you concur in that recommendation?

9 A. Initially, I was not supportive of the  
10 idea. 09:45AM

11 Q. Why not?

12 A. Because I didn't think it was necessary.

13 Q. How was it explained to you? How was the  
14 proposal explained to you initially?

15 A. The proposal that was explained to me where 09:46AM

16 Tim took on this official role as ombudsman was on,

17 I believe, March 13th, where Bill Gould asked me and

18 my two sisters to his office in Century City and

19 independently described to me with Tim Storey

20 present that the so-called independent directors had 09:46AM

21 decided that Tim Storey would become involved as an

22 ombudsman. There had been complaints raised against

23 me by my two sisters. I had reported complaints

24 against my two sisters.

25 And the board was at a high level and 09:47AM

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1 some point Ellen had made a proposal regarding a  
2 corporate govern- -- or an executive committee  
3 framework and had distributed to the board that the  
4 board was considering.

5 (At this time MARK E. FERRARIO, ESQ., left  
6 the deposition proceedings.)

7 BY MR. TAYBACK:

8 Q. So -- but the answer to my question is  
9 whose idea was it? What's the answer to that?

10 MR. KRUM: Same objection. 09:53AM

11 BY MR. TAYBACK:

12 Q. Ellen's?

13 A. The answer to what?

14 Q. My question was whose idea was it to have a  
15 new corporate governance framework as of 09:54AM  
16 October 2014?

17 MR. KRUM: Objection, vague, foundation.

18 THE WITNESS: As of maybe late August,  
19 early September, shortly after I became CEO, my two  
20 sisters refused to report to me and refused to be 09:54AM  
21 accountable basically to me or anyone, for that  
22 matter, and issues had arisen. The disputes with  
23 the trust and estate matters had permeated the  
24 company.

25 The board was notified of these issues by 09:54AM

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1 working at Reading; correct?

2 MR. KRUM: Objection, vague and ambiguous,  
3 assumes facts not in evidence.

4 THE WITNESS: I found it difficult working  
5 with them because, by that point, the issues that I 10:25AM  
6 was having with them relating to the trust and  
7 estate matters had permeated the company, spread to  
8 employees like Linda Pham and ultimately to the  
9 board, and it was difficult because they wanted to  
10 run Reading like a family-owned business and really 10:25AM  
11 didn't want to be accountable to anyone. And so I  
12 found that difficult running the company.

13 BY MR. TAYBACK:

14 Q. And did you trust Mr. Storey's judgment?

15 MR. KRUM: Objection, vague. 10:26AM

16 THE WITNESS: At that point in time?

17 BY MR. TAYBACK:

18 Q. Yes.

19 A. I mean, selectively, I thought he had a lot  
20 of experience. I trusted some of the things he said 10:26AM  
21 but not everything.

22 Q. You said --

23 (Off the record.)

24 BY MR. TAYBACK:

25 Q. You say at that point in time when I asked 10:26AM

# **EXHIBIT 38**

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EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA

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

vs.

Case No.

MARGARET COTTER, ELLEN COTTER, A-15-719860-B  
GUY ADAMS, EDWARD KANE, DOUGLAS  
McEACHERN, TIMOTHY STOREY,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK, and DOES 1  
through 100, inclusive,  
Defendants.

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.  
Los Angeles, California  
Wednesday, July 6, 2016  
Volume III

Reported by:  
JANICE SCHUTZMAN, CSR No. 9509  
Job No. 2343561  
Pages 568 - 838

1 BY MR. TAYBACK:

2 Q. I just want to make sure that I've got a  
3 complete list here because I'll ask you some  
4 follow-up questions about these.

5 You said that you had a lot of experience 09:57AM  
6 with Reading.

7 By that, can you elaborate for me on what  
8 you believe is the relevant experience that you had  
9 that would make it such that the stockholders would  
10 benefit by your reinstatement as CEO now. 09:57AM

11 A. I was involved with the company since 2002.  
12 I was involved as a director. I became more  
13 involved in the operations of the company since  
14 about 2005. I was familiar with all of the assets  
15 and the businesses of Reading with all of the 09:58AM  
16 executives since 2007.

17 And again, I believe that I had done a very  
18 good job at the company since my appointment as  
19 president and since my appointment as CEO.

20 Q. Okay. And I'll get to the good job part of 09:58AM  
21 it. I just wanted to focus first on the experience  
22 that you thought -- the relevant experience, and  
23 you've identified that for me.

24 Would you agree with me that Ellen Cotter  
25 also has a lot of experience with Reading? 09:58AM

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1 BY MR. TAYBACK:

2 Q. When's the very first time that you can  
3 remember ever discussing with anybody any concern  
4 that you had about the independence of any director  
5 on the Reading board?

11:21AM

6 MR. KRUM: Same objections.

7 THE WITNESS: Well, when Guy Adams -- after  
8 my father died, Guy Adams wanted to reward my father  
9 with a bonus, after he had died, a significant,  
10 significant bonus, and comparing my dad to Jack  
11 Welch and that, given that GE had rewarded Jack  
12 Welch such a substantial retirement package when he  
13 left GE, that my dad should be similarly rewarded.

11:21AM

14 And at that point, I remember having a  
15 discussion with both Bill Gould and Ed Kane saying,  
16 what is generating this? They had both felt it was  
17 bizarre behavior, and at that point, we had -- I  
18 believe we had discussed whether he was independent.

11:22AM

19 Again, didn't have any idea as to the level  
20 of his reliance on Reading and entities that my  
21 sisters controlled. So that's one example.

11:22AM

22 BY MR. TAYBACK:

23 Q. So -- but is that the first time that you  
24 recall discussing with anybody the indep- -- your  
25 concern about the independence of any board member?

11:22AM

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1 THE WITNESS: I didn't sug- --

2 THE REPORTER: I'm sorry. Objection?

3 MR. KRUM: Foundation.

4 THE WITNESS: I never suggested that the  
5 bonus that was awarded or that Guy wanted to be 11:31AM  
6 awarded to my father would have -- any of it would  
7 have circled back to Guy.

8 My only point was there didn't appear to be  
9 a legitimate business reason for his recommendation,  
10 and without that, the question was, well, what's 11:31AM  
11 driving this? And it wasn't just a question shared  
12 by me. It was a question shared by Bill Gould and  
13 Ed Kane.

14 BY MR. TAYBACK:

15 Q. At the -- as of May 21st, approximately 11:31AM  
16 then, by that point in time, you knew that Mr. Adams  
17 did not favor retaining you as CEO; correct?

18 A. I knew that he wanted to become interim CEO  
19 and by virtue of that, yes, he wanted to, he did not  
20 favor me remaining as CEO. 11:31AM

21 Q. The fact that they were even talking about  
22 an interim CEO meant that you weren't going to be  
23 CEO; correct?

24 A. Correct.

25 Q. The step before finding an interim CEO is 11:32AM

1 to have terminated you as CEO; correct?

2 A. Yes.

3 Q. So by the time that you started to have  
4 conversations around May 21st regarding Mr. Adams'  
5 independence, you already knew that he, as a board 11:32AM  
6 member, did not favor retaining you as CEO; correct?

7 MR. KRUM: Objection, misstates the  
8 testimony.

9 THE WITNESS: No, not true.  
10 I don't know when I learned about it. I 11:32AM  
11 never even knew that my position as CEO was in  
12 jeopardy until literally days before that board  
13 meeting.

14 BY MR. TAYBACK:

15 Q. When you say that board meeting, you 11:32AM  
16 mean --

17 A. May 21st.

18 And I had only learned through a  
19 conversation with a director that -- who was  
20 speculating, that Guy was looking to become interim 11:33AM  
21 CEO. And, you know, once I saw the agenda item  
22 where the first item on the agenda was the status of  
23 the president and CEO, I knew that something was  
24 going down.

25 Q. Isn't it true that, in fact, it was the 11:33AM

1 fact that Mr. -- that you knew that Mr. Adams did  
2 not -- Mr. Adams had decided that he wanted to  
3 terminate you as CEO, that that's what prompted you  
4 to raise issues about the level of Mr. Adams'  
5 compensation from Cotter-controlled entities and his 11:33AM  
6 independence?

7 MR. KRUM: Objection, vague.

8 THE WITNESS: I don't think that -- again,  
9 it's similar to why he would have awarded my dad a  
10 massive posthumous bonus. I didn't have a reason 11:34AM  
11 for it, but my speculation was he's doing this  
12 because he's not independent.

13 Now, when I learned that he was looking to  
14 terminate me and that he had been working with my  
15 sisters in terms of orchestrating my termination, I 11:34AM  
16 thought, like I did with the bonus, there's no valid  
17 business reason for terminating me as CEO.

18 I did -- I was performing very well. I had  
19 done nothing wrong. There was no business reason  
20 for him to terminate me. 11:34AM

21 So I thought, hey, there must be another  
22 reason driving this. And that did lead me to  
23 question -- further question his independence and  
24 his reliance on my sisters and on Reading for his  
25 livelihood. 11:35AM

1 BY MR. TAYBACK:

2 Q. So it is correct that you began to question  
3 Mr. Adams' independence because you knew that he was  
4 in favor of your termination as CEO?

5 MR. KRUM: Objection, misstates the 11:35AM  
6 testimony.

7 THE WITNESS: Even had I not been  
8 terminated as CEO, having a director on board with  
9 that kind of reliance on the controlling stockholder  
10 is something I would have wanted to address in time. 11:35AM

11 BY MR. TAYBACK:

12 Q. So certainly, then, in September of 2014  
13 when you started to have questions about Mr. Adams'  
14 independence based upon his recommendation of a  
15 bonus, you must have undertaken some steps then to 11:35AM  
16 get to the bottom of why Mr. Adams might lack  
17 independence?

18 A. Well, there was a lot going on in  
19 September of 2014 with my father's death, with  
20 taking on the role of CEO, with the art- -- this 11:36AM  
21 artificial crisis that my sister Ellen and Margaret  
22 generated in the company, with their efforts to  
23 create an executive committee, their absolute  
24 refusal to report to me as CEO. There were a number  
25 of issues that I was dealing with. 11:36AM

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1           And while that would have been a good issue  
2           to address, you have to do it over time. And there  
3           was only so much that I could focus on.

4           Q.    So between September of 2014 and roughly  
5           May 21st of 2015, you didn't do anything to           11:36AM  
6           investigate your professed view that Mr. Adams  
7           lacked independence as a board member; correct?

8           MR. KRUM:  Objection --

9           THE WITNESS:  Between --

10          MR. KRUM:  -- misstates the testimony,           11:36AM  
11          assumes facts not in evidence, conflates the  
12          chronology.

13          THE WITNESS:  Between September 14th and?

14          BY MR. TAYBACK:

15          Q.    Between September of 2014 --           11:36AM

16          A.    Right.

17          Q.    -- and May -- roughly May 21st of 2015, you  
18          did not do anything to investigate your professed  
19          belief that Mr. Adams lacked independence as a board  
20          member; correct?           11:37AM

21          MR. KRUM:  Same objections.

22          THE WITNESS:  Again, I don't know when I  
23          undertook to investigate Guy Adams's reliance on  
24          Reading and entities my sisters purportedly  
25          controlled.           11:37AM

1 BY MR. TAYBACK:

2 Q. But it was not significantly before  
3 May 21st, 2015?

4 A. That I had investigated it?

5 Q. Yes. 11:37AM

6 A. That seems correct.

7 Q. You knew Mr. Adams was compensated for the  
8 work that he did with respect to the captive  
9 insurance companies utilized by Cecelia; correct?

10 A. I did. 11:38AM

11 Q. You'd known that for a long time because  
12 you were involved with Cecelia; correct?

13 A. I knew that he was compensated, yes.

14 Q. And you knew exactly how much he was  
15 compensated; correct? 11:38AM

16 A. I did.

17 Q. In fact, was part of your job at Cecelia to  
18 work with Mr. Adams with respect to the captive  
19 insurance companies that he had helped set up?

20 A. I don't know if I was working with 11:38AM  
21 Mr. Adams. I certainly got him information when he  
22 requested it.

23 Q. And did -- at any point in time, did you  
24 feel, while you worked with Mr. Adams with respect  
25 to those captive insurance companies, that he 11:38AM

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1 MR. KRUM: Asked and answered.

2 BY MR. TAYBACK:

3 Q. You don't have an opinion as to whether or  
4 not the actions they actually took exceeded Nevada  
5 law?

04:25PM

6 A. I don't have an opinion, no.

7 Q. The -- with respect to the appointment of  
8 Mr. Wrotniak, you agree, as you certified  
9 previously, that there are, in fact, no  
10 qualifications required to be a director or to sit  
11 on even a certain committee; correct?

04:26PM

12 MR. KRUM: Objection, asked and answered or  
13 incomplete hypothetical.

14 THE WITNESS: I mean, none that I'm aware  
15 of.

04:26PM

16 MR. KRUM: Well --

17 BY MR. TAYBACK:

18 Q. So --

19 MR. KRUM: -- excuse me.

20 Misstates the testimony, too.

04:26PM

21 BY MR. TAYBACK:

22 Q. So when you say Mr. Wrotniak was  
23 unqualified, that's your opinion. It's not like  
24 there were qualifications that are required for  
25 appointment to a particular committee?

04:26PM

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# **EXHIBIT 39**



IN THE SUPREME COURT OF NEVADA

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

Appellant,

v.

MARGARET COTTER, ELLEN  
COTTER, GUY ADAMS, EDWARD  
KANE, DOUGLAS McEACHERN,  
WILLIAM GOULD, JUDY CODDING,  
MICHAEL WROTONIAK,

Respondents,

and

READING INTERNATIONAL, INC., a  
Nevada Corporation,

Nominal Defendant.

Electronically Filed  
Jan 22 2019 12:29 p.m.  
Supreme Court Case No: 75053  
Clerk of Supreme Court

JOINT APPENDIX IN SUPPORT OF  
APPELLANT'S OPENING BRIEF

VOLUME IV (JA751- 1000)

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# JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF

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# JOINT APPENDIX IN SUPPORT OF APPELLANT’S OPENING BRIEF

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# JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF

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# JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF

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2016-10-21	Declaration of Shoshana E. Barnett ISO Defendant William Gould's Reply ISO MSJ	XIX	JA4696-JA4737
2016-10-26	Individual Defendants' Objections to the Declaration of James J. Cotter, Jr. Submitted in Opposition to all Individual Defendants' Motions for Partial Summary Judgment	XX	JA4738-JA4749
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2017-11-09	Individual Defendants’ Supplement to Partial MSJ Nos. 1, 2, 3, 5, and 6	XX, XXI	JA4946-JA5000 (Under Seal)
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2016-03-14	Answer to First Amended Complaint filed by Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane	I	JA100-JA121
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2016-10-23	Declaration of Counsel Noah S. Helpern ISO the Defendants’ Opposition to Plaintiff James J. Cotter Jr.’s Motion for Partial Summary Judgment with Exhibits 1-18	XVI	JA3847-JA3930 (Under Seal)
2016-09-23	Declaration of James J. Cotter, Jr., ISO James J. Cotter Jr.’s Motion for Partial Summary Judgment	XIV	JA3311-JA3315
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2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff’s Claims Related to the Executive Committee (“Partial MSJ No. 4”)	X	JA2367-JA2477 (Under Seal)
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 5) On Plaintiff’s Claims Related to the Appointment of Ellen Cotter as CEO (“Partial MSJ No. 5”)	X, XI	JA2478-JA2744 (Under Seal)

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2016-10-21	RDI Reply ISO Individual Defendants’ MSJ No. 2	XIX	JA4653-JA4663
2016-12-20	RDI’s Answer to Plaintiff's Second Amended Complaint	XX	JA4905-JA4930
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2016-10-21	RDI’s Reply ISO William Gould’s MSJ	XIX	JA4664-JA4669
2016-10-13	RDI’s Joinder to Individual Defendants’ Opposition to Plaintiff’s Motion for Partial Summary Judgment	XVII	JA4010-JA4103
2016-03-29	Reading International, Inc. (“RDI”)’s Answer to James J. Cotter, Jr.’s First Amended Complaint	I	JA122-JA143
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2016-11-01	Transcript of Proceedings re: Hearing on Motions, October 27, 2016	XX	JA4750-JA4904

## CERTIFICATE OF SERVICE

I certify that on the 22nd day of January 2019, I served a copy of **JOINT APPENDIX IN SUPPORT OF APPELLANT'S OPENING BRIEF VOLUME IV (JA751-1000)** upon all counsel of record:

☒ By mailing it by first class mail with sufficient postage prepaid to the following address(es); via email and/or through the court's efilng service:

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demands for the job, including both hard and soft skills, a subjective element, which has to be taken into account, is the fit with the existing RDI culture and experience with the key elements of the business. Based on my experience and my review of the deposition testimony and deposition exhibits, I believe that the decision of the CEOSC is reasonable and prudent. It is my opinion that WDG as a member of the CEOSC acted with the care and diligence one would expect from an independent director. WDG behaved in a thoughtful and effective manner. WDG was fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of his responsibilities in the interview sessions with potential candidates, in the CEOSC deliberations, in his decision to terminate the Korn Ferry review process, in arriving at his recommendation to the Board, and in voting to elect Ellen Cotter as CEO. He fully complied with all of his obligations as an Independent Director.

**B. WDG and the Search for Independent Directors**

52. **Exhibit 6** is a timeline of significant events and communications associated with the RDI process to identify Independent Directors. The exhibit identifies key activities, actions, and communications that occurred during that process. As in **Exhibit 5**, these items are color coded and individuals are identified by their initials as noted earlier. Several of those events are highlighted and reviewed below, beginning with the May 2015 email exchange between Ellen Cotter and Guy Adams regarding the

EXC's role in the nomination and selection of candidates for the vacant seat on the RDI Board.<sup>30</sup>

53. The EXC is currently composed of Ellen Cotter, Margaret Cotter, Edward Kane, and Guy Adams, with Ellen Cotter acting as Chair. The EXC did not meet in 2014 and was reconstituted in 2015.<sup>31</sup>

- a. WDG is not a member of the EXC and was not copied on the May 9, 2015 email regarding the search process to be established for new directors.
- b. The EXC meets on July 20, 2015, and resolves to propose Fermi Karahan as a candidate to fill the vacant seat on the RDI Board. WDG is not present at this meeting.
- c. On August 3, 2015, James Cotter, Jr. emails the RDI Board and questions suitability and qualifications of Karahan.
- d. At the RDI Board Meeting on August 4, 2015, Ellen Cotter informs the RDI Board that Karahan has withdrawn his candidacy.
- e. On September 8, 2015, Dr. Judy Coddington emails her biography to Ellen Cotter and notes her interest in being considered as a candidate for the vacant seat on the RDI Board.
- f. On September 22, 2015, Ellen Cotter circulates the Coddington Resume to Edward Kane and Guy Adams, who subsequently have

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<sup>30</sup> These events are culled from deposition testimony, including that of Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68, 297-301) and William Gould (pp. 171-181, 454-458; 487-489) and Deposition Exhibits, including Exhibits 45, 52, 398 and 415; and the following documents: DM2786, DM3252, DM3386, DM3585, DM3580, DM3787-9, DM4306, EK696, EK804, EK867, EK805-14, RDI24929, RDI54248, RDI40047.

<sup>31</sup> Testimony of Ellen Cotter at pp. 145-8; RDI 2016 Proxy Statement.

telephone conversations with Dr. Coddling. WDG is not copied on these communications.

- g. On October 2, 2015, Ellen Cotter sends a memorandum to the RDI Board signaling her intention to propose, at the October 5, 2015, Board Meeting, the Coddling nomination from the EXC.
- h. A Special Nominating Committee ("SNC") consisting of Douglas McEachern, Edward Kane, and Guy Adams is established. McEachern acts as Chair.
- i. Ellen Cotter signal her intent to propose Michael Wrotniak to the RDI Board.
- j. On October 2, 2015, Ellen Cotter meets with WDG to discuss the proposed nomination of Dr. Coddling.
- k. On October 5, 2015, James Cotter, Jr., emails the RDI Board protesting the director appointment process.
- l. Dr. Coddling is elected on October 5, 2015, to serve for an initial term expiring at the next annual meeting of shareholders.
- m. Tim Storey resigns from RDI Board on October 11, 2015.
- n. RDI Board elects Wrotniak for an initial term expiring at the next annual meeting of shareholders.
- o. On October 14, 2015, Andrew Shapiro emails RDI Board informing them about an alleged incident involving Dr. Coddling and the LAUSD.

- p. Ellen Cotter notifies Coddington, who provides email response to Shapiro, which is shared with the Independent Directors.
  - q. McEachern emails background report on Dr. Coddington to the SNC. WDG is not copied on this email.
  - r. SNC meets to consider the Coddington situation and WDG is present along with Ellen Cotter, by invitation. The Shapiro allegations are discussed and found to be without merit. A web search on Michael Wortniak is also conducted with nothing discovered.
  - s. At the November 10, 2015 Annual Meeting of Shareholders, Coddington and Wortniak are elected to the RDI Board to serve until the next meeting of shareholders or until their resignations, whichever comes first.
54. As noted above in paragraph 35, RDI is a "Controlled Company" and is not required to establish a nominating committee comprised of independent directors. Nonetheless, Ellen Cotter appointed a Special Nominating Committee (SNC) to manage the process of considering candidates for RDI Board positions.<sup>32</sup> WDG was not on this committee, although he was informed about the workings and deliberations of the SNC in both formal and informal contexts.<sup>33</sup>
55. After reviewing the process established, the various emails and memoranda, and assessing the deliberations of the SNC, it is my opinion that the overall conduct of the SNC was appropriate within acceptable

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<sup>32</sup> Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68); Deposition Exhibits 52, 415.

<sup>33</sup> Deposition of Gould at pp. 171-181, 454-458; 487-489; Deposition Exhibits 52, 397, 415.



governance practices taking into account the prerogatives of a "Controlled Company" and the majority shareholders. The SNC interviewed the candidates and assessed their personality and experience and determined whether they would be a good fit on the RDI Board.<sup>34</sup> Integrity and honesty are important attributes for potential directors to possess, and I see no evidence that these nominees lacked these qualities, the Shapiro web search notwithstanding. Diversity of thought and experience relative to that already on the RDI Board are constructive elements for productive board discussions and ultimate decision-making. A well-functioning board is collegial; there is a trust and respect engendered, without sacrificing independence and individual thinking. There is no requirement that directors have prior experience in the company's field of operations, and it is not inappropriate to vote for directors who do not have such experience. Nor is there anything wrong with nominating a candidate who has a prior friendship with an officer, director or shareholder, especially where, as here, the prior relationships were marginal. The candidates indicated that they would be objective, and the relationships were disclosed.<sup>35</sup> In fact, a prior relationship and/or friendship can enhance honest conversation, because trust and respect are already established between such directors. In other words, the possibility of open communication enhances independence. In this instance, and with these nominees, there is an understanding by all RDI Board members of the candidates' disclosed

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<sup>34</sup> Deposition of McEachern at pp. 338-393; Ellen Cotter at pp. 239-249; 295-308; Adams at pp. 260-271; 282-294; Kane at 62-8.

<sup>35</sup> Deposition of Gould at pp. 454-455; Adams at pp. 268-9.

relationships with the Cotters. Plaintiffs suggests that having friends or associates on the board compromises independence, but that ignores the practical reality of the board nomination process and who gets elected. Moreover, there is value in having long-serving directors who develop friendships or close associations with other directors and officers over time. And, in the case of a Controlled Company, the prerogatives and veto power of the supermajority shareholder are obvious. I view Coddling and Wrotniak as independent, as independence is defined by NASDAQ and on balance. Adding Coddling and Wrotniak allowed for the practical realities of majority ownership while encouraging the RDI Board to be comprised of a majority of Independent Directors. The RDI Board Minutes that I have reviewed reveal that Coddling and Wrotniak participated, asked questions, and demonstrated an attentiveness that contributes to open and candid conversations in the boardroom.

56. In addition, the process followed by the SNC is also consistent with the RDI culture established by James Cotter, Sr., whereby he recommended candidates as directors and those recommendations were generally accepted,<sup>36</sup> and does not constitute a major change in the operations of the RDI Board.
57. In conclusion, WDG as a member of the RDI Board acted with the care and diligence one would expect from an independent director. WDG behaved in a thoughtful and effective manner. Although not on the SNC, as Lead Independent Director, WDG was fully engaged, careful, attentive,

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<sup>36</sup> Deposition Exhibit 94; Deposition of Kane at pp. 68-9.

informed, deliberate, loyal, and obedient in the exercise of his responsibilities. He voted to nominate Coddington and Wrotniak, who appear to be positive contributors to the RDI Board conversations. Moreover, as indicated earlier, WDG, as a director, was entitled to rely on the work of others, such as advisors and committees of the RDI Board, to vet the nominees and to inform his decisions. In this case, WDG could rely on the work of the SNC, and based on all of the information available to him, his vote in favor of the nominations was reasonable and consistent with his obligations as an Independent Director. Although WDG initially felt rushed, the reality is that there was a proxy deadline, and, on balance, there is a great benefit to RDI (and its shareholders) in moving the process along so that a full slate of directors can be presented to the shareholders at the Annual Meeting.<sup>37</sup> It is my opinion that WDG recognized this greater benefit in voting in favor of the candidates.

**C. WDG and Additional Issues Identified in Second Amended Complaint**

- a. **Approval of Minutes for the RDI Board Meetings at which the subject was the termination of James Cotter, Jr.:** In the SAC, the Plaintiff alleges that WDG approved the minutes from the RDI Board Meetings at which he was terminated, even though he knew that they contained inaccuracies. I have seen no evidence that WDG knew that any of the minutes that he approved were inaccurate. WDG testified that he was aware that Jim Cotter, Jr. had taken issue with the accuracy of the minutes, but that while he

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<sup>37</sup> Deposition of Gould at pp. 174-175.

did not remember all of the discussions that had gone on in the meeting, he did not recall some of the things that Cotter, Jr. had referred to. While WDG did recall some of the specifics that Cotter, Jr. referred to, he felt that the minutes, as drafted, substantially reflected what had occurred. Gould Dep. at pp. 474-475. Based on my experience, Board Minutes are not a word-for-word recitation of what was stated at every instance at a Board Meeting. Minutes are instead intended to generally reflect the discussion and decisions which occurred at the meeting. As a result, WDG's approval of minutes that he believed substantially reflected what occurred at the RDI Board Meetings in question was consistent with the care and diligence one would expect from an Independent Director. He had no obligation to ensure that every comment made at a meeting was reflected in the Minutes, as long as the Minutes generally captured what occurred. WDG's stated reasons for approving the Minutes were sound. WDG's approval of the RDI Board Minutes circulated on July 29, 2015, did not breach his responsibilities.

- b. **Misleading Form 8-Ks:** Plaintiff alleges that WDG failed to cause RDI to correct the June 18, 2015 Form 8-K, which Plaintiff alleges was misleading because it stated that he was required to tender his resignation as a director immediately upon the termination of his employment. See SAC, paragraphs 23, 101(b). The Plaintiff also

alleges that various other Form 8-Ks RDI filed were misleading, although he does not specify whether he is alleging any misconduct on the part of WDG with respect to these other 8-Ks. See SAC, paragraph 101. Form 8-Ks are the “current report” companies must file with the SEC to announce major events that shareholders should know about. Management,<sup>38</sup> and not the Board, has the ultimate responsibility for ensuring the accuracy of these filings. WDG testified that his process with respect to 8-Ks was that RDI’s counsel would submit to the directors a version of the 8-K before it was filed, and that it was his practice to review the 8-K and provide comments or corrections. Gould Dep. at pp. 269-270. WDG’s practice with respect to 8-Ks is consistent with his obligations as an Independent Director. Directors do not sign 8-Ks, and if he reviewed and commented on the 8-Ks in question, he did everything reasonably possible to cause RDI to issue a correct 8-K. For example, with respect to the June 18, 2015 Form 8-K, even if the 8-K was incorrect that Plaintiff was required to tender his resignation as a director immediately upon the termination of his employment, and even if WDG knew that to be incorrect, he acted reasonably and in satisfaction of his obligations if he informed the persons responsible for the 8-K that he believed that to be an erroneous statement. The same is true with respect to any press releases issued by RDI—he does not sign them and, as a director,

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<sup>38</sup> <https://www.sec.gov/answers/form8k.htm>

he does not have ultimate responsibility for their accuracy. Moreover, with respect to the other 8-Ks and press releases, it is clear from WDG's testimony that he either had a different view of the relevant events from Plaintiff, or what was significant, or otherwise did not have a basis from which to believe that the Form 8-Ks or press releases were misleading.<sup>39</sup> Under these circumstances, WDG's actions with respect to the Form 8-Ks and press releases identified in paragraph 101 of the SAC was reasonable and consistent with his obligations as an Independent Director. As stated, the management of RDI is ultimately responsible for the accuracy of Form 8-K disclosures.

- c. **The Unsolicited Cash Offer:** Plaintiff alleges that the RDI Board rejected an unsolicited third-party offer to buy all of the outstanding stock of RDI without sufficiently considering the offer. See SAC, paragraphs 154-162. At the time of this Expert Report, there has been no discovery on these recently-added allegations. For the purposes of making a preliminary opinion only, I have accepted the facts as alleged in SAC paragraphs 154-162 to be true. In reality, these "facts" may not be true. I will update and supplement my opinion once I have reviewed any documents and/or testimony relating to this issue. In sum, Plaintiff alleges that the proposed cash offer was for a price 33% in excess of market price. Plaintiff alleges that neither a business plan nor materials relating to the

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<sup>39</sup> See generally Deposition of William Gould, including pp 438-445 and 455-459.

value of RDI were disclosed prior to a vote on the offer. Plaintiff alleges that instead, Ellen Cotter made an oral presentation concluding that RDI was worth a price dramatically in excess of the offer and recommended that RDI pursue its long-term business plan, and that all directors other than Plaintiff, agreed that the offer price was inadequate. Plaintiff alleges that he abstained. Even accepting these facts as true, WDG acted appropriately in rejecting the offer after what appears to be reasonable discussion and preliminary assessment. It is not uncommon for a Board to just say 'no,' pending further overtures or other developments. Based on the limited allegations in the SAC, WDG actions in voting 'no' on the offer was consistent with his obligations as an Independent Director. I will supplement my opinion after any discovery on this matter takes place.

- d. **The Excessive Compensation Matter:** Plaintiff alleges the RDI Board accepted the recommendations of sub-committees and approved compensation for Ellen Cotter, Margaret Cotter, and Guy Adams that Plaintiff deems excessive. In particular, Plaintiff alleges that Ellen Cotter's executive compensation package was excessive, because if all bonuses are paid to her, she will be paid over three times what Plaintiff was paid as President and CEO. The Compensation Committee was provided with detailed schedules and proposed individual goals and benchmarks for executive

compensation and unanimously approved the executive compensation recommendations.<sup>40</sup> At the full RDI Board Meeting, WDG asked if there were any further questions about Ellen Cotter's proposed compensation, and there were none, including by Plaintiff.<sup>41</sup> No one voted against Ellen Cotter's proposed compensation, including Plaintiff.<sup>42</sup> WDG acted reasonably and consistent with his obligations as an Independent Director in relying on the recommendation of the Compensation Committee, especially in light of the fact that there were no questions or specific objections about the compensation at the time.

Plaintiff also alleges that that Margaret Cotter's additional consulting fee compensation of \$200,000 was inappropriate. The Compensation Committee and the Audit and Conflicts Committee each approved additional compensation of \$200,000 to Margaret Cotter.<sup>43</sup> With two committees of Board coming to agreement on and approving this payment, it was reasonable and consistent with his obligations to approve this payment. The stated rationales for the payment - to take into account work outside of her existing consulting agreement and in consideration for certain releases and

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<sup>40</sup> RDI0054790 54807.

<sup>41</sup> RDI0054790 54807.

<sup>42</sup> RDI0054790 54807.

<sup>43</sup> RDI0054871 54875 ;RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.



waivers granted by her company, are a rational basis for WDG to approve the payment.<sup>44</sup>

Plaintiff also alleges that additional special compensation of \$50,000 to Guy Adams was a gift. At the RDI Board Meeting, Ellen Cotter summarized the extraordinary services and time devoted by Mr. Adams above and beyond what she considered the usual role of a director in the past year, which included assisting Ellen Cotter during her transition to interim CEO and permanent CEO, advising on investor relations, traveling to New York to assist in the evaluation of the Union Square Project, assisting with other potential transactions, and significant time spent on the Compensation Committee and the Executive Committee.<sup>45</sup> Based on my experience with executive and director compensation, it was reasonable and consistent with WDG's obligations as an Independent Director to take into account time that Guy Adams had spent above and beyond what was ordinarily expected of directors, and approved a one-time additional payment to reflect that time commitment. Moreover, it is consistent with the general practice of the RDI Board, which previously approved one-time payments for

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<sup>44</sup> RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.  
<sup>45</sup> RDI0054790 54807.

significant time spent on RDI business above and beyond what was typically expected of RDI directors.<sup>46</sup>

In sum, one-time payments are not common, but they are also not unusual. They are appropriate, if on the recommendation of the CEO and the Compensation Committee, some member of management has produced exceptional value for the company in the judgment of the CEO, who can make a recommendation at his or her discretion. If some member of the Board has also gone beyond what might be ordinarily expected, it is not uncommon for the Chair to ask for additional compensation for that particular director. In these two instances, the compensation amounts are within a reasonable range. WDG agreed and approved and that approval was rational, appropriate, and consistent with his obligations as an Independent Director.

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<sup>46</sup> Deposition of Kane at pp. 487-498 RDI 2015 Proxy Statement.

## **VI. CONCLUSION**

Given my assignment, I have reviewed the responsibilities and role of WDG at RDI. I have examined his conduct with respect to the CEO search, the search and selection of director candidates, the filing of 8-Ks, the approval of Board Minutes, the approval of compensation to Margaret Cotter, Ellen Cotter, and Guy Adams, and the alleged unsolicited third-party offer. After review and assessment, on balance, I find no evidence that WDG did not conduct himself as would be expected of an Independent Director. To the contrary, with respect to all of the above events, his actions were reasonable and consistent with appropriate governance principles and practices for an Independent Director in a Controlled Company. WDG's actions during the relevant time period were accomplished in a responsible manner, in full satisfaction of his obligations as an Independent Director. I therefore conclude that, as far as WDG is concerned, the allegations of the Second Amended Complaint are without merit.

Executed on August 25, 2016



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ALFRED E. OSBORNE, JR.

# Exhibit 1



**ALFRED ELDERFIELD OSBORNE, JR., Ph. D.**

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**PRESENT POSITIONS**

July 2003 – Present

Senior Associate Dean. UCLA Anderson School of Management. Responsible for overseeing the external affairs of the School, including resource development, alumni relations, corporate initiatives, and executive education.

July 2003 – Present

Faculty Director. The Harold and Pauline Price Center for Entrepreneurship & Innovation.

July 2008 – Present

Professor of Global Economics, Management and Entrepreneurship. Instructor in microeconomics, entrepreneurship, new venture initiation, social entrepreneurship, family business, governance, technology commercialization, and business plan development.

January 1991 - Present

Director. The UCLA Head Start - Johnson and Johnson Management Fellows Program.

December 1979 - Present

Chairman, President and Chief Executive Officer, A.E. Osborne Associates, Inc.

Consultant and advisor to several private and public organizations on business strategy, organization economics and financial matters. Corporate Director and Expert Witness.

**PERSONAL**

Born in the Republic of Panama; Fluent in Spanish; Married to Nancy Ann Rahnasto (former senior Disney consumer products executive); One child, Alexander, age 29.

## PREVIOUS POSITIONS

July 1987 – June 2003

Director. The Harold Price Center for Entrepreneurial Studies. Responsible for developing curriculum, teaching, research, student activities, external funding and business and community support for the largest and most successful interdisciplinary program in the Anderson Graduate School of Management at UCLA.

July 1978 – June 2008

Associate Professor of Global Economics and Management. Taught courses in managerial economics, microeconomics, macroeconomics, public finance, economic development, management field studies and, most recently, entrepreneurship, new venture initiation, doing deals, and business plan development.

July 1988 - June 1990

Chairman of the Business Economics Faculty at UCLA Anderson.

January 1984 - June 1987

Associate Dean for Program Development in the Graduate School of Management at UCLA. Responsible for initiating, planning, developing and funding new programs designed to capitalize and extend faculty and student teaching and research interests. Established three research centers.

September 1979 - December 1983

Faculty Director of UCLA MBA Programs. Responsible for curriculum, policy and administration of the Full-time and Part-time MBA Programs serving in excess of 1000 students. Also Chairman of the MBA Policy Committee.

September 1979 - December 1983

Assistant Dean (then Associate Dean and Director of the MBA Program. Besides duties as MBA Program Director, responsible for student affairs including recruitment, admissions, orientation, academic counseling, tutorials, internships, field studies, and placement for all MBA students. Supervised a staff of ten professionals.

August 1977 - July 1979

Brookings Institution Economic Policy Fellow at the Securities Exchange Commission and Director of Phase I of the ETIP-SEC Project; "Towards a Monitoring System for Effective Regulation of Venture Capital Markets." Designated by the Commission as a hearing officer for the SEC's Small Business II Hearings (1977). Appointed by the Chairman to the Interagency Task Force of the President's Domestic Policy Review of Industrial Innovation (1978).

July 1972 - June 1978. Tenured at UCLA in July 1978.

Assistant Professor of Management at UCLA.

January 1968 - September 1968

Electrical Engineer, Western Development Laboratories, Palo Alto.

## HONORS AND AWARDS

Distinguished Alumni, Stanford University, Distinguished Alumni Scholars Event, May 2010.

Recognized by Directorship as one of the top 100 influential corporate directors in America, November 2009.

Education Award Recipient, Mission Language and Vocational Schools 41<sup>st</sup> Anniversary and Award Dinner, October 2009

President's Award Recipient for contributions to the growth and development of the African American economic base, Greater Los Angeles African American Chamber of Commerce 16<sup>th</sup> Annual Economics Award Dinner, March 2009.

Inducted into the Minority Business Hall of Fame as a pioneer in minority business development and success and contributions to entrepreneurship and business development as a faculty member and leader at UCLA Anderson School of Management. May 2008.

Annual Leadership Award Recipient, for vision, leadership and distinguished contributions to small and minority-owned businesses, Southern California Minority Business Development Council, Inc., October 2007.

Recognized by *Minority Business News USA* in the 1<sup>st</sup> Annual Issue as one of 100 Men Impacting Supplier Diversity, October-November 2006.

J. Clayton La Force Distinguished Service and Leadership Award, selected by the UCLA Anderson faculty for exceptional leadership outside the classroom and for inspiring the UCLA Anderson community and elevating programs to the highest levels of excellence. June 2004.

3<sup>rd</sup> Annual BridgeGate 20 Award for Service to the High-Technology Community, 2001.

Ernst and Young Entrepreneur of the Year Award, 2000.

The Richard J. Riordan Spirit of Entrepreneurship Award, 2000.

National Head Start Association Award, April 1998.

Northern Trust of California Hispanic Excellence Award, 1992

Securities Exchange Commission (SEC) Fellow, 1978-79.

Brookings Institution Economic Policy Fellow, 1977-1979.

## EDUCATION AND DEGREES

Ph.D. - Stanford University - Business-Economics, 1974.

M.B.A. - Stanford University - Finance, 1971.

M.A. - Stanford University - Economics, 1971.

B.S. - Stanford University -Electrical Engineering, 1968.

## SPECIAL APPOINTMENTS

Chairman, Telecommunications Supplier Diversity Task Force, SBC Communications, January 2002 to June 2003.

Governor, Investor Company Institute, September 2001 to present (on sabbatical August 2004-September 2005) and Member, Independent Directors Council, May 2004 to December 2010.

Member, Joint Committee of the California Legislature to Develop a Master Plan for Education – Kindergarten through University: School Readiness Working Group, March 2001 to January 2002.

Member, Selection Panel, the Paul & Daisy Soros Fellowships For New Americans, 1998 to 2001.

Member, Committee to Select the Outstanding Corporate Directors *Director's Alert Magazine*, August 1999.

Public Director, the Los Angeles Community Development Bank, December 1995 to January 2000.

Member, Governor Pete Wilson's Council of Economic Advisors for California, February 1993 to December 1998.

Governor-at-Large, National Association of Securities Dealers, Inc., January 1994 to March 1996.

Member, Board of Directors, NASD Regulation, April 1996 to January 1997.

Member, National Nominating Committee, NASD, Inc., January 1997 to 2000;  
Chair 2001, 2002, 2003.

Member, Secretary Shalala's Advisory Committee on Head Start Quality and Expansion, August 1993 - July 1994.

Commissioner, Redevelopment Agency for the City of Los Angeles, April 1995 to February 1996.

Member, Board of Directors, Los Angeles Local Development Corporation - June 1991 to June 1993.

Member, Municipal Finance Advisory Committee of the City of Los Angeles - January 1980 to December 2002, Chairman since January 1985. Also, Municipal Finance Fund Administrator for the City of Los Angeles during that time period.



Member, Board of Directors, Founders Savings and Loan Association, September 1986 to May 1989. Special appointment from the Federal Home Loan Bank Board to this troubled financial institution in the Management Consignment Program. Elected Chairman, April 1987 and served until FDIC receiver appointed, April 1989.

Member, Citizens Independent Review Committee for the United Way. Chairman of the Subcommittee to Review the Credit Union Matter. July to September 1986.

Member, Discretionary Fund Distribution Committee for United Way, 1986-1987, 1987-1988.

Member, Research and Education Advisory Panel to the Comptroller General of the United States. 1987-1999.

Chairman, Consumer Advisory Council VIII: The Minority Business Task Force. Pacific Bell. December 1984 - September 1985.

Member, Board of Economists, Black Enterprise Magazine, February 1982 - December 1985.

#### **CURRENT CORPORATE BOARD MEMBERSHIPS**

Member, Board of Directors, Nuverra Environmental Solutions, Inc. (previously Heckmann Corp.) – November 2007 to present. Chairman of the Audit Committee. Lead Independent Director.

Member, Board of Directors, Kaiser Aluminum, Inc. – July 2006 to present; Chairman of the Governance and Nominating Committee; Member, Audit Committee; Lead Independent Director.

Member, Board of Directors, Wedbush Inc. (formerly E\*Capital Corporation) – January 1998 to present; Chairman of the Compensation Committee; Chairman, Audit Committee.

Member, Board of Directors, FPA's New Income, Capital, Crescent Funds - December 1999 to present; International Value Fund, August 2011 to present; Member, Board of Directors, FPA's Paramount, U.S. Value Funds, and Source Capital, Inc. August 2013 to present. Member, Audit Committee; Chairman, Nominations and Governance Committee for all Funds.

#### **CURRENT NOT-FOR-PROFIT BOARD MEMBERSHIPS**

Director, Los Angeles Police Memorial Foundation – March 1999 to present.

Trustee, The Louis and Harold Price Foundation – January 2010 to present

Trustee, Harvard-Westlake School – August 2002 to present.

Trustee, Fidelity Charitable - November 2007 to present. Elected Chairman in February 2016.

## **PREVIOUS BOARD MEMBERSHIPS**

Director, Los Angeles Universal Preschool (LAUP), August 2004 to March 2005 and from July, 2005 to March 2016.

Director, AFH Acquisition VII, Inc. - February 2013 to January 2014.

Director, Emmaus Medical, Inc. - June 2011 to September 2012.

Director, EMAK Worldwide, Inc. - December 2000 to June 2008.

Director, K2, Inc. - February 1999 to August 2007.

Trustee, WM Group of Funds - March 1997 to February 2007.

Director, Nordstrom Inc. - August 1987 to May 2006.

Member, Stanford Athletic Board - September 2001 to June 2005, July 2007 to June 2010.

Director, Certus Corporation - October 1998 to March 2005.

Director, Vista del Mar Children and Family Services - June 1999 to March 2005.

Director, Price Institute for Entrepreneurial Studies - May 1999 to June 2004.

Independent General Partner, Technology Funding Venture Partners V May 1990 to March 2002.

Director, The Times Mirror Company - March 1980 to June 2000.

Director, Greyhound Lines, Inc. - May 1994 to March 1999.

Director, United States Filter Corporation - April 1991 to April 1999.

Trustee, Sierra Trust Funds - June 1992 to December 1993; May 1996 to March 1997.

Director, SEDA Specialty Packaging Corporation - October 1993 to June 1997.

Director, First Interstate Bank of California - July 1993 to April 1996.

Director, Industrial Bank - October 1983 to July 1993.

Director, Birtcher Medical Systems - June 1992 to March 1994.

Director, The Cherokee Group Inc. - June 1991 to June 1993.

Director, Family Savings Bank - February 1990 to June 1994.

Director, Readicare, Inc. - February 1986 to January 1997.

Director, Opportunity Funding Corporation – July 1987 to December 1993.

Director, Los Angeles Community Development Bank – September 1995 to January 2000.

## **PUBLICATIONS**

Formerly, member of several Editorial Boards, including Entrepreneurship and Regional Development; Family Business Review; The Future of Children; and the Journal of Business Venturing. Currently, editorial board member of the Journal of International Entrepreneurship Education.

### **Books and Monographs**

Emerging Issues in Black Economic Development (With Benjamin F. Bobo) Lexington: DC Heath and Company, 1976.

"Business Development Organizations: A Critique of Their Performance and Prospects" (with Thaddeus H. Spratlen), Chapter 5.

Small and Minority Business in California: Performance and Prospects (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 28, February 1977.

California Commercial Bank, Savings and Loan Associations and Their Holding Companies: Analysis and Public Policy Issues (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 33, August 1977.

Returns to Shareholders in Acquiring and Acquired Companies: The Case of Technology-based Firm Acquisitions in the Over the Counter Market SEC Capital Market Working Paper No. 3. Washington, DC: Securities and Exchange Commission, October 1980.

### **Chapters in Books**

"Financing Small and High-Risk Enterprises," Cities and Firms. Herrington Bryce (ed.), Lexington: DC Heath and Company, 1980.

"Enhancing the Productivity of Small Business," in Productivity: A National Priority. James Wilburn (ed.), Malibu: Pepperdine University Press, 1982.

"Take-off Potential and the Distribution of Black Enterprise," in Take-Off Companies and the Entrepreneurial Spirit. Robert Kuhn and Ray Smilor (eds.), New York: Praeger Publishers, 1986.

"Predicting the Returns to New Offerings of Securities under SEC Form S-18," Frontiers in Entrepreneurship Research. William Bygrave and Neil Churchill (eds), December, 1987.



## Reports

The Structural and Performance Characteristics of the Minority Manufacturing Industries Los Angeles: The Joint Center for Community Studies, September, 1978.

A Preliminary Analysis of the Impact of Rule 144 Sales in the OTC Market. Washington, DC: Securities and Exchange Commission, December, 1979.

Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness, SBC Telecommunications Supplier Diversity Task Force Report, June 2003.

## Articles

"Behavioral Effects of Price Changes in a Token Economy," (with T.D. Hayden, R.G. Hall and S.M. Hall), Journal of Abnormal Psychology, Vol. 83, August, 1974.

"Forecasting the Market Return on Common Stocks," (with John G. McDonald), Journal of Business Finance and Accounting, Vol. 1, Summer 1974.

"The Entrepreneurship Decision and Black Economic Development," (with William Bradford), American Economic Review, Vol. 66, May 1976.

"The Potential of Black Capitalism in Perspective," (with Michael Granfield), Public Policy, Vol. 24, Fall 1976.

"A Note on Black Economic Well-Being in the North and West," Review of Black Political Economy, Vol. 7, Fall 1976.

"The Comparative Operating Efficiency of Black Savings and Loan Associations," (with William Bradford and Lewis Spellman), Journal of Finance, Vol. 32, May, 1977.

"On the Economic Cost to Panama of Negotiating a Peaceful Solution to the Panama Canal Question," Journal of InterAmerican Studies and World Affairs, Vol. 19, November, 1977.

"The Efficiency and Profitability of Minority Controlled Savings and Loan Associations," (with Lewis Spellman and William Bradford), Journal of Money, Credit and Banking, Vol. 10, February, 1978.

"The Perverse Effects of SBA Loans to Minority Wholesalers," Urban Affairs Quarterly, (with Timothy Bates), Vol. 15, September, 1979.

"A Note on the Opportunity Cost of Going into Business for One's Self," Journal of Minority Business Finance, Vol. 1, August, 1979.

"Rule 144 Volume Limitations and the Sale of Restricted Stock in the Over the Counter Market," Journal of Finance, Vol. 37, May, 1982.

"Taking Snapshots of the Internet: New Database of Insider Transactions and Liquidity," Journal of Financial Transformation (with Duke Bristow and Steven Beneveniste), September, 2004.

### **Shorter Articles in Periodicals**

"Inflation: What It Is and What It Is To You," Black Enterprise, Vol. 9, October, 1978.

"The Right Way to Cut Taxes," Inc., Vol. 3, November, 1981.

"The Day of the Small Entrepreneur," Black Enterprise, Vol. 13, October, 1982.

"Developing Black-Owned Companies for Public Ownership," Black Enterprise, Vol. 15, November, 1984.

"Understanding Entrepreneurship," Business Forum, Vol. 12, Fall, 1987.

"Communicating Commitment to Supplier Diversity," Minority Business Entrepreneur, Volume 21, June, 2004, (Report of the Telecommunications Diversity Task Force)

### **OTHER COMPLETED BUT UNPUBLISHED MANUSCRIPTS**

"The Legal and Illegal Allocation of Black Managerial and Financial Capital." (with Michael Granfield) March, 1986.

"Securities Regulation and Small Business Finance." March, 1986

"On the Definition of a Small Issuer for Purposes of Securities Regulation." September, 1986.

"The Announcement Effect of Proposed Rule 144 Sales in the OTC Market," December, 1985, revised December, 1987.

"Financing Strategies for the Closely-Held Firm," September 1991.

"Constraints on Entrepreneurs and the Economy: Rule 144 Twenty Year Later," (with Duke Bristow), May, 2004.

"Strategic Planning," June, 1990, revised December 2006.

"Rate of Return on Investment Analysis: A Brief Note" August 2013.

### **A SAMPLE OF PRESENTATIONS OVER 25 YEARS**

"Renewing Human Resources in Large-Scale Bureaucracies," presented to the Fourth International Conference on Creative and Innovative Management. Los Angeles, CA, August 1990.

"Managing Succession in the Family Enterprises," presented to the V Congreso Latinoamericano del Emprendedor. Santiago, Chile, April 1991.

"A Vision for Funding Entrepreneurial Initiatives," presented to the Kauffman Foundation's Entrepreneurial Leadership Program. Boca Raton, FL, January 1992.

"The Role of the Board in the Modern Corporation," presented to the Executive Series at Town Hall. Los Angeles, CA, January 1992.

"Funding Entrepreneurship Centers," presented at the Association of Collegiate Entrepreneurs' IX Annual International Convention & Tradeshow. Dallas, Texas, February 1992.

"The Evolving Role of the Board of Directors in the Modern Corporation," presented to the 25th Securities Regulation Seminar, Los Angeles County Bar Association. Los Angeles, CA, October 1992.

"The Organization, Composition and Functioning of the Board," presented to the Orange County Public Company Forum: The Corporate Director: Who Governs Our Corporations? Irvine, CA, February 1994.

"Corporate Governance in Trouble," presented to the Chase Manhattan Bank UCLA Committee of 200 Conference: A View from the Top. New York, NY, March 1994.

"Towards an Applied Research Agenda in Entrepreneurship," presented to the Kauffman Foundation. Kansas City, MO, September 1994.

"Developing an Entrepreneurial Competence - Training Leaders for the 21<sup>st</sup> Century," presented to the Long Beach Rotary Club. Long Beach, CA, January 1995.

"The Entrepreneurial Spirit: How to Nurture It and Sustain It," presented to the University of California at Los Angeles, Executive MBA Program. Los Angeles, CA, January 1995.

"Developing an Entrepreneurial Competence," presented to the Northern California Supplier Development Council Conference. San Francisco, CA, September 1995.

"Entrepreneurship: Uncovering Your Entrepreneurial Niche," presented to the National Society of Hispanic MBAs, Sixth Annual National Conference and Career Exposition. Los Angeles, CA, October 1995.

"Financing the Growing Company," presented to the Dow Jones/Wall Street Journal Black Entrepreneurship in America Conference. Baltimore, MD, October 1995.

"Strategic Thinking: The Imperative to Effective Planning and Organization," presented to the Riverside County Office of Education Head Start Directors Retreat. Riverside, CA, October 1995.

"Black Professors in Business Education" presented to the Whitney M. Young, Jr. 22<sup>nd</sup> annual Memorial Conference at the University of Pennsylvania. Philadelphia, PA, January 1996.

"Building an Entrepreneurial Competence in the Delivery of Social Services: The Case of Head Start Agencies," presented to the Human Resources Committee at the National Conference of State Legislatures. St. Louis, MO, July 1996.

"Strategy and Finance for the Growing Enterprise," Five 5-hour lectures presented to faculty, students, and alumni at the University of the Republic of Montevideo. Uruguay, August 1996.



"Breaking New Ground: Initiatives in Management Education, 1980-1995, Essays in Honor of John H. McArthur," invited seminar, Harvard Business School. Boston, MA, October 1996.

"Towards Building a Capacity to Sustain Community," presented to Merrill Lynch. Los Angeles, CA, May 1997.

"Building an Entrepreneurial Competence in Larger Decentralized Enterprises," presented to Travelodge Strategic Planning Retreat. San Diego, CA, December 1998.

"Entrepreneurship, The New Economics and Wealth Creation in the Next Millennium," presented to Progress Investment Management Company's 6<sup>th</sup> Annual Plan Sponsor Manager Seminar. Florida, October 1999.

"Competing in the 21<sup>st</sup> Century: Developing an Entrepreneurial Competence," presented to the Los Angeles Venture Association, Los Angeles. Los Angeles, CA, January 2000.

"Entrepreneurial Competence, Competition, and Supplier Diversity in the Turbulent, New Digital Economy," presented to SBC Supplier Diversity 2<sup>nd</sup> Annual Achievement Awards. San Antonio, TX, March 2000.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, April 2000.

"Entrepreneurial Studies and Competition in the New Millennium," keynote speech presented to the Minority Business Opportunity Trade Fair. San Francisco, CA, November 2000.

"Financing the New Economy: Is There a Credit Crunch?" presented to the 49<sup>th</sup> Annual UCLA Business Forecast. Los Angeles, CA, December 2000.

"The Economic Environment and the Stock Market," presented to the Financial Executives Institute. Los Angeles, CA, March 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, March 2001.

"Strategic Thinking and the New Economy," presented at the Bringing the Classroom into the Real World Conference, The Schulich School of Business, York University. Toronto, Canada, May 2001.

"Fundamental Issues in Strategic Management," presented to the California Child Development Administrators Association. Los Angeles, CA, June 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, June 2001.

"The Outlook for Investment and Enterprise in the New Economic Environment," presented to the 8<sup>th</sup> Annual Progress Investment Management Seminar. Scottsdale, AZ, November 2001.

"The Outlook for Investment and Entrepreneurship in the Southern California Economy," presented to the Mission Ventures Annual Meeting. Dana Point, CA, January 2002.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented to the National Association of Minorities in Communications seminar. Los Angeles, CA, February 2002.

"Issues of Corporate Governance: An Overview," presented to the Rustic Canyon Annual Conference. Ojai, CA, March 2002.

"Governance in the Head Start Agency," presented to the Foundation Head Start Board of Directors. El Monte, CA, April 2002.

"Corporate Governance, the Board of Directors, and the External Auditor," presented to the Anderson Alumni Bay Area Chapter. San Francisco, CA, April 2002.

"Health Care Initiatives," presented to Johnson and Johnson Board of Directors. New Brunswick, NJ, September 2002.

"Governance and the Not-for-Profit Board of Directors," presented to the Screen Actor's Guild Board of Directors. Universal City, CA, October 2002.

"Corporate Misdeeds – tips on covering the Enron/Worldcom scandal," presented at a National Association of Hispanic Journalists workshop. Los Angeles, CA, October 2002.

"The New Reality of Business Accountability," presented to Anderson Graduate School of Management Alumni. Los Angeles, CA, November 2002.

"The Head Start Program: Challenges and Opportunities circa 2003," presented at the California Head Start Association Annual Conference and Leadership Day. Sacramento, CA, January 2003.

"Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness," presented at Quality Excellence for Suppliers of Telecommunications (QUEST Forum) Best Practices Conference, September 2003.

"Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness," presented to National Minority Supplier Development Council, Inc. Annual Conference. Chicago, IL, October 2003.

"Leading Strategic Growth Through Acquisitions," presented to Young Presidents Organization (YPO). Los Angeles, CA, November 2003.

"Entrepreneurial Leadership and Organization Change," presented to Bruin Professionals. Los Angeles, CA, January 2004.

"Corporate Governance Revisited: What Do We Know and What Do We Teach Future Business Leaders?" Panel Member, sponsored by The Aspen Institute Business and Society Program with support from the Alfred P. Sloan Foundation. New York, NY, January 2004.

"Entrepreneurial Leadership and Organization Change," presented to City Club on Bunker Hill. Los Angeles, CA, April 2004.



"Change, Strategy and the Challenge of Profitable Growth," presented to Shareholders Meeting for Lowe Enterprises, Inc. Phoenix, AZ, May 2004.

"Launching New Business Ventures," Keynote presented to IIT Bombay Faculty Academic Network Meeting. Palo Alto, CA, May 2004.

"Change, Strategy and the Challenge of Profitable Growth," Keynote presented to the Executive Team at Destination Hotels & Resorts Group. Englewood, CO, August 2004.

"Corporate Governance," presentation to the Board of Directors of Wilmington Trust Company (with William Cockrum). Century City, CA, September 2004.

"The Fundamentals of Opportunity Recognition," presented to NAWBO University. Los Angeles, CA, September 2004.

"Leadership Development for Women and People of Color," presented at Northrop Grumman – BEO/Diversity Conference. Redondo Beach, CA, October 2004.

"Change and the Challenge of Profitable Growth," presentation to Cisco Systems, Inc, US Theatre Sales Finance Team. Bal Harbour, FL, October 2004.

"Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School, February 2005.

"Starting and Building an Entrepreneurial Company," presented at the 2005 Entrepreneurs Conference sponsored by Harvard Business School Association of Orange County (HBSAOC). Irvine, CA, May 2005.

"Developing an Entrepreneurial Competence," presented to the National Black MBA Association. Los Angeles, May 2005.

"Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board," presented at the 9<sup>th</sup> Annual Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2005.

"Strategy: An Introduction and Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management, June 2005.

"Building and Leveraging the Effective Board of Directors," videoconference presentation to the New Director Selection Committee of Kaiser Aluminum, August 2005.

"Crafting Entrepreneurial Studies in a Flat Economy," presented to the UCLA Anderson Alumni San Diego Chapter. San Diego, August 2005.

"Governance and the Not For Profit Board," presented to the 2006 NAWBO LA Board Retreat. Mandalay Bay, August 2005.

"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 10<sup>th</sup> UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, October 2005.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition In Large Organizations," presented at the UCLA Campus Human Resource (CHR) 2005 Management Seminar Series. UCLA, October 2005.

"Strategy Implementation," presented at the California Head Start Association 8<sup>th</sup> Annual Education Conference. Sacramento, CA, January 2006.

"Strategy: An Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management, January 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School of Management, February 2006.

"Organizational Planning," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2006.

"Why Buy Funds? How Does Governance Matter?", Panel Moderator for Mutual Fund Directors Forum and UCLA Anderson Enhancing Effectiveness Program. UCLA Anderson School of Management, April 2006.

"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 11<sup>th</sup> UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, May 2006.

"Formulating Effective Business Strategies," presented at the Global Business Salon Awards. Barcelona, June 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC African American Leadership Institute, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/ UCLA Health Care Executive Program, UCLA Anderson School of Management, July 2006.

"Governance and the Not For Profit Board," presented to the 2006 NAWBO LA Board Retreat. Carlsbad, CA, August 2006.

"Change and Reinvention: Getting Ready for the New Realities and Developing an Entrepreneurial Competence," Keynote presented at the Bridge to Employment, 10<sup>th</sup> Annual Alliance Building & Training Session. Washington, DC, October 2006.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 12<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, October 2006.

“Strategy Planning and Implementation,” presented at the Connecting Communities Coalition Management Institute. Los Angeles, January 2007.

“Thinking Strategically in the Salon Management Business,” Keynote presented to The Salon Association (TSA) Symposium 2007. San Antonio, January 2007

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2007.

“Strategy: An Overview,” presented to the Executive Salon Management Program, UCLA Anderson School of Management. February, 2007.

“Corporate Governance and the Effective Board of Directors,” presented to the Board of Directors of PeopleSupport, Inc. Los Angeles, March 2007.

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2007.

“Recognizing Opportunities for Suppliers in the Cable Industry,” presented to the 8<sup>th</sup> Annual Supplier Diversity Connection Workshop. Las Vegas, May 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” presented at the African American Leadership Institute, UCLA Anderson School of Management. May 2007.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 13<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2007.

“Entrepreneurial Strategy and Opportunity Recognition: Reinventing Your Business for Profitable Growth,” presented at the Women’s Business Enterprise National Council (WBENC). Los Angeles, June 2007.

“Strategy Development, Formulation and Implementation,” presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2007.

“Strategy Development, Formulation and Implementation,” presented at the Johnson & Johnson/ UCLA Health Care Executive Program, UCLA Anderson School of Management. July-August 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” California Association for Microenterprise Opportunity (CAMEO). Los Angeles, September 2007.

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, September 2007.

“Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition,” NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2008.

“Entrepreneurial Strategy and Opportunity Recognition,” a presentation to the Guang Hua School of Management, Peking University, March 2008

“Thinking Strategically and Profitable Growth,” a presentation to the Triton Pacific Capital Portfolio Company CEO’s, Ojai, California, May 2008.

“Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board,” presented at the 13<sup>th</sup> Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2008.

“Strategic Planning and Implementation,” presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2008.

“Strategy Development, Formulation and Implementation,” presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2008, July 2009, July 2010, July 2011

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Accra, Ghana, August 2008, August 2009, September 2010

“Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa,” presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, Kenya, September 2008, September 2009, Cape Cod, South Africa, August 2010.

“Social Entrepreneurship”, Goldman Sachs’ presentation, June 2010.

“The Essence of Strategic and Profitable Business Growth” presented at Paul Mitchell- 2010 Gathering Business Forum, Las Vegas, NV, July 2010.

“Strategic Thinking for Entrepreneurs” presented at Fudan University, China, July 2010.

“How Do We Ensure the Vitality of Our Local Business Economy in Los Angeles During the Current Economic Conditions?” Austin Beutner Event, Los Angeles, January 2011.

“Strategic Thinking, Creating Value and Financing for Entrepreneurs” visiting Fudan University, UCLA May 2011.

“Social Entrepreneurship” presented at the Michigan Primary Care Association, “Linked In or Locked Out: Building Connections That Matter” Conference, Michigan, August 2011

“Rebuilding the Middle Class” – State Legislative Forum, San Francisco, CA March 2012

“Strategic Thinking and Planning” presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

“Building on Strategy “presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

“Reflective Self-Assessment for Board Officers” presented at the Telamon Leadership Conference, Destin, Florida, March 2012

“Thinking Strategically About Sequestration” Webinar National Head Start Association -"Thursday, April 18, 2013

“Business Intelligence: The Strategy of Long-Term Success Maximizing Your Global Potential” presented at City National Bank - Insight One20 conference, Los Angeles, CA Convention Center, March 16, 2013

“Effective Corporate Governance”, presented to the Shanghai Municipal Government Industry Growth and Corporate Development Program, UCLA, January 2013

“Characteristics of an Effective Board” presented to CALAPRS, UCLA, January 2014

“Developing the Entrepreneurial Mindset” presented at Xed Growth and Leadership Conference, Jeddah, Saudi Arabia, March, 2014

“Corporate Governance Fundamentals and the Emerging Entrepreneur” presented to First Friday Lectures, OIP UCLA August 2014

“Entrepreneurship and Innovation” presented at the visiting Shanghai Municipal Government: Industry Growth and Corporate Development Strategy Program, UCLA, August 2014

## **PROFESSIONAL AFFILIATIONS**

At various times over the last 40 years, a member of Alpha Kappa Psi Honorary Business fraternity, the American Economic Association, the National Economic Association (Director 1976-1979; President, 1981), the American Finance Association, and the National Association of Corporate Directors.

## **REFERENCES**

Confidential references available when appropriate.

**AS OF March 2016.**

# Exhibit 2



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Email [aeosborne@yahoo.com](mailto:aeosborne@yahoo.com)

**EXPERT CONSULTING ASSIGNMENTS (Since 2011 as of July 2016)**

James J. Cotter, Jr., vs. Margaret Cotter, et al., and Reading International, Inc.  
Case No. A-15-719860-B coordinated with Case No. P-14-082942-E  
District Court of Nevada (Clark)  
Expert for the Defendant (June 2016- present)

Mark Kolokotronis and Knight and Bishop, LP v. Ninja Metrics, Inc., et al.  
Case No. BC 609689  
Superior Court of California (Los Angeles)  
Expert for the Plaintiff (June 2016- present)

Cyntron Payroll Solutions, LLC v. Mark Dancsecs  
Case No. 14K06659  
Superior Court of California (Los Angeles)  
Expert for the Plaintiff (April 2015 – December 2015)

Interserv Group Inc. and Paul Resnick v. Rosha Group Inc. and Udi Rosha  
Arbitration Hearing  
Consultant for the Plaintiff (April 15 – October 2015)

Dennis Wood and Joseph F. Helmer v. Sunwest Bank  
Case No. BC479843  
Superior Court of California (Los Angeles)  
Expert for Defendant (December 2014 -- present)

Lehman Brothers Securities and ERISA Litigation  
Case No. 09-MD 2017 (LAK)  
United States District Court (Southern District of New York)  
Expert for Plaintiff (October 2013- May 2014)

Powertech Technology vs. Tessera, Inc.  
Case No. 11-cv-06121-CW  
United States District Court (Northern District of CA (Oakland))  
Expert for the Defendant (May 2013-February 2014)

American Airlines v. Sabre, Inc.  
Case No.067-249214-10  
Superior Court of Texas (Tarrant County)  
Expert for Defendant (September 2012-November 2012)

Maine State Retirement System et al. v. Countrywide Financial and David Sambol  
Case No.2:10-CV-00302 MRP(MAN)  
United States District Court (Central District of California)  
Expert for Defendant (August 2012- December 2012)

U.S. Bank National Association v. Verizon Communications, Inc. et al.  
Case No. 3:10-cv-01842-G  
United States District Court (Northern District of Texas, Dallas Division)  
Expert for Defendant (March, 2012 –September 2012)

HomeStore.com, Inc. Securities Litigation  
U.S. District Court (Central California)  
Case No. 01-CV-11115 MPJ (CWx)  
Expert for Plaintiff (September 2010-February 2011)

Fannie Mae Securities Litigation  
Case No. MDL 1688  
Civil Action No. 1:04-CVB-01639  
U.S. District Court (District of Columbia)  
Expert for Defendant (August 2010 – April 2011)

Thomas H. Lee Equity Fund V, LP et al vs Grant Thornton LL  
Case No.07602774  
Supreme Court of the State of New York  
Expert for the Defendant (March 2010 – September 2011)

Refco, Inc. Securities Litigation  
Case No. 07-MDL-1902  
U. S. District Court (Southern District of New York)  
Expert for Defendant (March 2010- September 2011)



# Exhibit 3



### **Exhibit 3**

#### List of Documents Relied On In Forming Opinions

##### James Cotter, Jr's Second Amended Complaint

Deposition transcripts of all depositions taken in this case to date (E. Cotter, M. Cotter, J. Cotter, Jr., W. Gould, T. Storey, G. Adams, D. McEachern, E. Kane, A. Shapiro, W. Tilson, J. Glaser, W. Ellis; R. Mayes [rough])

Deposition Exhibits 1 -417

RDI's 2014 Proxy Statement

RDI's 2015 Proxy Statement

RDI's 2016 Proxy Statement

RDI's 2016 10-K (Annual Report)

RDI's March 10, 2016 Form 8-K

RDI0054787-54789

RDI0054781-54786

RDI0054790-54807

RDI0054871-54875

DM2786

DM3252

DM3386

DM3585

DM3580

DM3787-9

DM4306

EK696

EK804

EK867

EK805-14

RDI24929

RDI54248

RDI40047

RDI's Bylaws

RDI's Articles of Incorporations

RDI's Code of Ethics

National Association of Corporate Directors. *A Practical Guide: Fundamentals for Corporate Directors*. 2003 ed. Washington, D.C.: National Association of Corporate Direct

American Bar Association. *Corporate Director's Guidebook*. 4<sup>th</sup> ed. Chicago: ABA Publishing, 2004

[http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp\\_1\\_1/chp\\_1\\_1\\_4/chp\\_1\\_1\\_4\\_3/chp\\_1\\_1\\_4\\_3\\_8/default.asp](http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp_1_1/chp_1_1_4/chp_1_1_4_3/chp_1_1_4_3_8/default.asp)

NASDAQ Rule 5605(a)(2)

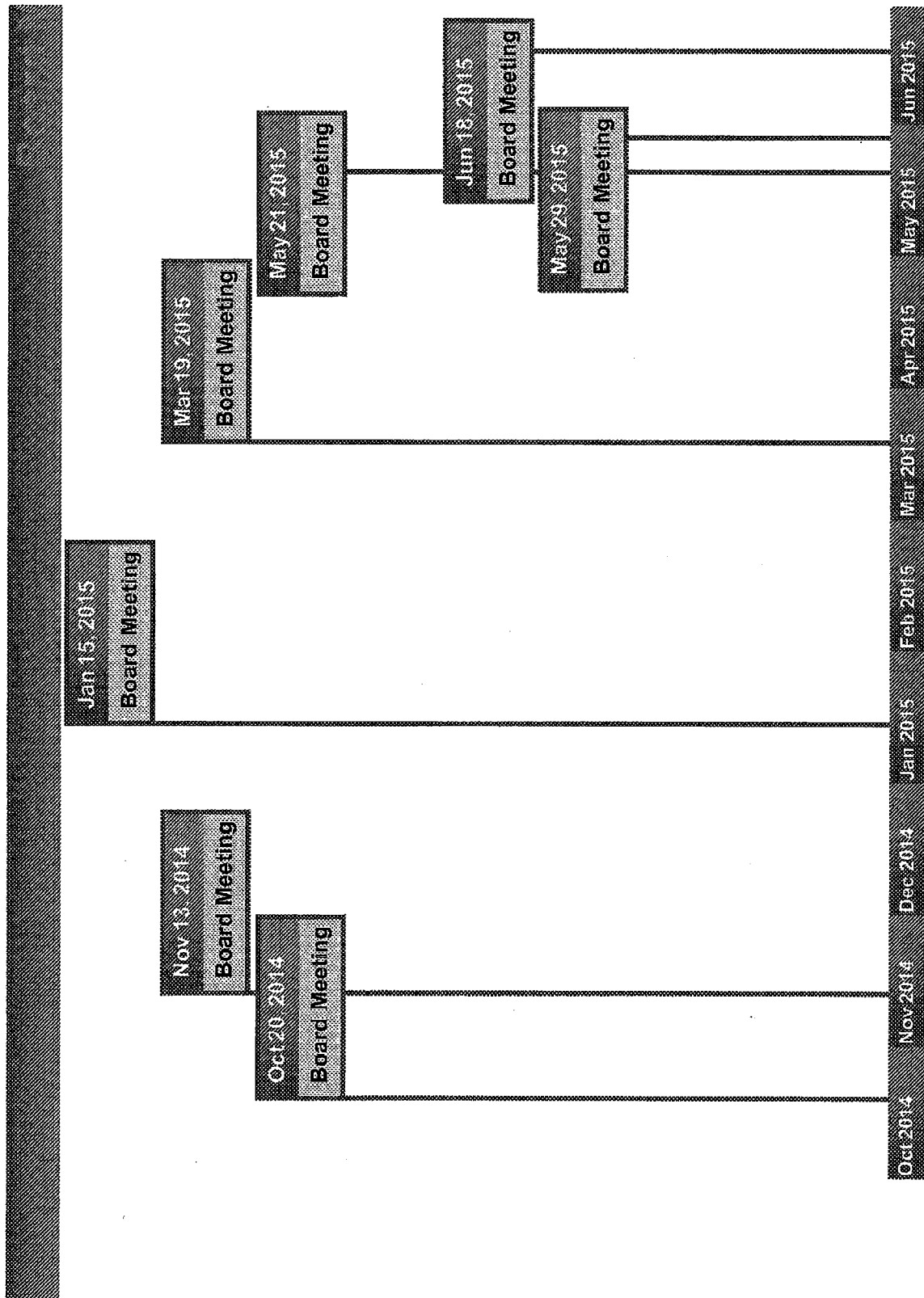
RDI Board Minutes dated: October 20, 2014, November 13, 2014, Jan 15, 2015, March 19, 2015, May 21, 2015, May 29, 2015, October 5, 2015, October 12, 2015, November 10, 2015, January 8, 2016, February 8, 2016, March 10, 2016

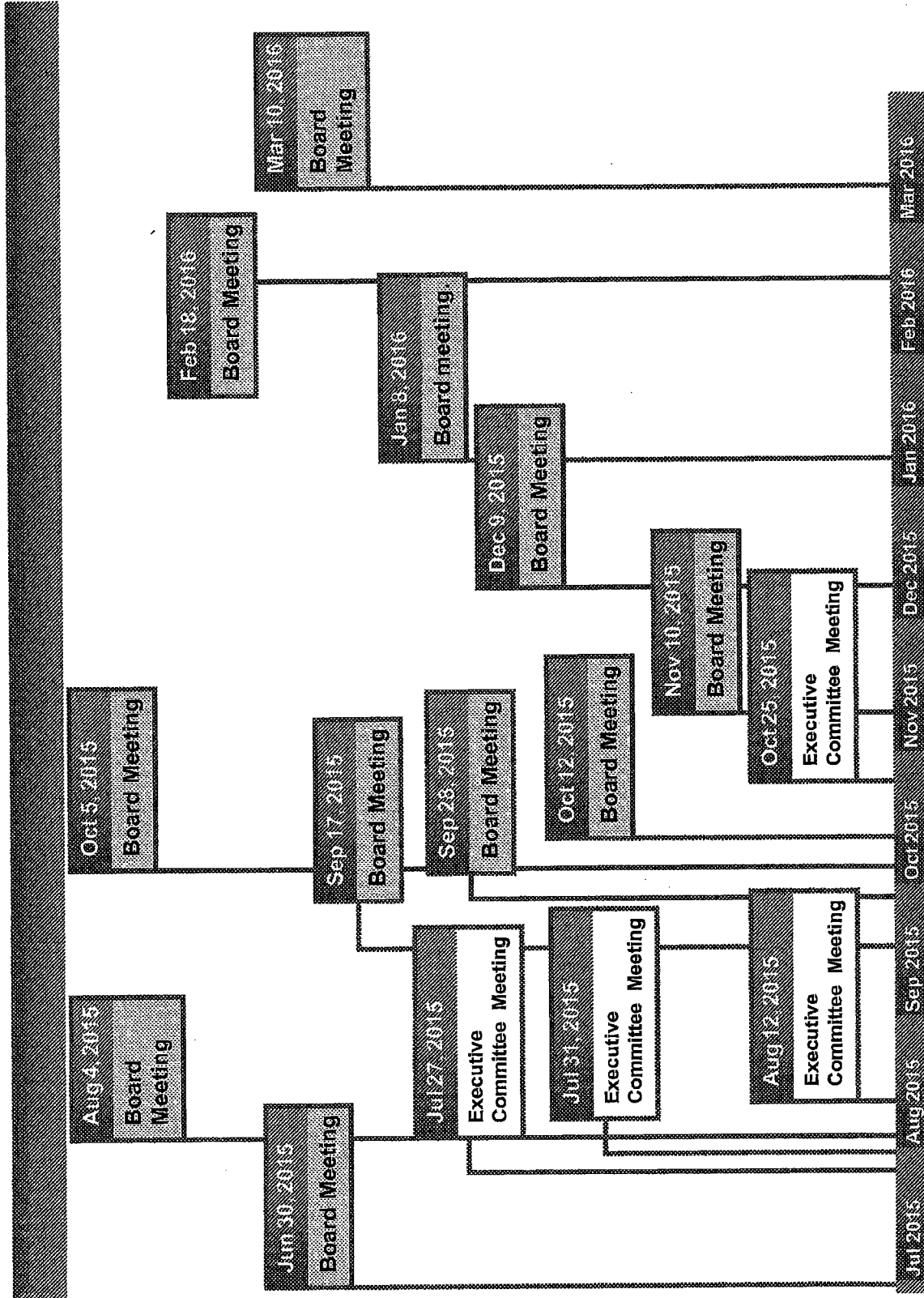
RDI Board Packages for the June 18, 2015 Board Meeting, August 4, 2015 Board Meeting; September 28, 2015 Board Meeting and the December 9, 2015 Board Meeting

Agenda for the June 30, 2015 Telephonic Meeting

# Exhibit 4

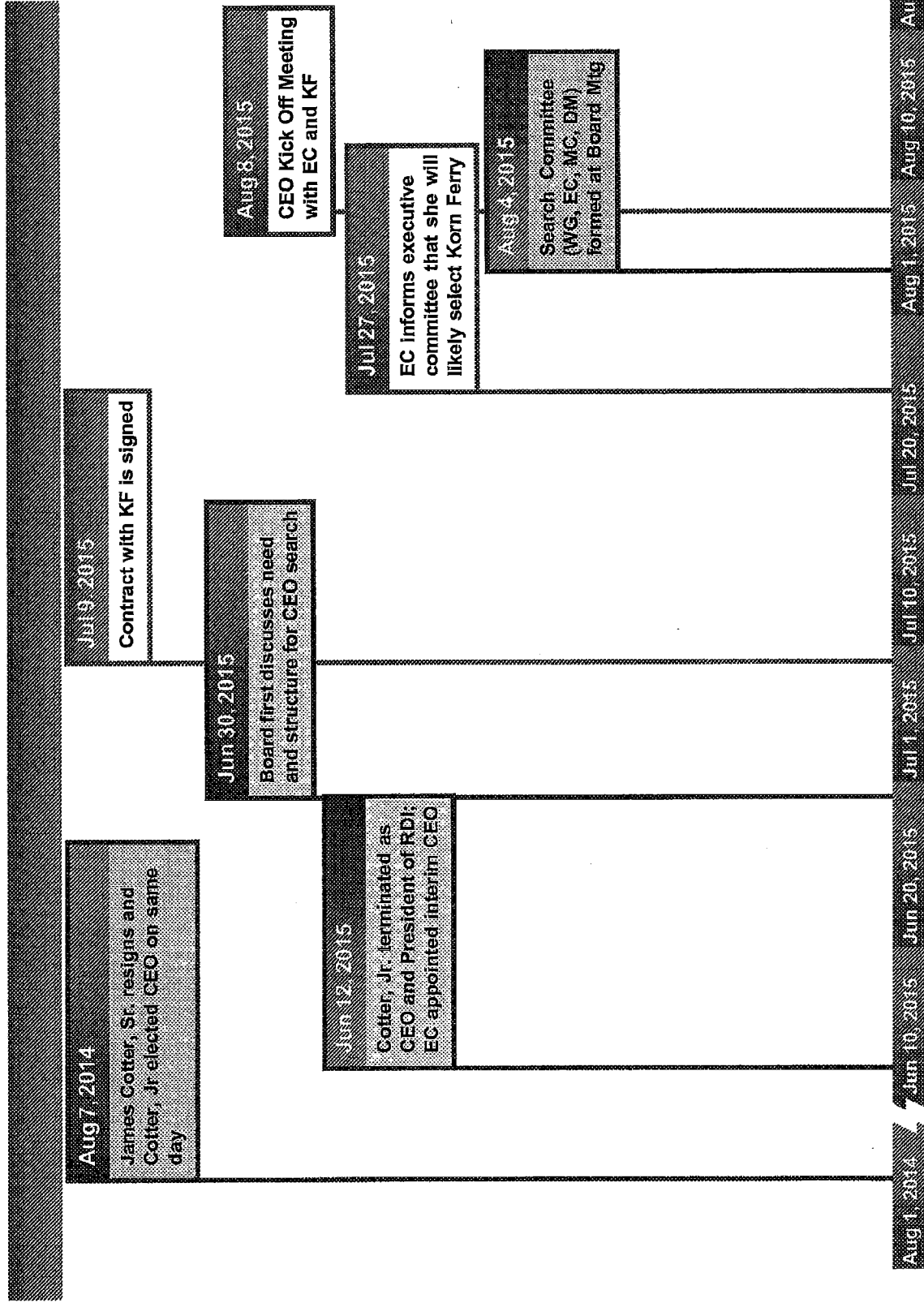




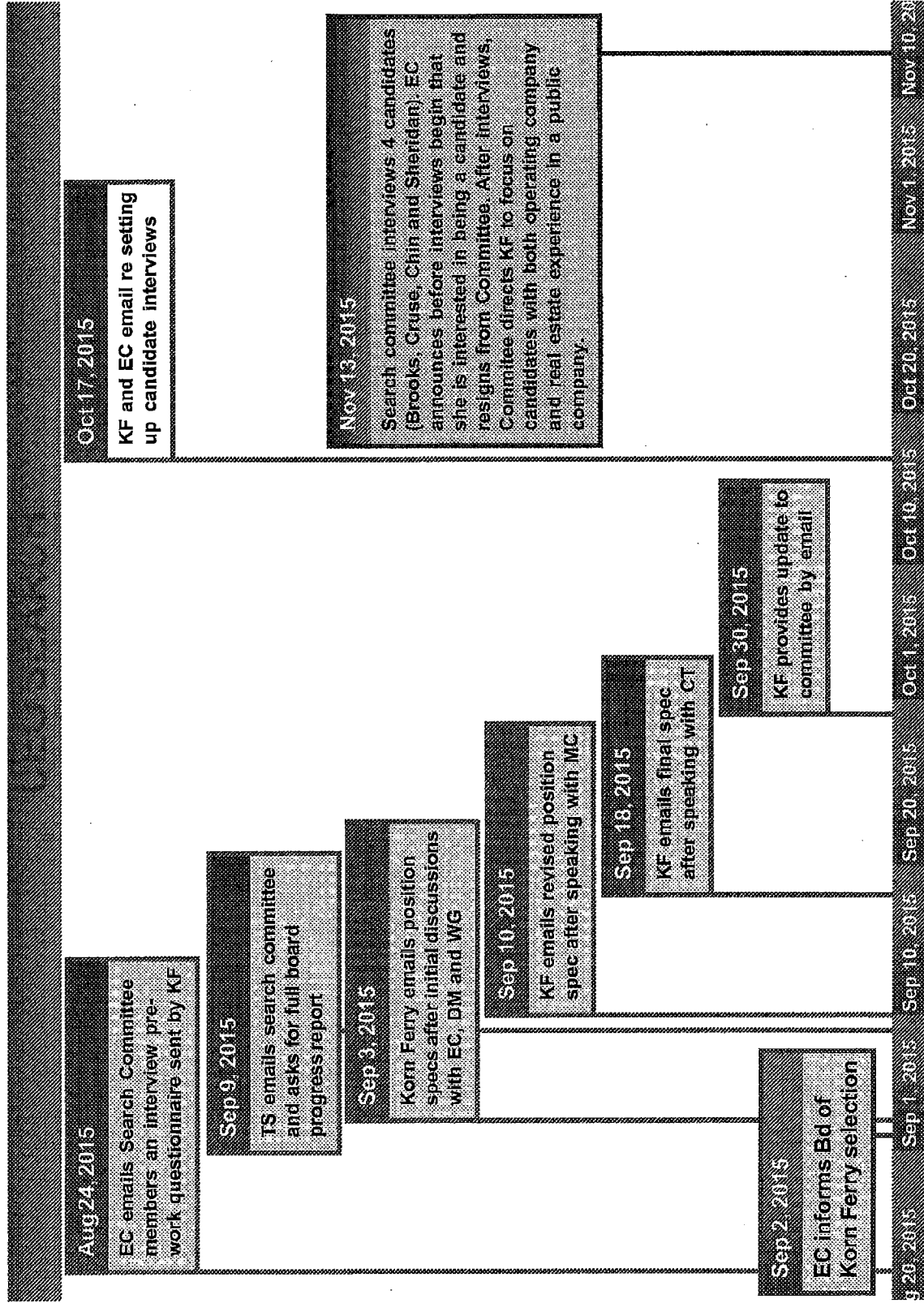


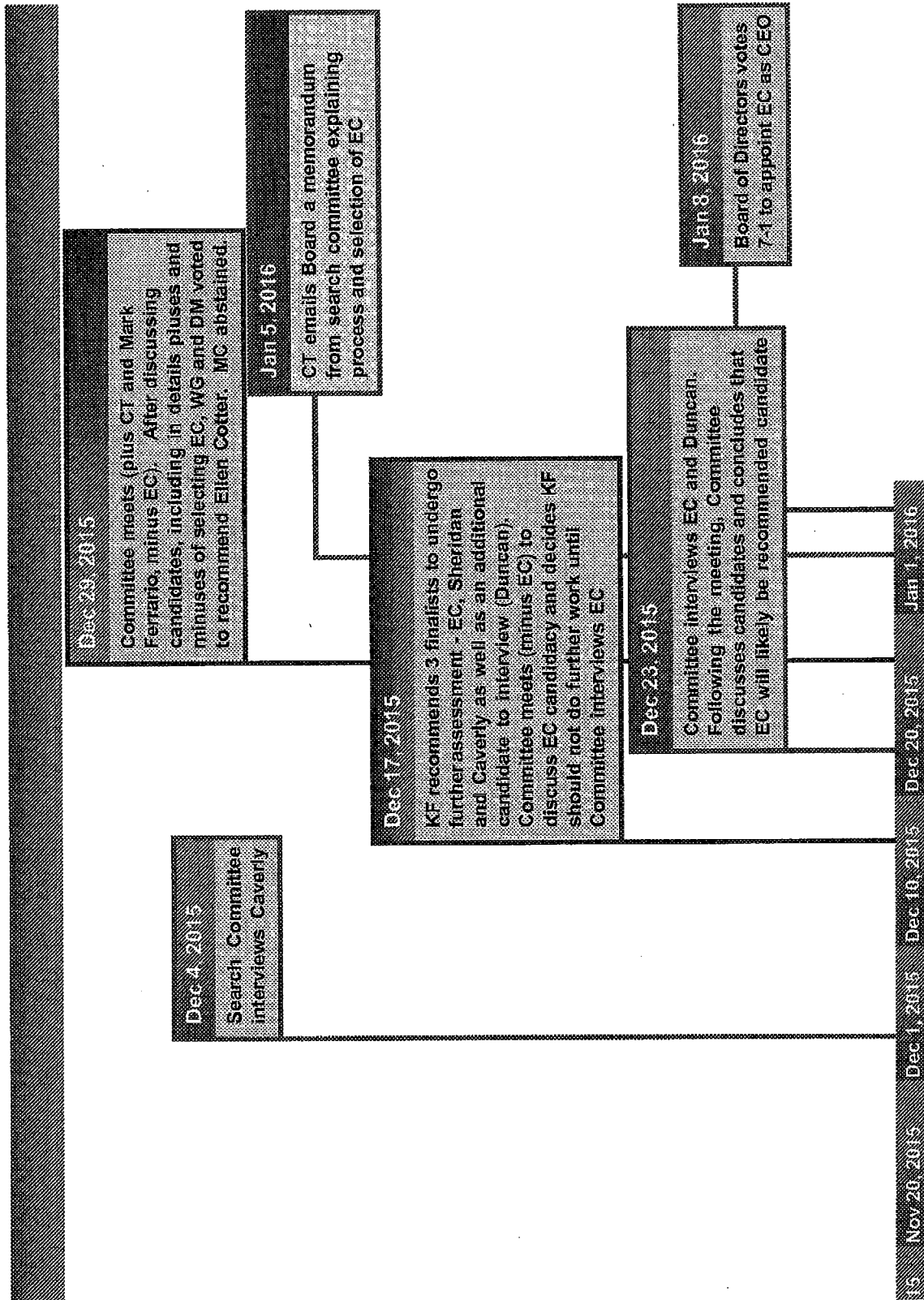
# Exhibit 5





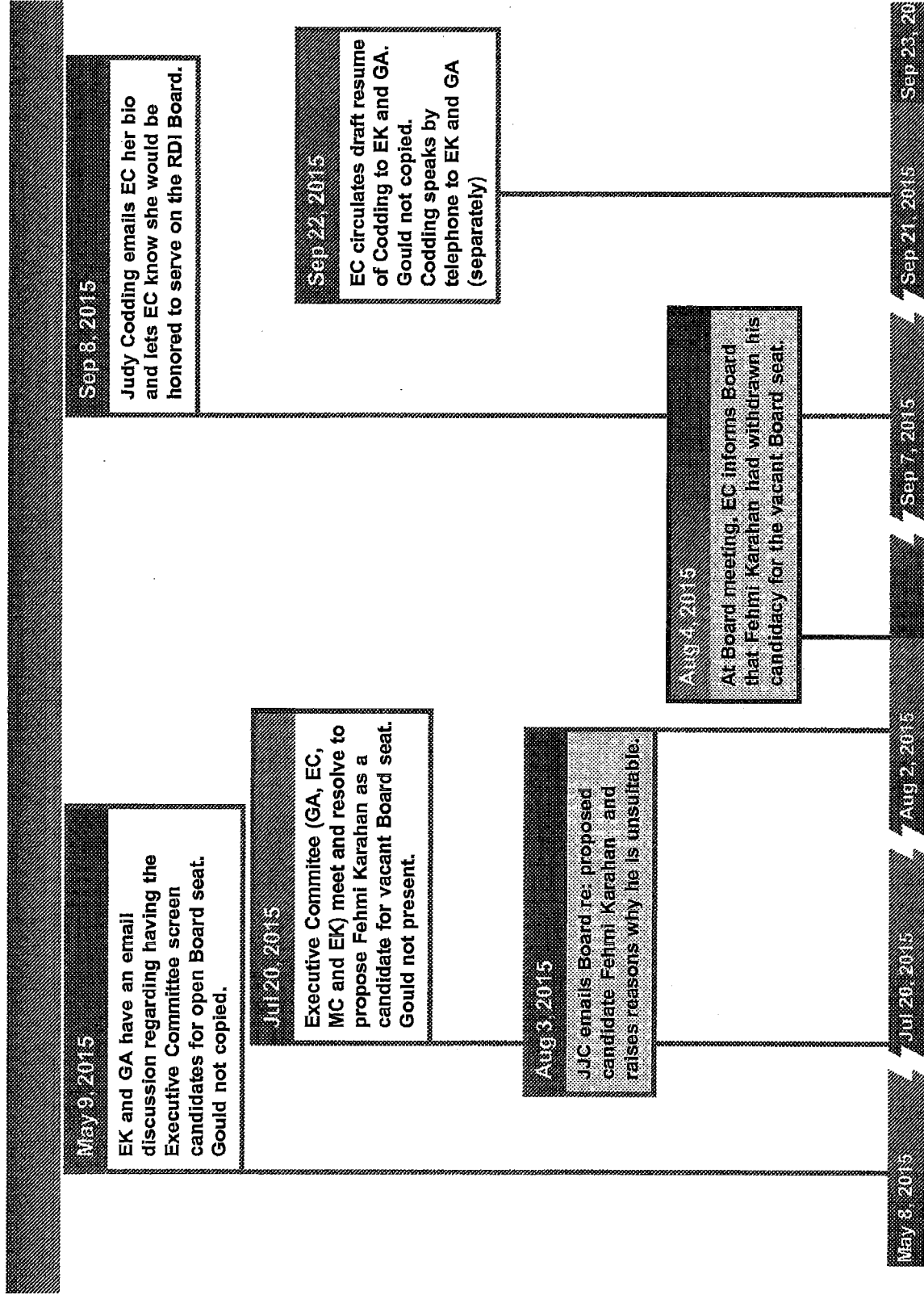






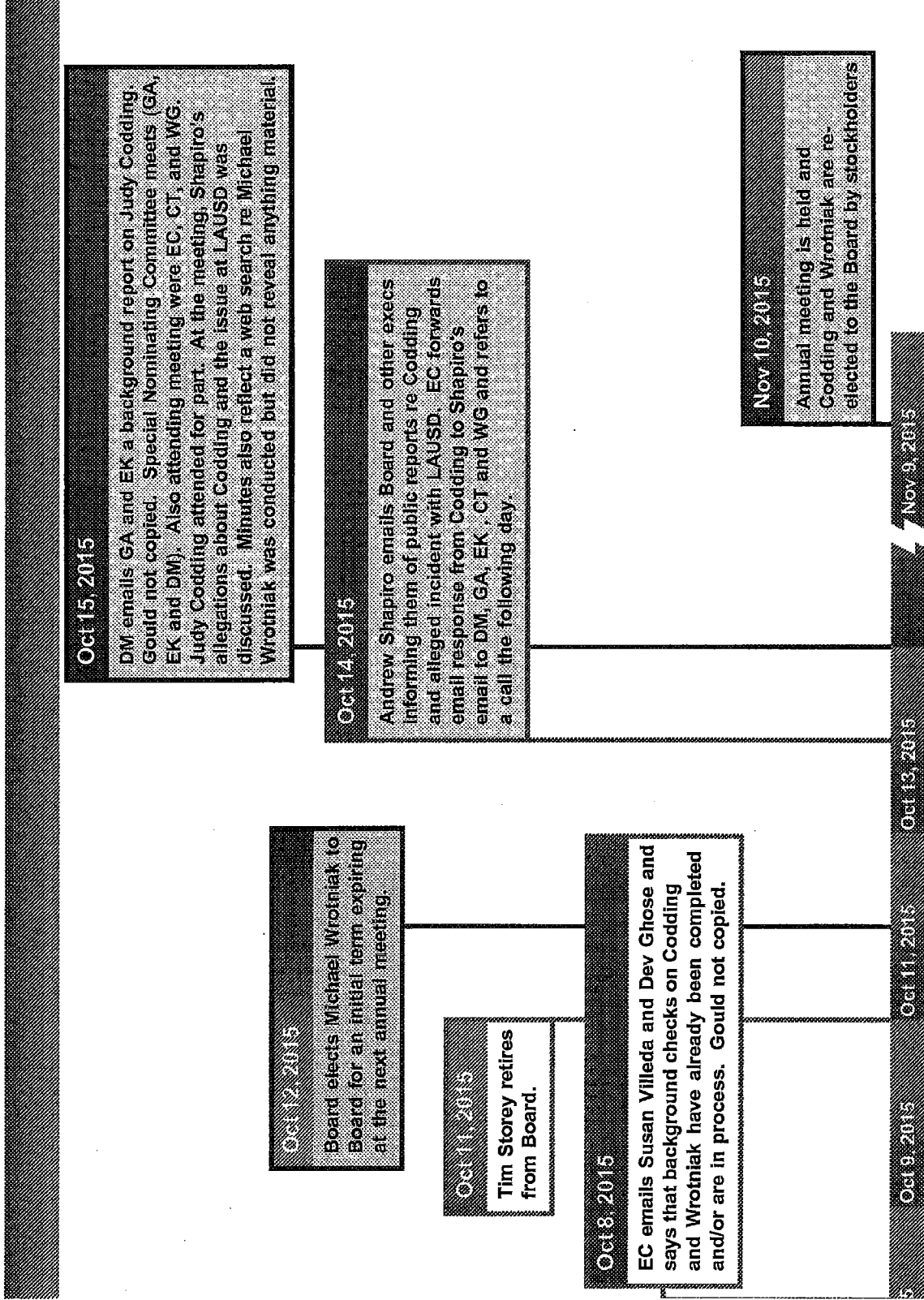
# Exhibit 6





## Search For Independent Directors

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# **EXHIBIT 31**

## **I. Qualifications and Experience**

I am a partner at Potter Anderson & Corroon LLP ("Potter Anderson"), one of the largest and most-recognized Delaware law firms with expertise in litigation and transactional matters involving Delaware corporations, Delaware limited liability companies, and other Delaware business entities. I am the former Chief Justice of the Delaware Supreme Court, serving in that capacity from 2004 until my retirement on November 30, 2013. Before serving as the Chief Justice, I served as a Justice on the Supreme Court, a Vice Chancellor of the Delaware Court of Chancery (Delaware's court of equity), and a Judge on the Delaware Superior Court (Delaware's general jurisdiction law court). I have presided over litigation involving major corporate, limited liability company and limited partnership governance disputes. I have written frequently on issues of corporate document interpretation and corporate governance, and I have published more than 300 opinions resolving disputes among members of limited liability companies, partners of limited partnerships, and between shareholders and management of both publicly traded and close corporations. Before my time as a judicial officer, I spent 18 years in private practice litigating before the Delaware courts.

I have served as an Adjunct Professor of Law at the University of Pennsylvania Law School and Pepperdine University Law School. I continue to serve as an Adjunct Professor at the University of Virginia Law School. I received my B.A. from the University of Virginia and my J.D. and LL.M. degrees from the University of Virginia School of Law. I also received an Honorary Doctor of Laws degree from the University of Delaware. A copy of my curriculum vitae is attached as Exhibit A to this report. Potter Anderson is being compensated at its standard rates for the work performed in connection with this report. My hourly rate for the matter is \$1,075.00, and the hourly rate of Diva Bole, an associate who assisted me on the matter, is \$310.00. Potter Anderson's



compensation is not contingent on any aspect of the report or on the outcome of any issue in the case. A list of all other cases in which I have testified as an expert at an evidentiary hearing or by deposition within the last four years is attached as Exhibit B to this report.

## II. SCOPE OF ENGAGEMENT

I have been retained by counsel for James J. Cotter, Jr. ("JJC") to opine on certain issues involved in the above-captioned proceeding. Specifically, I have been asked to opine regarding the following: (i) the conduct of Margaret Cotter ("MC"), Ellen Cotter ("EC"), Guy Adams ("Adams"), Edward Kane ("Kane"), Douglas McEachern ("McEachern"), Judy Coddling ("Coddling"), and Michael Wrotniak ("Wrotniak" and, together with MC, EC, Adams, Kane, McEachern, and Coddling, the "Defendants"), in so far as they were directors at the time, regarding the process used in terminating JJC from his position as President and CEO; (ii) the conduct of the Defendants in creating and acting through an Executive Committee comprised of EC, MC, Kane, and Adams; (iii) the conduct of the Defendants regarding the process used to appoint EC as President and CEO and to appoint MC as Executive Vice President-Real Estate Management and Development-NYC ("EVP-RED-NYC") and the award of revised compensation to EC, MC, and Adams; and (iv) the response of the Defendants to an offer from a third party to purchase all of the outstanding shares of the Company's stock (the "Offer").

## III. SUMMARY OF OPINIONS

Based on the facts as I understand them, it is my opinion that a court applying Delaware law<sup>1</sup> would conclude the following:

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<sup>1</sup> It is my understanding that Nevada courts look to Delaware case law when there is no Nevada statutory or case law on point for an issue of corporate law. *See, e.g. Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008) ("Because the Nevada Supreme Court frequently looks to the Delaware Supreme Court and the Delaware Courts of Chancery as persuasive authorities on questions of corporation law, this Court often looks to those sources to predict how the Nevada Supreme Court would decide the question."); *Hilton Hotels Corp. v. ITT Corp.*, 978 F. Supp. 1342, 1346 (D. Nev. 1997) ("Where, as here, there is no Nevada statutory or case law on point for an issue of corporate law, this Court finds persuasive authority in Delaware case law."); *Cohen v. Mirage Resorts, Inc.*, 62 P.3d

### **EC and MC Are Purportedly Controlling Stockholders and Interested in the Challenged Acts**

Under Delaware law, a majority stockholder is a controlling stockholder.<sup>169</sup> EC and MC purportedly control 70% of the voting stock of the Company.<sup>170</sup> A Delaware Court would likely consider EC and MC to be controlling stockholders.<sup>171</sup>

An interest, as it relates to the duty of loyalty and as it is defined by Delaware law, will be deemed to exist in two circumstances:

The first is when (1) a director personally receives a benefit (or suffers a detriment), (2) as a result of, or from, the challenged transaction, (3) which is not generally shared with (or suffered by) the other shareholders of his corporation, and (4) that benefit (or detriment) is of such subjective material significance to that particular director that it is reasonable to question whether that director objectively considered the advisability of the challenged transaction to the corporation and its shareholders. The second instance is when a director stands on both sides of the challenged transaction. *See* 8 *Del.C.* § 144. This latter situation frequently involves the first three elements listed above. As for the fourth element, whenever a director stands on both sides of the challenged transaction he is deemed interested and allegations of materiality have not been required.<sup>172</sup>

EC and MC each benefited from the challenged actions. Based on the facts as alleged in the complaint, EC was able to become CEO after her brother was removed from office, which provided her with a substantial compensation package<sup>173</sup> and MC was appointed EVP-RED-NYC, which her brother had opposed as CEO, and was given an additional \$200,000.<sup>174</sup> They attempted to use JJC's position as President and CEO as leverage in negotiations regarding the

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<sup>169</sup> *In re Crimson Exploration Inc. S'Holder Litig.*, 2014 WL 5449419, at \*10 (Del. Ch. Oct. 24, 2014).

<sup>170</sup> See Form DEF 14A filed by the Company with the SEC, 7 (May 18, 2016).

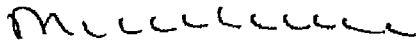
<sup>171</sup> *See, e.g. In re Ecorp Inc. Consulting Agreement Derivative Litig.*, 2016 WL 301245, at \*1 (describing a defendant who owned all of the corporation's voting stock through separate entities as a controlling stockholder).

<sup>172</sup> *Orman v. Cullman*, 794 A.2d at 25 n.50.

<sup>173</sup> Adams, 117.

<sup>174</sup> Kane, 477.

- (iii) If a finder of fact finds that the appointment of EC and MC to their respective current positions and the revised compensation and bonuses that they and Adams were given was not approved by an independent and disinterested majority, then entire fairness would apply and the Defendants, as controlling stockholders or those who acquiesced to the wishes of controlling stockholders, would be liable for a breach of loyalty if the finder of fact finds that the process used to grant the compensation and bonuses was not entirely fair; and
- (iv) If a finder of fact finds that the Board's rejection of the Offer was not the product of an independent and disinterested majority, and was born out of the desire to keep EC and MC, the controlling stockholders, in office, then the rejection out of hand intentionally breached the duty of loyalty.



Myron T. Steele

Dated this 25th day of August 2016.

# EXHIBIT A

## **EDUCATION**

B.A. Foreign Affairs, University of Virginia, 1967  
J.D., University of Virginia Law School, 1970  
LLM, University of Virginia, 2005  
Hon. D. L.D., University of Delaware, 2014

## **BAR ADMISSIONS**

Admitted to Virginia & Delaware Bars, 1970  
Admitted to practice in U.S. District Court, January 19, 1973  
Admitted as Member of the Bar of the U.S. Supreme Court, June 4, 2007  
Admitted to practice in the Court of Appeals, District of Washington DC, July 2, 2015

## **PROFESSIONAL EXPERIENCE**

Partner, Potter Anderson & Corroon LLP, Jan. 15, 2014 – Present;  
Chief Justice of the Delaware Supreme Court, May 2004 – November 2013;  
Justice of the Delaware Supreme Court, July 2000 – May 2004;  
Vice-Chancellor of the Delaware Court of Chancery, May 1994 – July 2000;  
Resident Judge of the Delaware Superior Court, Kent County, November 1990 – May 1994;  
Judge of the Delaware Superior Court, Kent County, May 1988 – November 1990  
(appointed by Gov. Castle);  
Prickett, Jones, Elliott, Kristol & Schnee, 1970; Dover - Resident Partner, 1973 – 1988;  
Deputy Attorney General, DE. 1971 – 1972;  
Delaware Senate Attorney, 1974;  
Chairman, Consumer Affairs Board of DE, 1974 – 1988;  
Member, Supreme Court Board on Professional Responsibility - 1974 – 1986;  
Member, Governor's Sentencing Reform Commission;  
Former President, Kent County Bar Association;  
Former Vice President, Delaware State Bar Association;  
Member, Court Consolidation Committee (appointed by Senate), 1986;  
Member, Sentencing Accountability Commission (appointed by Chief Justice), 1989-1994;  
Member, Drug Abuse Coordinating Council;  
Member, Commission on Delaware Courts 2000;  
Member, Judicial Conference Committee on Federal-State Jurisdiction  
(appointed by United States Supreme Court Chief Justice Roberts, 2006-2012);  
Col., Ret., DE Army National Guard - Staff Judge Advocate, 261st Signal Command;  
Inspector General, 1993 – 1996;  
Chairman, Central Delaware Health Care Corp. (Bayhealth), 1988-1993, Board, 1986-1995;  
Judicial Advisor and Member of ABA Business Law Section and its Mergers & Acquisitions  
Committee, 2002-2014;  
Past President, Kiwanis Club of Dover; English Speaking Union;  
Past Board Member, Children's Bureau;  
Terry-Carey, American Inns of Court, Past President, Master, Member of the Board;  
Associate Member of American Board of Trial Advocates;

Conference of Chief Justices, Board Liaison to the Government Affairs Committee;  
National Center for State Courts, Member of Lawyers Committee;  
Board Member of NACD Battlefield to Boardroom, Bayhealth Foundation; NACD Black Rock;  
Delaware Historical Society; Enlight Advisory Board; Director P.R.I.M.E. Finance; and  
current Advisory Board Chair of the University of Delaware Business School Weinberg  
Center of Corporate Governance;  
Member of ABA Subcommittee on Private Equity M&A;  
Member of The Oxford Mid Atlantic Council, Oxford University Centre for Corporate Reputation  
(finance and law professors from the University of Oxford together with a number of senior  
financial market participants);  
Trustee, American College of Corporate Governance Counsel (equivalent to the American College  
of Trial Attorneys) with only 50 attorneys, academics and judges elected to membership  
nationwide.  
Appointment by the Conference of Chief Justices (CCJ) Professionalism Committee to a Working  
Group Task Force on Foreign Lawyers (February 2016).

#### **HONORS**

The Citadel School of Business Hall of Fame 2015 recipient.

NACD, The National Association of Corporate Directors, Governance Fellow and 2014 Hall of  
Fame recipient.

Kent County Levy Court Medal for Meritorious Service.

U.S. Chamber Institute for Legal Reform 2012 Judicial Achievement Award.

Past President of the Conference of Chief Justices (CCJ) and Chair of the National Center for  
State Courts (NCSC) Board of Directors for 2012-2013

Worldwide Registry inclusion in 2014-2015 Edition of Executives, Professionals and  
Entrepreneurs.

Ranked as second in its list of "the 100 Most Influential People in Business Ethics for 2007" by  
Ethisphere Magazine.

Ranked as one of the 100 most influential people in corporate governance in the United States by  
The Directorship Magazine.

Lawdragon Magazine has consistently placed him among its annual Lawdragon 500 "Leading  
Lawyers in America" and "Top Judges in America."

Co-Chair on the ABA Joint Task Force on M&A Litigation

## PROFESSIONAL ACTIVITIES

Kellogg Corporate Governance Conference (May 2016)

Interactive Conversation with Neil S. Novich, former chairman and CEO, Ryerson, Inc.:

- *The Changing Landscape of Corporate Governance and Its Impact on Directors*

New York County Lawyers' Association, Center for Corporate Governance (May 2016)

Panel Member: *Important Recent Cases and Upcoming Issues*

The Citadel Directors' Institute, Charleston, South Carolina (April 2016)

Panel Moderator: *Recent Developments for Directors and their Advisors in Breaches of Fiduciary Duty Concerning M&A Scenarios*

American Bar Association, Business Law Section, "In the Know" Webinar Program (April 2016)

Panel Member: *Aiding and Abetting Liability in Mergers and Acquisitions*

John L. Weinberg Center for Corporate Governance 2016 Corporate Governance Symposium (March 2016)

Discussant: *Who Controls Corporate Charters? Shareholder Activism and Corporate Charter Amendments*

Tulane's 28<sup>th</sup> Annual Corporate Law Institute (March 2016)

Panel Member: *Dealmaking with Alternative Entities*

Contemporary Club of Albemarle (March 2016)

Keynote Speaker: *Federalism*

Practising Law Institute's Corporate Governance – A Master Class 2016 (February 2016)

Opening Keynote Address

Securities and Business Law Conference, Dallas, Texas (February 2016)

Panel Member:

- *Fiduciary Duties of Governing Persons to the Business' Equity Holders*
- *Fiduciary Duties of Governing Persons, Mainly in the Context of Mergers & Acquisitions*

Northwestern Law Securities Regulation Institute, Coronado, California (January 2016)

Panel: *Ethics in the Transactional Setting*

22<sup>nd</sup> Annual Distressed Investing Conference, New York City (November 2015)

Ethics Panel

International Law Conference 2015, Athens, Greece (June 2015)

Opening Keynote Address

Panel: *Business Formation, Start-Up, Operation and Regulation*

Annual International Mergers & Acquisition Conference, New York (June 2015)

Panel: *View from the Bench*

Citadel Directors Institute (CDI), Charleston, South Carolina (May 2015)

Panel Moderator:

- *Expansion of Aiding and Abetting Breaches of Fiduciary Duty – a Warning to Directors and their Advisors in M&A Scenarios*

Panel Member:

- *New Developments in Corporate Governance*

27<sup>th</sup> Tulane Corporate Law Institute (March 2015)

Panels: *Delaware Developments* and *“Getting to Closing”*

37<sup>th</sup> Annual Conference on Securities Regulation and Business Law, Texas (February 2015)

Panel: *How Recent Fiduciary Duty Cases Affect Advice to Directors and Officers of Delaware and Texas Corporations*

Company Law Symposium, South Africa (August 2014)

Keynote:

- *Takeovers and Mergers Including Poison Pills and What can be done in Contracts in Anticipation of Takeovers and Mergers*
- *The Business Judgment Rule and Directors’ Conflicts of Interest*
- *Business Rescue*

Panel: *Trends in Company Law*

Citadel Directors’ Institute, Charleston, South Carolina (May 2014)

Opening Keynote and Panel Moderator:

- *What is the Board’s Role in M&A Acquisition, JV’s and MBO’s?*

The Quorum Club, Toronto – Keynote Dinner Speaker (October 2014)

New England M&A Forum Guest Speaker (December 2014)

Delaware Trial Lawyers Ethics Seminar Guest Speaker (December 2014)

AAJ Securities and Financial Fraud Litigation Group Roundtable Meeting, New York –

Panel Member (December 2014)

Frequent Panelist and Keynote Speaker for American Bar Association; New York City Bar; Duke Business Law Society; Executive Compensation Conference (The Conference Board); Virginia Law & Business Symposium (Virginia Law School); Corporate Directors Forum; Northwestern Law; Federal Securities Institute; Annual Conference on Securities Regulation & Business Law (University of Texas School of Law); Annual Albert DeStefano Lecture (Fordham Corporate Law Center); Corporate Governance Forum; Delaware Trust Conference; University of Texas Mergers & Acquisitions Institute; IBA



Annual Conference; Delaware Business Law Forum; Society of Corporate Secretaries & Governance Professionals Delaware Law Issues Update Conference; New England Mergers & Acquisitions Forum.

#### PUBLICATIONS

"Delaware Insider: Singh v. Attenborough: Delaware Supreme Court Slams Door Shut on Aiding and Abetting Claims against Board Advisors" (with Christopher N. Kelly), *Business Law Today* (August 2016).

"Appointment of Independent Directors on the Eve of Bankruptcy: Why the Growing Trend?" *Examining Delaware Corporate Governance Through the Nebulous Zone of Insolvency Lens and Delaware ABO Related Issues in the Bankruptcy Court* (April 10, 2014).

"The Moral Underpinning of Delaware's Modern Corporate Fiduciary Duties" (with Ryan Scofield and Jonathan Urlick), 26 *Notre Dame J.L. Ethics & Pub. Pol'y* 3 (2012).

"Freedom of Contract and Default Contractual Duties in Delaware Limited Partnerships and Limited Liability Companies" (with John Allen Eakins), 46 *Am. Bus. L.J.* 221 (2009).

"Delaware's Guidance: Ensuring Equity for the Modern Witenagemot" (with J.W. Verret), 2 *Va. L. & Bus. Rev.* 188 (2007).

"Judicial Scrutiny of Fiduciary Duties in Delaware Limited Partnerships and Limited Liability Companies," 32 *Del. J. Corp. L.* 1 (2007).

"On Corporate Law Federalism: Threatening the Thaumatrope" (with Sean J. Griffith), 61 *Bus. Law.* 1 (2005).

"Delaware's Closed Door Arbitration: What the Future Holds for Large Business Disputes and How it Will Affect M&A Deals," Panelist: Chief Justice Myron T. Steele, et al., *The Journal of Business Entrepreneurship & The Law, Pepperdine University School of Law*, Volume VI, Number II (October 30, 2012).

"Realigning the Constitutional Pendulum" (with Peter I. Tsoflias), *Albany Law Review*, Volume 77, Number 4 (2013/2014).

#### TEACHING EXPERIENCE

University of Pennsylvania Law School, Adjunct Professor of Law  
University of Virginia Law School, Adjunct Professor of Law  
Pepperdine University Law School, Adjunct Professor of Law

# EXHIBIT B

Before the Securities and Exchange Commission of the United States of America in the Matter of Christopher M. Gibson (No. 3-17184).

IN THE ROYAL COURT OF GUERNSEY, ORDINARY DIVISION, Civil Action 1510: CARLYLE CAPITAL CORPORATION LIMITED (IN LIQUIDATION); ALAN JOHN ROBERTS, NEIL MATHER, CHRISTOPHER MORRIS, ADRIAN JOHN DENIS RABET, solely in their capacity as Joint Liquidators of Carlyle Capital Corporation Limited (In Liquidation) v. WILLIAM ELIAS CONWAY JR; JAMES H. HANCE JR; JOHN CRUMPTON STOMBER; MICHAEL J. ZUPON; ROBERT BARCLAY ALLARDICE III; HARVEY JAY SARLES; JOHN LEONARD LOVERIDGE; CARLYLE INVESTMENT MANAGEMENT LLC; TC GROUP LLC; TCG HOLDINGS LLC

Commonwealth of Massachusetts, Superior Court Department of the Trial Court, C.A. No. 09-3772-BLSI: J. Brent Finnegan and Kenneth F. Phillips for themselves and in the right and for the benefit of VBENX Corporation and Karen W. Finnegan in the rights and for the benefit of VBENX Corporation, and not individually v. Richard Baker, Peter Marcia, Walter Smith and D. Michael Sherman.

The Eastern Caribbean Supreme Court in the High Court of Justice British Virgin Islands Commercial Division, BVI HC (Com) Claim No. 17 OF 2015: In the Matter of Integrated Whale Media Investment Inc. and in the Matter of a Statutory Demand Dated 30 January 2015 and in the Matter of the Insolvency Act 2003 between Integrated Whale Media Investment, Inc. and Highlander Management LLC.

Honorable Seventh Regional Courtroom, of the Federal Court on Tax and Administrative Justice, File 10582/14-17-07-7: Plenus, S.A. DE C.V.

State of Minnesota, County of Hennepin District Court Fourth Judicial District, Court File No. 27-CV-14-3461: SpartanNash Company, f/k/a Spartan Stores, Inc. and Nash-Finch Company v. Robert B. Dimond, AB Acquisition LLC, Albertson's LLC, AB Management Services Corp., and New Albertson's Inc.

In the High Court of Justice Queen's Bench Division Commercial Court, Claim No. 2014-90: Lord Michael Cecil, Stuart Bentham and Steptoe & Johnson (A firm).

Superior Court of the State of California, County of San Diego, Case No. 37-2013-00050879-CU-GT-CTL: Laborers' Local #231 Pension Fund, Individually and on Behalf of All Others Similarly Situated v. Websense, Inc.; Vista Equity Partners; Tomahawk Acquisitions, LLC; Tomahawk Merger Sub, Inc.; John McCormack; John B. Carrington; Charles M. Boesenberg; Bruce T. Coleman; John F. Schaefer; Mark S. St. Clare; Gary E. Sutton; Peter C. Waller; and DOES 1-25, inclusive.

Juicio: Ordinario Mercantil, Expediente 456/2015, Juez Vigésimo tercero de lo Civil en el Distrito Federal: Omnilife de Mexico S.A. de C.V., Grupo Omnilife S.A. de C.V. y Otros v. Angelica Fuentes Tellez.

In the Matter of an Arbitration Under the Ucitral Arbitrator Rules (2010) between HARVEST USA INC (Hong Kong SAR, China); HARVEST GLOBAL INVESTMENTS LTD (Hong Kong SAR, China) and KRANE DISTRIBUTION LLC (Delaware, USA).

In the Matter of the Bermuda Arbitration Act of 1986 (As Amended and Supplemented and in the Matter of an AD Hoc Arbitration Between: Southern Company v. ACE Bermuda Insurance LTD.

Oral Videotaped Deposition in the Matter of John Durham v. The Stephens Group, LLC and Joe Vardell in the District Court of Harris County, Texas, 295<sup>th</sup> Judicial District (Cause No. 2013-25000).

# EXHIBIT C

Information Considered
TS Plaintiff's First Amended Complaint, dated February 1, 2016
James J. Cotter Jr.'s First Amended Verified Complaint, dated October 22, 2015
[Proposed] James J. Cotter Jr.'s Second Amended Verified Complaint, dated August 2016
Form 8-K of Reading International, Inc., filed July 24, 2013
Form 10-Q of Reading International, Inc., filed August 12, 2014
Form 13D of James J. Cotter Jr., filed September 19, 2014
Form DEF 14A of Reading International, Inc., filed May 18, 2016
Form 8-K of Reading International, Inc., filed March 15, 2016
Form DEF 14A of Reading International, Inc., filed October 20, 2015
Press Release, Reading International, Inc., Board of Directors of Reading International Rejected Non-Binding Indication of Interest (July 18, 2016)
Amended and Restated Bylaws of Reading International, Inc.
Amended and Restated Articles of Incorporation of Reading International, Inc.
Transcript of Deposition of Gay Adams, dated April 28-29, 2016
Transcript of Deposition of Douglas McEachern, dated May 6, 2016 and July 7, 2016
Transcript of Deposition of Margaret Cotter, dated May 11-13, 2016 and June 15, 2016
Transcript of Deposition of Ellen Cotter, dated May 18-19, 2016
Transcript of Deposition of Timothy Storey, dated February 12, 2016 and August 1, 2016
Transcript of Deposition of Edward Kane, dated May 2-3, 2016 and June 9-10, 2016
Transcript of Deposition of William Gordo, dated June 8, 2016 and June 29, 2016
Exhibit 61, Bates Stamped GA00001789-GA00001791
Exhibit 64, Bates Stamped GA00005521-GA00005524
Exhibit 65, Bates Stamped GA00005325-GA00005328
Exhibit 77, Bates Stamped GA00005242-GA00005244
Exhibit 80, Bates Stamped GA00005499
Exhibit 83, Bates Stamped GA00005302-GA00005303
Exhibit 119, Bates Stamped GA00005325-GA00005335

Exhibit 123, Bates Stamped MC00000000-149
Exhibit 149, Bates Stamped MC000008239-MC000008242
Exhibit 145, Bates Stamped MC000004617-MC000004619
Exhibit 159, Bates Stamped MC000000893-MC000000898
Exhibit 202, Bates Stamped MC000000893-MC000000898
Exhibit 307, Bates Stamped RD10024998- RD10025007
Exhibit 307, Bates Stamped RD10025004- RD10025022
Exhibit 311, Bates Stamped WG_0000113- WG_0000130
Exhibit 319, Bates Stamped WG_0000419
Exhibit 327, Bates Stamped EC00000269

# **EXHIBIT 32**



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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

and

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

Nominal Defendant.

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

Coordinated with:

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

Jointly Administered

**JAMES J. COTTER, JR.'S  
RESPONSES TO WILLIAM GOULD'S  
FIRST SET OF REQUESTS FOR  
ADMISSION**

21 COMES NOW, James J. Cotter, Jr. ("Plaintiff" or "Responding Party") and hereby serves  
22 his responses to William Gould's ("Defendant" or "Propounding Party") First Set of Requests for  
23 Admission (the "Requests").

**GENERAL OBJECTIONS**

25 Responding Party incorporates the following general objections into each specific response  
26 and objection set forth below:

- 27 (1) Responding Party objects to the Requests to the extent they seek documents  
28 or information which is protected by (or which cannot be provided without

disclosing) attorney client privilege, the attorney-work product doctrine and/or otherwise is privileged or protected from disclosure, including in particular communications of counsel of record for Plaintiff in this action, which communications will not be produced or logged;

(2) Responding Party objects to the Requests to the extent they seek documents or information the production or disclosure of which violates any person or entity's right to privacy;

(3) Responding Party objects to the Requests to the extent they seek documents or information not in Responding Party's possession, custody, or control;

(4) Responding Party objects to the Requests to the extent they seek documents or information within the possession or control of the Propounding Party, or seeks documents or information which is publicly available and/or which otherwise is uniquely or equally available to the Propounding Party;

(5) Responding Party objects to the Requests to the extent they seek information or documents that constitute or disclose confidential, proprietary, or developmental commercial or business information or research, or seeks documents or information otherwise protected from disclosure;

(6) Responding Party objects to the Requests to the extent they attempt or purport to impose obligations exceeding those authorized or imposed by the Nevada Rules of Civil Procedure;

(7) Responding Party objects to the Requests insofar as they seek documents or information beyond the time and scope of matters at issue in the captioned action and/or which are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence; and

(8) Responding Party objects to the Requests because they generally are unlimited as to time, meaning that they generally provide no time frame or date range to limit the scope of documents or information requested.