

1 day before the reconvened board meeting of May 29th. On
2 May 29th the board met in the morning, and they told Mr.
3 Cotter at the end of that meeting that adjourned at 1:00
4 o'clock, you go settle with your sisters or you're going to be
5 terminated. They reconvened at 6:00 o'clock on Friday, the
6 29th, and Ellen Cotter says, we have a tentative settlement.

7 By the way, those aren't just my words. That's
8 exactly what Mr. Storey's contemporaneous handwritten notes
9 say about what happened on May 29th.

10 So here's what's going on May 28th. Here's a memo
11 -- excuse me, an email from -- exchange between Gould and
12 Kane, copied to the other individual defendants, and in two
13 sentences, two simple, straightforward, declarative sentences
14 on the 28th of May at 4:53 p.m., presumably Pacific Time, Mr.
15 Kane makes clear exactly what we've pleaded, namely, that Mr.
16 Cotter has been told, quote, "Accept the offer to remain CEO
17 under the terms presented by Ellen and Margaret," close quote.
18 Quote, "If Jim declines the conditions presented by Margaret
19 and Ellen," close quote, he's going to be terminated and then
20 they'll talk about the other issue of an interim CEO. This
21 goes to very issue with which we were supposed to have
22 conducted expedited discovery. Was this document produced by
23 Kane or Adams or McEachern? No.

24 Now, they claim, oh, well, we think those two
25 sentences and the balance of it are privileged and it's on Mr.

1 Adams's privilege log. And we fouled up the exhibit, but they
2 included it in theirs, and I hope you had a chance to look at
3 it. The document which they claim logs these May 28th
4 exchange of emails is dated May 29, and it's supposedly from
5 Mr. Brockmeyer, I think they said, who's a local Los Angeles
6 lawyer. Well, Your Honor, in their opposition they say the
7 reason the earlier email postdates the later emails is time
8 difference. Well, Mr. Brockmeyer would have had to have been
9 somewhere around Mumbai for that to be the case. So their
10 explanation doesn't hold true, there's no explain otherwise
11 offered, and the declarations of Kane and McEachern are
12 classic everything and nothing declarations. That's why
13 they're not quoted in the opposition. They just say, well,
14 you know, I didn't destroy everything and everything's
15 copacetic.

16 So this is a critical, critical issue, Your Honor.
17 We have two documents that go to the heart of the issues that
18 we raised and you said could be the subject of expedited
19 discovery. They have not been properly produced, they've not
20 been properly logged. There's something amiss here, Your
21 Honor.

22 On the interrogatories I only had one comment about
23 one of -- excuse me, the document requests. I only had one
24 comment about one of them. Number 38, which is on page 21 of
25 our motion, concerns documents regarding the Class B voting

1 stock held in the name of the Trust or the Estate or the name
2 of the decedent, James J. Cotter, Sr. And they complain that,
3 well, that's going to have all sorts of documents from the
4 Estate proceeding. I've told them that they don't have to
5 produced pleadings, of course. So, in other words, what
6 they're arguing is, Your Honor, these documents are
7 discoverable in this case but because they're also
8 discoverable I guess in the California Estate case or in the
9 probate case before you that's consolidated with this case
10 somehow they're not discoverable here. That doesn't cut it.

11 THE COURT: Okay. Thanks.

12 MR. KRUM: Thanks, Your Honor.

13 THE COURT: Good morning.

14 MR. TAYBACK: Your Honor, by my count this is --
15 maybe I'll wait till the beep. By my count this is maybe the
16 third time we've been in here on something phrased as an
17 urgent matter, an emergency done on shortened time, where with
18 respect to many of these issues, not the substantive issues
19 with which we did meet and confer, but on the speed with which
20 the production is being made, the propriety of logging with
21 which the issue about the privilege log, which, as Mr. Krum I
22 believe now concedes because our opposition points it out,
23 they were looking at the wrong privilege log when they're
24 talking about the discrepancy. These issues could have been
25 and should have been handled, frankly, in ordinary course. If

1 you want to look at the statistics for how and where discovery
2 stands in this matter, which is where Mr. Krum started, the
3 total documents produced in this case, total number of
4 documents, not pages, by all parties is 12,538. RDI has
5 produced 6200 of those, T2 86, Glazer 89, the plaintiff 2700,
6 the other defendants over 3300. That's as of yesterday.

7 The fact is that there were document requests, two
8 sets, propounded by both plaintiffs and the individual
9 defendants that I'm here representing. Those were both
10 propounded initially in August. Our production was complete
11 in November. We produced a privilege log that had 1300
12 entries in October. We've not received a privilege log from
13 plaintiff on anything. We have not received a complete
14 production from the plaintiff with respect to our first set of
15 document requests from August.

16 The seconds sets of document requests by both
17 plaintiff and the individual defendants were propounded around
18 the same time, in November. We started production after
19 meeting and conferring in late January on February 1st. We've
20 received no response from plaintiff as to when, if ever, he's
21 going to respond to the second set of document requests. And
22 there've been two extensions granted to the only set of
23 interrogatories propounded on plaintiff, and as of yet there's
24 no substantive responses to those interrogatories.

25 Discovery is not one sided. With respect to the

1 specific allegations I have to tell you that we take them
2 seriously. The allegations of document spoliation are not
3 something that I think anybody can come in here and say
4 they've taken lightly. We went, we looked. The fact is the
5 three documents that they're pointing to as having not been
6 produced that should have been produced by specific individual
7 defendants all predate the litigation. Mr. Kane explains he
8 didn't keep every email prior to the litigation, as does Mr.
9 McEachern. The fact is those emails were produced when and if
10 they existed.

11 There are questions regarding Margaret Cotter's
12 document production, Margaret and Ellen Cotter's document
13 productions. The fact is, as Mr. Krum also knows, there are
14 two entities that are producing documents on behalf of those
15 individual people. We are producing the documents from their
16 individual computers. But both Margaret and Ellen Cotter do
17 work for Reading, and both of them have voluminous documents
18 on the Reading server. And that has been the subject of
19 ongoing negotiation between Mr. Krum and counsel for Reading
20 separate and apart from counsel for the individual defendants,
21 myself. The fact is we've produced voluminous documents, all
22 the documents I believe that are responsive to the first set
23 of document requests and most of the documents that are
24 responsive to the second set of document requests. I think
25 the questions are if he had picked up the phone and called and

1 asked about, one, why is there a -- why are these documents
2 not present in Mr. Kane's production whereas they're present
3 in Mr. Adams's production, the answer would have been simple.
4 It would have been as Mr. Kane states in his declaration,
5 which is he doesn't have them, they predate the litigation, he
6 had no obligation to hold onto them at that point in time.

7 I think the question with respect to the privilege
8 log would have been very much the same. And there was some
9 back and forth on the privilege log. But the question that he
10 asked today is not the question he asked in that exchange,
11 which is, I'm looking at Privilege Log Entry Number 406. In
12 fact, we would have said, if you look at the correct privilege
13 log you would see it.

14 And, yes, the discrepancy of the date is based on a
15 time zone difference, because, yes, the lawyer who was the
16 sender or recipient on that email was in a different time
17 zone, and therefore it's dated May 29th. Moreover, as we
18 pointed out, the actual original email, that is to say not the
19 chain, is separately logged. And we pointed that out to him,
20 separately logged as Mr. Adams's Number 392.

21 The fact is we've complied with our discovery
22 obligations and then some. We have a privilege log which we
23 would be more than happy to provide to anybody who wants to
24 look at it. I think that Mr. Krum should have called, should
25 have picked up the phone and asked about issues that he had

1 before filing a motion on shortened time making what frankly
2 are very serious allegations that I don't believe are well
3 founded.

4 With that, I think the issue that I would like to
5 address is the substantive document requests. Because, if you
6 ask me, Mr. Krum has phrased -- has set this motion up to
7 start with allegations that I don't think are well founded but
8 are inflammatory as a means of trying to say, you should
9 simply grant the motions to compel the substantive requests,
10 which I don't think should be granted for specific reasons. I
11 really think they fall into a few categories, Documents
12 Requests -- this is using the numbers from the second set of
13 document requests upon which he's moved to compel -- 3 and 4.
14 3 receives all personal financial information of Mr. Kane and
15 Mr. Adams. He says, documents sufficient to show. And he
16 says, I'm not interested in their tax returns, but I need
17 documents sufficient to show all the money that they've made
18 from all sources in each of the last three years. I don't
19 know what documents those would be other than tax documents
20 that would be sufficient to show how much income. He's
21 certainly welcome to ask questions at a deposition, but what
22 documents would exist to show that other than tax documents?

23 We offered to produce documents that would show the
24 amount of income earned by Mr. Kane and Mr. Adams from
25 specific Cotter-related entities identified by the plaintiff.

1 He rejected that. He said he wants -- and the request is
2 phrased as, any entity that is or has ever been claimed to be
3 controlled by any person named Cotter, effectively. And that
4 simply leaves us in a position where we have to guess what Mr.
5 Cotter, Sr., now deceased, every may have contended he had a
6 controlling interest in, let alone Margaret and Ellen Cotter,
7 let alone Reading, which is also contemplated by that. We
8 simply asked for some particularity with respect to this
9 specifics as it relates to income earned from the Cotters'
10 specific entities.

11 Similarly, at Category 4 of the document requests
12 asks for all emails, all communications by Mr. Adams with
13 anybody at Reading or anybody named or on behalf of the
14 Cotters unbridled by time, unbridled by subject matter.
15 That's simply overburdensome -- burdensome and overbroad.

16 38 and 40. 40 we've actually resolved. As we
17 stated and as the letter attached to Mr. Krum's motion
18 reflects, both 38 and 40 were the subject of further review by
19 us. And when we filed our amended responses yesterday those
20 amended responses made clear that we'll produce Category 40.
21 So that's not at issue.

22 THE COURT: Amended responses don't help me.

23 MR. TAYBACK: I understand, although that begs the
24 question as to whether or not he should have picked up the
25 phone, since that was not something which we've said we would

1 stand on our objections, as based on his own meet and confer
2 letter.

3 With respect to 38 we -- it asks for all documents
4 regarding Class B stock. Our objection is simply that's
5 everything contemplated in the litigation, everything
6 referenced in the parallel litigations involving the Trusts
7 and Estates. That's overbroad. We've offered to narrow it,
8 we've offered to produce documents related to the exercise of
9 that option, and we think that it's overbroad as phrased and
10 should be narrowed. He's rejected those requests.

11 The last categories are 47 through 50, and those are
12 generally statements that relate to other statements made in a
13 proxy statement regarding Margaret and Ellen Cotter being
14 trustees, regarding RDI being a controlled company under
15 NASDAQ, and regarding Ellen Cotter's appointment as CEO.
16 Those are objectionable for the reasons we state in the
17 papers; that is to say, we're willing to produce some
18 documents. We frankly think we've probably produced
19 documents, because those -- the documents we think would be
20 responsive are responsive to other requests. We've asked for
21 some clarification as to why it is that he insists on this
22 request if we've produced documents to this other request
23 that's similar.

24 We've gotten no response to that. If he means
25 something else, we'd like to know what it is. But as phrased

1 it's nothing that is either not overly broad or something we
2 don't even know what he's referring to, because it's not clear
3 to us that it's anything more than what's already been
4 produced.

5 THE COURT: Okay.

6 MR. TAYBACK: Thank you.

7 THE COURT: Thank you.

8 Mr. Krum, anything else?

9 MR. KRUM: Yes, Your Honor, very, very briefly.
10 On the documents requests --

11 THE COURT: You have 30 seconds to wrap up.

12 MR. KRUM: On the document requests they're not
13 unbridled lists of time. They're specified to call for
14 documents dated January 1, '14, and after. Second, "predate
15 the litigation" is erroneous and misleading. Exhibit 9 is
16 dated May 15th, 6 May 28th. On May 20 I sent a litigation
17 hold letter to their counsel.

18 Finally, their privilege log is full of derivative
19 litigation privileged documents that predate that, back into
20 March, I think.

21 THE COURT: Okay. 'Bye.

22 MR. KRUM: Thank you.

23 THE COURT: All right. The motion is granted in
24 part. With respect to Request for Production Number 3 the
25 defendants are correct, they do not need to provide any

1 information in the form of documents related to gross income.
2 However, during deposition Mr. Krum may inquire as to the
3 percentage that the Cotter-related income forms of the gross
4 income to make any determination you think is appropriate.

5 With respect to the remaining documents, they are
6 all granted. However, you do not have to produced pleadings
7 that exist in filed cases. You may refer counsel to those.

8 In addition, a certification needs to be provided by
9 any defendant who has deleted information, whether it was pre
10 or post litigation, that they have done a search and what
11 their practice was for deleting information prior to the time.

12 I am not at this point addressing any issues related
13 to spoliation. If something comes from that, we have to have
14 an evidentiary hearing after a motion to compel if we get
15 there.

16 Anything else?

17 MR. KRUM: Nothing else, Your Honor.

18 THE COURT: 'Bye.

19 MR. KRUM: Thank you.

20 THE PROCEEDINGS CONCLUDED AT 10:09 A.M.

21 * * * * *

22

23

24

25

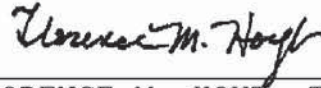
CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

2/22/16

DATE



CLERK OF THE COURT

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

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

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

25 **EIGHTH JUDICIAL DISTRICT COURT**

26 **CLARK COUNTY, NEVADA**

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

Plaintiff,

v.

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

Defendants.

AND

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

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

Related and Coordinated Cases

BUSINESS COURT

**ANSWER TO FIRST AMENDED
COMPLAINT**

COHEN|JOHNSON|PARKER|EDWARDS
255 E. Warm Springs Road, Suite 9
Las Vegas, Nevada 89119
(702) 823-3500 FAX: (702) 823-3400

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

READING INTERNATIONAL, INC., a Nevada
corporation,

Nominal Defendant.

DEFENDANTS' ANSWER TO PLAINTIFF'S FIRST AMENDED COMPLAINT

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

RESPONSE TO "NATURE OF THE CASE"

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

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

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

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

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

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

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

RESPONSE TO "PARTIES"

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

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

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

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

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

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

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

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

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

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

RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

119. Defendants deny the allegations of paragraph 119 of the Complaint.
120. Defendants deny the allegations of paragraph 120 of the Complaint.
121. Defendants deny the allegations of paragraph 121 of the Complaint.
122. Defendants deny the allegations of paragraph 122 of the Complaint.
123. Defendants admit the allegations of paragraph 123 of the Complaint.
124. Defendants admit the allegations of paragraph 124 of the Complaint.
125. The allegations of paragraph 125 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 125 of the Complaint are denied.
126. Defendants deny the allegations of paragraph 126 of the Complaint.
127. Defendants deny the allegations of paragraph 127 of the Complaint.
128. Defendants deny the allegations of paragraph 128 of the Complaint.
129. Defendants deny the allegations of paragraph 129 of the Complaint.
130. Defendants deny the allegations of paragraph 130 of the Complaint.
131. Defendants deny the allegations of paragraph 131 of the Complaint.
132. Defendants deny the allegations of paragraph 132 of the Complaint.
133. Defendants deny the allegations of paragraph 133 of the Complaint.
134. Defendants deny the allegations of paragraph 134 of the Complaint.
135. Defendants deny the allegations of paragraph 135 of the Complaint.
136. Defendants deny the allegations of paragraph 136 of the Complaint.
137. Defendants deny the allegations of paragraph 137 of the Complaint.
138. Defendants deny the allegations of paragraph 138 of the Complaint.
139. Defendants deny the allegations of paragraph 139 of the Complaint.
140. Defendants deny the allegations of paragraph 140 of the Complaint.
141. The allegations of paragraph 141 of the Complaint are purportedly based on written documents, which speak for themselves. Defendants deny the remaining allegations of paragraph 141 of the Complaint.
142. Defendants deny the allegations of paragraph 142 of the Complaint.

143. Defendants deny the allegations of paragraph 143 of the Complaint.
144. Defendants deny the allegations of paragraph 144 of the Complaint.
145. Defendants deny the allegations of paragraph 145 of the Complaint.
146. Defendants deny the allegations of paragraph 146 of the Complaint.
147. Defendants deny the allegations of paragraph 147 of the Complaint.
148. Defendants admit that Ellen Cotter proposed Judy Coddington as a candidate for RDI's Board of Directors. Defendants deny the allegations of paragraph 148 of the Complaint in all other respects.
149. Defendants admit that Mary Cotter knows Judy Coddington. Defendants deny the allegations of paragraph 149 of the Complaint in all other respects.
150. Defendants admit that, on October 5, 2015, Judy Coddington was made a director of RDI. Defendants admit that, with the exception of James Cotter, Jr., RDI's directors voted to add Ms. Coddington to RDI's Board of Directors. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 150 of the Complaint related to one of RDI's institutional stockholders, and therefore deny them. Defendants deny the allegations of paragraph 150 of the Complaint in all other respects.
151. Defendants deny the allegations of paragraph 151 of the Complaint.
152. Defendants deny the allegations of paragraph 152 of the Complaint.
153. Defendants deny the allegations of paragraph 153 of the Complaint.
154. Defendants deny the allegations of paragraph 154 of the Complaint.
155. Defendants admit that RDI's Board of Directors voted to elect Michael Wrotniak to fill the vacancy on the Board of Directors. Defendants deny the allegations of paragraph 155 of the Complaint in all other respects.
156. Defendants deny the allegations of paragraph 156 of the Complaint.
157. Defendants deny the allegations of paragraph 157 of the Complaint.
158. Defendants deny the allegations of paragraph 158 of the Complaint.
159. Defendants deny the allegations of paragraph 159 of the Complaint.
160. Defendants deny the allegations of paragraph 160 of the Complaint.

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

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

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

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

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

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

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

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

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

10 **RESPONSE TO "FIRST CAUSE OF ACTION**

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

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

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

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

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

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

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

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

RESPONSE TO "SECOND CAUSE OF ACTION**(Breach of Fiduciary Duty – Against MC, EC, Adams, Kane, McEachern and Gould)"**

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

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

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

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

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

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

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

RESPONSE TO "THIRD CAUSE OF ACTION**(Aiding and Abetting Breach of Fiduciary Duty – Against MC and EC)"**

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

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

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

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

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

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

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

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

RESPONSE TO "IRREPARABLE HARM"

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

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

RESPONSE TO "PRAYER FOR RELIEF"

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

AFFIRMATIVE DEFENSES

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

FIRST DEFENSE – FAILURE TO STATE A CAUSE OF ACTION

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

SECOND DEFENSE – STATUTES OF LIMITATIONS AND REPOSE

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

THIRD DEFENSE – LACHES

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

FOURTH DEFENSE – UNCLEAN HANDS

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

FIFTH DEFENSE – SPOILIATION

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

SIXTH DEFENSE – ILLEGAL CONDUCT AND FRAUD

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

SEVENTH DEFENSE – WAIVER, ESTOPPEL, AND ACQUIESCENCE

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

EIGHTH DEFENSE – RATIFICATION AND CONSENT

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

NINTH DEFENSE – NO UNLAWFUL ACTIVITY

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

TENTH DEFENSE – NO RELIANCE

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

ELEVENTH DEFENSE – FAILURE TO PLEAD FRAUD WITH PARTICULARITY

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

TWELFTH DEFENSE – UNCERTAIN AND AMBIGUOUS

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

THIRTEENTH DEFENSE – PRIVILEGE AND JUSTIFICATION

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

FOURTEENTH DEFENSE – GOOD FAITH AND LACK OF FAULT

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

FIFTEENTH DEFENSE – NO ENTITLEMENT TO INJUNCTIVE RELIEF

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

SIXTEENTH DEFENSE – DAMAGES TOO SPECULATIVE

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

SEVENTEENTH DEFENSE – NO ENTITLEMENT TO PUNITIVE DAMAGES

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

EIGHTEENTH DEFENSE – MITIGATION OF DAMAGES

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

NINETEENTH DEFENSE – COMPARATIVE FAULT

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

TWENTIETH DEFENSE – BUSINESS JUDGMENT RULE

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

TWENTY-FIRST DEFENSE – EQUITABLE ESTOPPEL

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

TWENTY-SECOND DEFENSE – ELECTION OF REMEDIES

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

TWENTY-THIRD DEFENSE – NEVADA REVISED STATUTE 78.138

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

TWENTY-FOURTH DEFENSE – FAILURE TO MAKE APPROPRIATE DEMAND

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

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

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

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

12 Dated this 14th day of March, 2016.

13 COHEN|JOHNSON|PARKER|EDWARDS

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

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

CERTIFICATE OF SERVICE

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

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

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

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

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

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

Chubb
 Allison Rose, Esq.
 allisonrose@chubb.com

Greenberg Traurig, LLP
 6085 Joyce Heilich heilichj@gtlaw.com
 7132 Andrea Rosehill rosehilla@gtlaw.com
 IOM Mark Ferrario lvitdock@gtlaw.com
 KBD Kara Hendricks hendricksk@gtlaw.com
 LAI Leslie Godfrey godfrey1@gtlaw.com
 LCU Lance Coburn coburnl@gtlaw.com
 LVGTDocketing lvitdock@gtlaw.com
 MNQ Megan Sheffield
 sheffieldm@gtlaw.com
 ZCE Lee Hutcherson hutcherson@gtlaw.com

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

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

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


CLERK OF THE COURT

ANAC
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
ferrariom@gtlaw.com
hendricksk@gtlaw.com
Counsel for Reading International, Inc.

DISTRICT COURT
CLARK COUNTY, NEVADA

In the Matter of the Estate of
JAMES J. COTTER,

Deceased.

Case No. P 14-082942-E

Dept. XI

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

Case No. A-15-719860-B

Dept. No. XI

Plaintiff,

v.

Jointly Administered

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

**READING INTERNATIONAL, INC.'S
ANSWER TO JAMES J. COTTER JR.'S
FIRST AMENDED COMPLAINT**

Defendants.

and

READING INTERNATIONAL, INC., a
Nevada corporation;

Nominal Defendant.

**READING INTERNATIONAL, INC.'S ANSWER TO JAMES J. COTTER JR.'S
FIRST AMENDED COMPLAINT**

Nominal Defendant Reading International, Inc. ("Nominal Defendant" or "RDI") hereby sets forth the following Answer to the First Amended Verified Complaint, filed by Plaintiff on October 22, 2015 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Nominal Defendant responds to each of the paragraphs of the Complaint as follows:

RESPONSE TO "NATURE OF THE CASE"

1. RDI denies the allegations of paragraph 1 of the Complaint.
2. RDI denies the allegations of paragraph 2 of the Complaint.
3. RDI denies the allegations of paragraph 3 of the Complaint.
4. RDI admits that "family disputes" between Ellen Cotter and Margaret Cotter, on the one hand, and James Cotter, Jr., on the other hand, included certain trust and estate litigation commenced by Ellen Cotter and Margaret Cotter against James Cotter, Jr. following the passing of their father, James J. Cotter, Sr. in September 2014. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 4 of the Complaint in all other respects.
5. RDI denies the allegations of paragraph 5 of the Complaint.
6. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 6 of the Complaint in all other respects.
7. RDI denies the allegations of paragraph 7 of the Complaint.
8. RDI denies the allegations of paragraph 8 of the Complaint.
9. RDI denies the allegations of paragraph 9 of the Complaint.
10. RDI admits that Ellen Cotter and Margaret Cotter acting in their capacities as the Co-Executors of the estate of James J. Cotter, Sr. (the "Cotter Estate") exercised on behalf of the Cotter Estate an option held by the Cotter Estate to acquire 100,000 shares of RDI class B voting stock. To the extent the allegations in this paragraph relate to the actions of individual

1 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
2 defendants. RDI denies the allegations of paragraph 10 of the Complaint in all other respects.

3 11. RDI admits that Ellen Cotter reported that a candidate for the Board of Directors
4 decided to withdraw from consideration because of pending derivative litigation. To the extent
5 the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
6 defendant defers to the answers filed on behalf of the individual defendants. Defendants deny
7 the allegations of paragraph 11 of the Complaint in all other respects.

8 12. RDI admits that, on or about October 5, 2015, Ellen Cotter proposed adding Judy
9 Coddington to RDI's Board of Directors. RDI admits that Edward Kane, Douglas McEachern, and
10 Guy Adams met Ms. Coddington. RDI admits that Mary Cotter knows Ms. Coddington. To the extent
11 the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
12 defendant defers to the answers filed on behalf of the individual defendants. RDI denies
13 allegations of paragraph 12 of the Complaint in all other respects.

14 13. RDI admits that Edward Kane, Guy Adams, and Douglas McEachern were
15 members of RDI's special nominating committee. RDI admits that RDI's Annual Shareholder
16 Meeting was scheduled for November 10, 2015. RDI admits that Margaret Cotter knows
17 Michael Wrotniak. To the extent the allegations in this paragraph relate to the actions of
18 individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the
19 individual defendants. RDI denies the allegations of paragraph 13 of the Complaint in all other
20 respects.

21 14. RDI admits that Michael Wrotniak was appointed to fill a vacancy on RDI's
22 Board of Directors. RDI denies the allegations of paragraph 14 of the Complaint in all other
23 respects.

24 15. RDI admits that Michael Wrotniak was nominated for membership on RDI's
25 Board of Directors. RDI admits that McEachern and Adams spoke to another suggested
26 candidate. To the extent the allegations in this paragraph relate to the actions of individual
27 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
28 defendants. RDI denies the allegations of paragraph 15 of the Complaint in all other respects.

16. RDI denies the allegations of paragraph 16 of the Complaint.

RESPONSE TO "PARTIES"

17. RDI admits that, at all times relevant hereto, James Cotter, Jr. was a stockholder of RDI. RDI admits that James Cotter, Jr. has been a director of RDI. RDI admits that James Cotter, Jr. was appointed Vice Chairman of RDI's Board of Directors, then later President of RDI. RDI admits that James Cotter, Jr. was appointed CEO by RDI's Board of Directors after James Cotter, Sr. resigned from that position. RDI admits that James Cotter, Jr. is the son of the late James Cotter, Sr. and the brother of Ellen Cotter and Margaret Cotter. RDI admits that James Cotter Jr. had stock in RDI and that there is a dispute regarding stock held by the James J. Cotter Living Trust, dated August 1, 2006. RDI denies the allegations of paragraph 17 of the Complaint in all other respects.

18. RDI admits that Margaret Cotter is a director of RDI. RDI admits that Margaret Cotter is the owner and President of OBI, LLC, a company that, until recently, provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, LLC, of which Margaret Cotter is President. RDI admits that Margaret Cotter was involved in development of real estate in New York owned directly or indirectly by RDI. RDI denies the allegations of paragraph 18 of the Complaint in all other respects.

19. RDI admits that Ellen Cotter is and at all times relevant hereto was a director of RDI. RDI denies the allegations of paragraph 19 of the Complaint in all other respects.

20. RDI admits that Edward Kane is an outside director of RDI. RDI admits that Edward Kane has been a director of RDI since approximately October 15, 2009. RDI admits that Edward Kane was a friend of James Cotter, Sr., James Cotter, Jr., Ellen Cotter, and Margaret Cotter. RDI denies the allegations of paragraph 20 of the Complaint in all other respects.

21. RDI admits that Guy Adams is an outside director of RDI. RDI denies the allegations of paragraph 21 of the Complaint in all other respects.

22. RDI admits that Douglas McEachern is an outside director of RDI. RDI denies the allegations of paragraph 22 of the Complaint in all other respects.

23. RDI admits that Timothy Storey was an outside director of RDI. RDI admits that, Timothy Storey served as a director of RDI's wholly-owned New Zealand subsidiary. RDI denies the allegations of paragraph 23 of the Complaint in all other respects.

24. RDI admits the allegations of paragraph 24 of the Complaint.

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

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

RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"

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

28. RDI denies the allegations of paragraph 28 of the Complaint.

29. RDI denies the allegations of paragraph 29 of the Complaint.

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

31. RDI admits the allegation of paragraph 31 of the Complaint.

32. RDI admits that Ellen Cotter and Margaret Cotter are in litigation with James Cotter, Jr. RDI denies the allegations of paragraph 32 of the Complaint in all other respects.

33. RDI admits that, as President and CEO of RDI, James Cotter, Jr. had disagreements with his sisters regarding RDI. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 33 of the Complaint in all other respects.

1 34. To the extent the allegations in this paragraph relate to the actions of individual
2 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
3 defendants. RDI denies the allegations of paragraph 34 of the Complaint in all other respects.

4 35. RDI admits that Ellen Cotter sought an employment agreement. To the extent the
5 allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
6 defendant defers to the answers filed on behalf of the individual defendants. RDI denies the
7 allegations of paragraph 35 of the Complaint in all other respects.

8 36. To the extent the allegations in this paragraph relate to the actions of individual
9 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
10 defendants. RDI denies the allegations of paragraph 36 of the Complaint in all other respects.

11 37. To the extent the allegations in this paragraph relate to the actions of individual
12 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
13 defendants. RDI denies the allegations of paragraph 37 of the Complaint in all other respects.

14 38. To the extent the allegations in this paragraph relate to the actions of individual
15 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
16 defendants. To the extent that the allegations of paragraph 38 of the Complaint are purportedly
17 based on written documents, the documents speak for themselves. RDI denies the remaining
18 allegations of paragraph 38 of the Complaint.

19 39. To the extent the allegations in this paragraph relate to the actions of individual
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
21 defendants. RDI denies the allegations of paragraph 39 of the Complaint in all other respects.

22 40. RDI admits that, in October 2014, RDI's Board of Directors provided \$50,000 to
23 Ellen Cotter to compensate her for her inability to realize the intended benefits of an ISO option
24 due to an error by the Company in connection with the issuance of that option to her and that
25 Ellen Cotter had exercised that option in 2013. RDI denies the allegations of paragraph 40 of the
26 Complaint in all other respects.

27 41. RDI denies the allegations of paragraph 41 of the Complaint.
28

1 42. RDI admits that, on or about November 2014, RDI's Board of Directors approved
2 an increase in compensation for nonemployee directors. RDI denies the allegations of paragraph
3 42 of the Complaint in all other respects.

4 43. RDI denies the allegations of paragraph 43 of the Complaint.

5 44. RDI denies the allegations of paragraph 44 of the Complaint.

6 45. RDI denies the allegations of paragraph 45 of the Complaint.

7 46. RDI denies the allegations of paragraph 46 of the Complaint.

8 47. RDI denies the allegations of paragraph 47 of the Complaint.

9 48. The allegations of paragraph 48 of the Complaint are purportedly based on written
10 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 48
11 of the Complaint.

12 49. RDI denies the allegations of paragraph 49 of the Complaint.

13 50. RDI admits that, on or about January 15, 2015, RDI's Board of Directors
14 approved purchase of a directors and officers insurance policy. RDI denies the allegations of
15 paragraph 50 of the Complaint in all other respects.

16 51. RDI admits that the quoted resolution was approved. RDI denies the allegations
17 of paragraph 51 of the Complaint in all other respects.

18 52. RDI admits the price of RDI stock varied over time. RDI is without knowledge or
19 information sufficient to form a belief as to the truth of the remaining allegations of paragraph 52
20 of the Complaint, and therefore denies them.

21 53. The allegations of paragraph 53 of the Complaint are purportedly based on written
22 documents which speak for themselves. RDI is without knowledge or information sufficient to
23 form a belief as to the truth of the allegations of paragraph 53 of the Complaint, and therefore
24 denies them.

25 54. RDI is without knowledge or information sufficient to form a belief as to the truth
26 of the allegations of paragraph 54 of the Complaint, and therefore denies them.

27 55. RDI denies the allegations of paragraph 55 of the Complaint.

28

1 56. RDI is without knowledge or information sufficient to form a belief as to the truth
2 of the remaining allegations of paragraph 56 of the Complaint, and therefore denies them.

3 57. RDI denies the allegations of paragraph 57 of the Complaint.

4 58. RDI denies the allegations of paragraph 58 of the Complaint.

5 59. RDI denies the allegations of paragraph 59 of the Complaint.

6 60. RDI admits that Bill Gould and Timothy Storey were assigned to try to mediate
7 the relationship between James Cotter, Jr., on the one hand, and Ellen Cotter and Margaret
8 Cotter, on the other. RDI denies the allegations of paragraph 60 of the Complaint in all other
9 respects.

10 61. To the extent the allegations in this paragraph relate to the actions of individual
11 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
12 defendants. RDI denies the allegations of paragraph 61 of the Complaint in all other respects.

13 62. To the extent the allegations in this paragraph relate to the actions of individual
14 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
15 defendants. RDI denies the allegations of paragraph 62 of the Complaint in all other respects.

16 63. RDI denies the allegations of paragraph 63 of the Complaint.

17 64. RDI admits that MC asked for an employment agreement with RDI. To the
18 extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a
19 nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies
20 the allegations of paragraph 64 of the Complaint in all other respects.

21 65. RDI admits that the non-Cotter directors sought additional compensation for time
22 expended on RDI matters. To the extent the allegations in this paragraph relate to the actions of
23 individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the
24 individual defendants. RDI denies the allegations of paragraph 65 of the Complaint in all other
25 respects.

26 66. RDI admits that former director Storey resides in New Zealand and that Storey
27 traveled between New Zealand and Los Angeles on RDI business. To the extent the allegations
28 in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant

1 defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of
2 paragraph 66 of the Complaint in all other respects.

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

5 68. To the extent the allegations in this paragraph relate to the actions of individual
6 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
7 defendants. RDI denies the allegations of paragraph 68 of the Complaint in all other respects.

8 69. To the extent the allegations in this paragraph relate to the actions of individual
9 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
10 defendants. RDI denies the allegations of paragraph 69 of the Complaint in all other respects.

11 70. The allegations of paragraph 70 of the Complaint are purportedly based on written
12 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 70
13 of the Complaint.

14 71. RDI admits that the Stomp Producers gave a purported notice of termination of
15 Stomp's lease at the Orpheum Theatre on or about April 23, 2015. To the extent the allegations
16 in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant
17 defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of
18 paragraph 71 of the Complaint in all other respects.

19 72. To the extent the allegations in this paragraph relate to the actions of individual
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
21 defendants. RDI denies the allegations of paragraph 72 of the Complaint in all other respects.

22 73. RDI denies the allegations of paragraph 73 of the Complaint.

23 74. To the extent the allegations in this paragraph relate to the actions of individual
24 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
25 defendants. RDI denies the allegations of paragraph 74 of the Complaint in all other respects.

26 75. RDI denies the allegations of paragraph 75 of the Complaint.

27 76. RDI denies the allegations of paragraph 76 of the Complaint.

28 77. RDI denies the allegations of paragraph 77 of the Complaint.

1 78. RDI denies the allegations of paragraph 78 of the Complaint.

2 79. RDI admits that EC became interim CEO of RDI after JJC was terminated. RDI
3 denies the allegations of paragraph 79 in all other respects.

4 80. To the extent the allegations in this paragraph relate to the actions of individual
5 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
6 defendants. RDI denies the allegations of paragraph 80 of the Complaint in all other respects.

7 81. To the extent the allegations in this paragraph relate to the actions of individual
8 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
9 defendants. RDI is denies the allegations of paragraph 81 of the Complaint in all other respects.

10 82. To the extent the allegations in this paragraph relate to the actions of individual
11 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
12 defendants. RDI denies the allegations of paragraph 82 of the Complaint in all other respects.

13 83. To the extent the allegations in this paragraph relate to the actions of individual
14 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
15 defendants. RDI denies the allegations of paragraph 83 of the Complaint in all other respects.

16 84. To the extent the allegations in this paragraph relate to the actions of individual
17 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
18 defendants. RDI denies the allegations of paragraph 84 of the Complaint in all other respects.

19 85. To the extent the allegations in this paragraph relate to the actions of individual
20 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
21 defendants. RDI denies the allegations of paragraph 85 of the Complaint in all other respects.

22 86. RDI admits that EC distributed an agenda for the May 21, 2015 RDI board
23 meeting on or about May 19, 2015, and that the first action item on the agenda was entitled
24 "Status of President and CEO." RDI denies the remaining allegations of paragraph 86 of the
25 Complaint.

26 87. RDI denies the allegations of paragraph 87 of the Complaint.

27 88. RDI denies the allegations of paragraph 88 of the Complaint.

28 89. RDI denies the allegations of paragraph 89 of the Complaint.

1 90. RDI admits that JJC's counsel appeared at the May 21, 2015 board meeting and
2 made a statement. RDI denies the remaining allegations of paragraph 90 of the Complaint.

3 91. RDI is without knowledge or information sufficient to form a belief as to the truth
4 of the allegations of paragraph 91 of the Complaint, and therefore denies the same.

5 92. RDI is without knowledge or information sufficient to form a belief as to the truth
6 of the allegations of paragraph 92 of the Complaint, and therefore denies the same.

7 93. RDI is without knowledge or information sufficient to form a belief as to the truth
8 of the allegations of paragraph 93 of the Complaint, and therefore denies the same.

9 94. RDI admits that the May 21, 2015 board meeting was adjourned to May 29, 2015.
10 RDI denies the remaining allegations of paragraph 94 of the Complaint.

11 95. RDI is without knowledge or information sufficient to form a belief as to the truth
12 of the allegations of paragraph 95 of the Complaint, and therefore denies the same.

13 96. RDI admits the allegations of paragraph 96 of the Complaint.

14 97. RDI denies the allegations of paragraph 97 of the Complaint.

15 98. The allegations of paragraph 98 of the Complaint are purportedly based on written
16 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 98
17 of the Complaint.

18 99. To the extent the allegations in this paragraph relate to the actions of individual
19 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
20 defendants. RDI denies the allegations of paragraph 99 of the Complaint in all other respects.

21 100. To the extent the allegations in this paragraph relate to the actions of individual
22 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
23 defendants. RDI denies the allegations of paragraph 100 of the Complaint in all other respects.

24 101. RDI denies the allegations of paragraph 101 of the Complaint.

25 102. RDI is without knowledge or information sufficient to form a belief as to the truth
26 of the allegations of paragraph 102 of the Complaint, and therefore denies the same.

27 103. RDI is without knowledge or information sufficient to form a belief as to the truth
28 of the allegations of paragraph 103 of the Complaint, and therefore denies the same.

1 104. RDI is without knowledge or information sufficient to form a belief as to the truth
2 of the allegations of paragraph 104 of the Complaint, and therefore denies the same.

3 105. To the extent the allegations in this paragraph relate to the actions of individual
4 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
5 defendants. RDI denies the allegations of paragraph 105 of the Complaint in all other respects.

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

9 107. RDI admits that the RDI Board meeting reconvened. RDI denies the allegations
10 of paragraph 107 of the Complaint in all other respects.

11 108. RDI is without knowledge or information sufficient to form a belief as to the truth
12 of the allegations of paragraph 108 of the Complaint, and therefore denies the same.

13 109. RDI is without knowledge or information sufficient to form a belief as to the truth
14 of the allegations of paragraph 109 of the Complaint, and therefore denies the same.

15 110. To the extent the allegations in this paragraph relate to the actions of individual
16 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
17 defendants. RDI denies the allegations of paragraph 110 of the Complaint in all other respects.

18 111. To the extent the allegations in this paragraph relate to the actions of individual
19 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
20 defendants. RDI denies the allegations of paragraph 111 of the Complaint in all other respects.

21 112. The allegations of paragraph 112 of the Complaint are purportedly based on
22 written documents, which speak for themselves. RDI denies the remaining allegations of
23 paragraph 112 of the Complaint.

24 113. RDI denies the allegations of paragraph 113 of the Complaint.

25 114. RDI denies the allegations of paragraph 114 of the Complaint.

26 115. RDI denies the allegations of paragraph 115 of the Complaint.

27 116. RDI denies the allegations of paragraph 116 of the Complaint.

28 117. RDI denies the allegations of paragraph 117 of the Complaint.

118. RDI denies the allegations of paragraph 118 of the Complaint.

119. RDI denies the allegations of paragraph 119 of the Complaint.

120. RDI denies the allegations of paragraph 120 of the Complaint.

121. RDI denies the allegations of paragraph 121 of the Complaint.

122. RDI denies the allegations of paragraph 122 of the Complaint.

123. RDI admits the allegations of paragraph 123 of the Complaint.

124. RDI admits the allegations of paragraph 124 of the Complaint.

125. RDI denies the allegations of paragraph 122 of the Complaint.

126. RDI denies the allegations of paragraph 126 of the Complaint.

127. RDI denies the allegations of paragraph 127 of the Complaint.

128. RDI denies the allegations of paragraph 128 of the Complaint.

129. RDI denies the allegations of paragraph 129 of the Complaint.

130. RDI denies the allegations of paragraph 130 of the Complaint.

131. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 131 of the Complaint in all other respects.

132. RDI denies the allegations of paragraph 132 of the Complaint.

133. RDI denies the allegations of paragraph 133 of the Complaint.

134. The allegations of paragraph 134 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 134 of the Complaint.

135. RDI denies the allegations of paragraph 135 of the Complaint.

136. The allegations of paragraph 136 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 136 of the Complaint.

137. RDI denies the allegations of paragraph 137 of the Complaint.

138. RDI denies the allegations of paragraph 138 of the Complaint.

139. RDI denies the allegations of paragraph 139 of the Complaint.

1 140. The allegations of paragraph 140 of the Complaint are purportedly based on
2 written documents, which speak for themselves. RDI denies the remaining allegations of
3 paragraph 140 of the Complaint.

4 141. The allegations of paragraph 141 of the Complaint are purportedly based on
5 written documents, which speak for themselves. RDI denies the remaining allegations of
6 paragraph 141 of the Complaint.

7 142. The allegations of paragraph 142 of the Complaint are purportedly based on
8 written documents, which speak for themselves. RDI denies the remaining allegations of
9 paragraph 142 of the Complaint.

10 143. RDI denies the allegations of paragraph 143 of the Complaint.

11 144. RDI denies the allegations of paragraph 144 of the Complaint.

12 145. RDI denies the allegations of paragraph 145 of the Complaint.

13 146. RDI denies the allegations of paragraph 146 of the Complaint.

14 147. RDI denies the allegations of paragraph 147 of the Complaint.

15 148. RDI admits that Ellen Cotter proposed Judy Coddington as a candidate for RDI's
16 Board of Directors. RDI denies the allegations of paragraph 148 of the Complaint in all other
17 respects.

18 149. RDI admits that Mary Cotter knows Judy Coddington. RDI denies the allegations of
19 paragraph 149 of the Complaint in all other respects.

20 150. RDI admits that, on October 5, 2015, Judy Coddington was made a director of RDI.
21 To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI
22 as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI
23 denies the allegations of paragraph 150 of the Complaint in all other respects.

24 151. RDI denies the allegations of paragraph 151 of the Complaint.

25 152. RDI denies the allegations of paragraph 152 of the Complaint.

26 153. RDI denies the allegations of paragraph 153 of the Complaint.

27 154. RDI denies the allegations of paragraph 154 of the Complaint.

155. RDI admits Michael Wrotniak was nominated as a director of RDI. RDI denies the allegations of paragraph 155 of the Complaint in all other respects.

156. RDI denies the allegations of paragraph 156 of the Complaint.

157. RDI denies the allegations of paragraph 157 of the Complaint.

158. RDI denies the allegations of paragraph 158 of the Complaint.

159. RDI denies the allegations of paragraph 159 of the Complaint.

160. RDI denies the allegations of paragraph 160 of the Complaint.

161. RDI admits is issued a Proxy Statement which is a written document, which speaks for itself. RDI denies the remaining allegations of paragraph 142 of the Complaint.

162. RDI denies the allegations of paragraph 162 of the Complaint.

163. RDI denies the allegations of paragraph 163 of the Complaint.

164. RDI denies the allegations of paragraph 164 of the Complaint.

165. RDI denies the allegations of paragraph 165 of the Complaint.

166. RDI denies the allegations of paragraph 166 of the Complaint.

167. RDI denies the allegations of paragraph 167 of the Complaint.

168. RDI denies the allegations of paragraph 168 of the Complaint.

169. RDI denies the allegations of paragraph 169 of the Complaint.

RESPONSE TO “FIRST CAUSE OF ACTION

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

170. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the Complaint.

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

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

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

174. RDI denies the allegations of paragraph 174 of the Complaint.

175. RDI denies the allegations of paragraph 175 of the Complaint.

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

RESPONSE TO "SECOND CAUSE OF ACTION

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

177. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the Complaint.

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

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

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

181. RDI denies the allegations of paragraph 181 of the Complaint.

182. RDI denies the allegations of paragraph 182 of the Complaint.

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

RESPONSE TO “THIRD CAUSE OF ACTION

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

184. RDI reasserts and incorporates its responses to paragraphs 1 through 169 of the Complaint.

185. RDI denies the allegations of paragraph 185 of the Complaint.

186. RDI denies the allegations of paragraph 186 of the Complaint.

187. RDI denies the allegations of paragraph 187 of the Complaint.

188. RDI denies the allegations of paragraph 188 of the Complaint.

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

190. RDI denies the allegations of paragraph 190 of the Complaint.

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

RESPONSE TO “IRREPARABLE HARM”

192. RDI denies the allegations of paragraph 192 of the Complaint.

193. RDI denies the allegations of paragraph 193 of the Complaint.

RESPONSE TO “PRAYER FOR RELIEF”

194. To the extent that the allegations contained in the Prayer for Relief require a response, RDI denies the allegations therein. Further, RDI denies that Plaintiff should be reinstated as President of RDI and denies that Plaintiff is entitled to any damages or that corrective disclosures are necessary.

AFFIRMATIVE DEFENSES

Subject to the responses above, RDI alleges and asserts the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, RDI

specifically reserves all rights to allege additional affirmative defenses that become known through the course of discovery.

1. FAILURE TO STATE A CLAIM

The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a claim.

2. FAILURE TO MAKE DEMAND

Plaintiff has failed to make a demand prior to filing the purported derivative suit.

3. CORPORATE GOVERNANCE

Plaintiff's claims are barred because RDI has at all times acted, through its Board of Directors, in good faith consistent with corporate governance standards.

4. IRREPAIRABLE HARM TO COMPANY

Plaintiff's claims are barred because RDI would be irreparably harmed by the relief Plaintiff seeks.

5. STATUTES OF LIMITATIONS AND REPOSE

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

6. UNCLEAN HANDS

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

7. SPOILIATION

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

8. WAIVER, ESTOPPEL, AND ACQUIESCENCE

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

1 **9. RATIFICATION AND CONSENT**

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

5 **10. NO UNLAWFUL ACTIVITY**

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

9 **11. PRIVILEGE AND JUSTIFICATION**

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

13 **12. GOOD FAITH AND LACK OF FAULT**

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

16 **13. NO ENTITLEMENT TO INJUNCTIVE RELIEF**

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

21 **14. DAMAGES TOO SPECULATIVE**

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

25 **15. MITIGATION OF DAMAGES**

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

1 **16. COMPARATIVE FAULT**

2 Plaintiff's recovery is barred, in whole or in part, based on principles of comparative
3 fault, including Plaintiff's own comparative fault.
4

5 **17. BUSINESS JUDGMENT RULE**

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

8 **18. EQUITABLE ESTOPPEL**

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

11 **19. NEVADA REVISED STATUTE 78.138**

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

19 **20. CONFLICT OF INTEREST AND**
20 **UNSUITABILITY TO SERVE AS REPRESENTATIVE**

21 The Complaint, and each purported cause of action alleged therein is barred, in whole or
22 Part because Plaintiff has a conflict of interest and is unsuitable to serve as a derivative
23 representative.

24 What about failure to make demand and unsuitability as a derivative representative
25 (conflict of interest).
26
27
28

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

DATED this 29th day of March, 2016.

GREENBERG TRAURIG, LLP

/s/ Kara B. Hendricks

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)

KARA B. HENDRICKS, ESQ. (NV Bar No. 7743)

3773 Howard Hughes Parkway

Suite 400 North

Las Vegas, Nevada 89169

Counsel for Reading International, Inc.

GREENBERG TRAURIG, LLP
33773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing *Reading International, Inc.'s Answer to James Cotter, Jr.'s First Amended Complaint* to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 29th day of March, 2016.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP


CLERK OF THE COURT

1 **ANAC**
2 MARK E. FERRARIO, ESQ.
3 (NV Bar No. 1625)
4 KARA B. HENDRICKS, ESQ.
5 (NV Bar No. 7743)
6 GREENBERG TRAUIG, LLP
7 3773 Howard Hughes Parkway
8 Suite 400 North
9 Las Vegas, Nevada 89169
10 Telephone: (702) 792-3773
11 Facsimile: (702) 792-9002
12 ferrariom@gtlaw.com
13 hendricksk@gtlaw.com

14 *Counsel for Reading International, Inc.*

15 **DISTRICT COURT**
16 **CLARK COUNTY, NEVADA**

17 In the Matter of the Estate of
18 JAMES J. COTTER,
19 Deceased.

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

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

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

23 Plaintiff,

Jointly Administered

24 v.

**READING INTERNATIONAL, INC.'S
ANSWER TO T2 PLAINTIFFS' FIRST
AMENDED COMPLAINT**

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

Defendants.

and

READING INTERNATIONAL, INC., a
Nevada corporation;

Nominal Defendant.

**READING INTERNATIONAL, INC.'S ANSWER TO T2 PLAINTIFFS'
FIRST AMENDED COMPLAINT**

Nominal Defendant Reading International, Inc. (“Nominal Defendant” or “RDI”) hereby sets forth the following Answer to T2 Plaintiffs’ First Amended Verified Complaint, filed by Plaintiff on February 12, 2016 (“Complaint”). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. RDI responds to each of the paragraphs of the Complaint as follows:

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

2. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 2 of the Complaint, and therefore denies them.

3. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 3 of the Complaint, and therefore denies them.

4. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 4 of the Complaint, and therefore denies them.

5. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 5 of the Complaint, and therefore denies them.

6. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 6 of the Complaint, and therefore denies them.

7. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 7 of the Complaint, and therefore denies them.

8. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 8 of the Complaint, and therefore denies them.

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

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

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

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

15 13. The allegations of paragraph 13 of the Complaint are purportedly based on written
16 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 13
17 of the Complaint.

18 14. RDI admits the allegations of paragraph 14 of the Complaint.

19 15. RDI admits the allegations of paragraph 15 of the Complaint.

20 16. RDI is without knowledge or information sufficient to form a belief as to the truth
21 of the allegations of paragraph 16 of the Complaint, and therefore denies them.

22 17. RDI is without knowledge or information sufficient to form a belief as to the truth
23 of the allegations of paragraph 17 of the Complaint, and therefore denies them.

24 18. The allegations of paragraph 18 of the Complaint are purportedly based on written
25 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 18
26 of the Complaint.

27 19. RDI is without knowledge or information sufficient to form a belief as to the truth
28

1 of the allegations in paragraph 19 of the Complaint related to amendments to the James Cotter,
2 Sr. Living Trust, and therefore denies them. To the extent that the allegations of paragraph 19 of
3 the Complaint are purportedly based on written documents, the documents speak for themselves.
4 RDI denies the remaining allegations of paragraph 19 of the Complaint.

5 20. RDI is without knowledge or information sufficient to form a belief as to the truth
6 of the allegations in paragraph 20 of the Complaint related to amendments to the James Cotter,
7 Sr. Living Trust, and therefore denies them. The other allegations of paragraph 20 of the
8 Complaint are purportedly based on written documents, which speak for themselves. RDI denies
9 the remaining allegations of paragraph 20 of the Complaint.

10 21. RDI admits that James Cotter, Sr. resigned as trustee of the James Cotter, Sr.
11 Living Trust. To the extent the other allegations of paragraph 21 of the Complaint are
12 purportedly based on written documents, such documents speak for themselves.

13 22. RDI is without knowledge or information sufficient to form a belief as to the truth
14 of the allegations of paragraph 22 of the Complaint, and therefore denies them. To the extent
15 that the allegations of paragraph 22 of the Complaint are purportedly based on written
16 documents, the documents speak for themselves.

17 23. The allegations of paragraph 23 of the Complaint are purportedly based on written
18 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 23
19 of the Complaint.

20 24. To the extent that the allegations of paragraph 24 of the Complaint are
21 purportedly based on written documents, the documents speak for themselves. To the extent the
22 allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
23 defendant defers to the answers filed on behalf of the individual defendants. RDI denies the
24 remaining allegations of paragraph 24 of the Complaint.

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

1 26. To the extent the allegations in this paragraph relate to the actions of individual
2 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
3 defendants. RDI denies the remaining allegations of paragraph 26 of the Complaint.

4 a. To the extent that the allegations of paragraph 26(a) of the Complaint are
5 purportedly based on written documents, the documents speak for themselves. RDI denies the
6 remaining allegations of paragraph 26(a) of the Complaint.

7 b. RDI admits that Timothy Storey was assigned to try to improve James Cotter,
8 Jr.'s performance as CEO and to mediate the relationship between James Cotter, Jr., on the one
9 hand, and Ellen Cotter and Margaret Cotter, on the other. RDI denies the remaining allegations
10 of paragraph 26(b) of the Complaint.

11 c. RDI is without knowledge or information sufficient to form a belief as to the
12 truth of the remaining allegations of paragraph 26(c) of the Complaint, and therefore denies
13 them.

14 d. RDI is without knowledge or information sufficient to form a belief as to the
15 truth of the remaining allegations of paragraph 26(d) of the Complaint, and therefore denies
16 them.

17 e. RDI is without knowledge or information sufficient to form a belief as to the
18 truth of the remaining allegations of paragraph 26(e) of the Complaint, and therefore denies
19 them.

20 f. RDI admits that Ellen Cotter called a board meeting in May of 2015 to
21 discuss James Cotter, Jr.'s continued employment. RDI admits that Timothy Storey
22 requested a meeting of the non-Cotter directors. RDI admits that Edward Kane took the position
23 that the Board should attend the meeting called by Ellen Cotter. RDI denies the remaining
24 allegations of paragraph 26(f) of the Complaint. To the extent that the allegations of paragraph
25 26(f) of the Complaint are purportedly based on written documents, the documents speak for
26 themselves.

1 g. RDI is without knowledge or information sufficient to form a belief as to the
2 truth of the remaining allegations of paragraph 26(g) of the Complaint, and therefore denies
3 them.

4 h. The allegations in paragraph 26(h) are purportedly based on written
5 documents, the documents speak for themselves. RDI denies the remaining allegations of
6 paragraph 26(h) of the Complaint.

7 27. The allegations of paragraph 27 of the Complaint are purportedly based on written
8 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 27
9 of the Complaint.

10 28. RDI denies that any Board meeting notice was improper. To the extent the
11 allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
12 defendant defers to the answers filed on behalf of the individual defendants. RDI denies that the
13 members of RDI's Board of Directors had previously agreed upon a process whereby Timothy
14 Storey would report to the board regarding the performance of James Cotter, Jr. as CEO in June
15 of 2015 and further action would only then be considered. RDI denies that Edward Kane
16 blocked the requested meeting. RDI denies that the process for terminating James Cotter, Jr. was
17 improper. Defendants are without knowledge or information sufficient to form a belief as to the
18 truth of the remaining allegations of paragraph 28 of the Complaint, and therefore deny them.

19 29. RDI admits that counsel for the company and for James Cotter, Jr. appeared at the
20 May 21, 2015 board meeting. RDI admits that the May 21, 2015 board meeting was adjourned
21 to May 29, 2015. RDI denies any allegation or suggestion of improper process. RDI is without
22 knowledge or information sufficient to form a belief as to the truth of the remaining allegations
23 of paragraph 29 of the Complaint, and therefore denies them.

24 30. RDI is without knowledge or information sufficient to form a belief as to the truth
25 of the allegations of paragraph 30 of the Complaint, and therefore denies them.

26 31. The allegations of paragraph 31 of the Complaint are purportedly based on written
27 documents, which speak for themselves. To the extent the allegations in this paragraph relate to

1 the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on
2 behalf of the individual defendants. RDI denies the remaining allegations of paragraph 31 of the
3 Complaint.

4 32. To the extent the allegations in this paragraph relate to the actions of individual
5 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
6 defendants. RDI denies the remaining allegations of paragraph 32 of the Complaint.

7 33. To the extent the allegations in this paragraph relate to the actions of individual
8 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
9 defendants. RDI denies the remaining allegations of paragraph 33 of the Complaint.

10 34. RDI admits that the RDI Board meeting reconvened. To the extent the allegations
11 in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant
12 defers to the answers filed on behalf of the individual defendants. RDI denies the remaining
13 allegations of paragraph 34 of the Complaint in all other respects.

14 35. RDI is without knowledge or information sufficient to form a belief as to the truth
15 of the allegations of paragraph 35 of the Complaint, and therefore denies them.

16 36. RDI is without knowledge or information sufficient to form a belief as to the truth
17 of the allegations of paragraph 36 of the Complaint, and therefore denies them.

18 37. The allegations of paragraph 37 of the Complaint are purportedly based on written
19 documents, which speak for themselves. To the extent the allegations in this paragraph relate to
20 the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on
21 behalf of the individual defendants. RDI denies the remaining allegations of paragraph 37 of the
22 Complaint.

23 38. RDI admits the allegations of paragraph 38 of the Complaint.

24 39. The allegations of paragraph 39 of the Complaint are purportedly based on written
25 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 39
26 of the Complaint.

27 40. The allegations of paragraph 40 of the Complaint are purportedly based on written
28

documents, which speak for themselves. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the remaining allegations of paragraph 40 of the Complaint.

41. The allegations of paragraph 41 of the Complaint are purportedly based on written documents, which speak for themselves. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the remaining allegations of paragraph 41 of the Complaint.

42. The allegations of paragraph 42 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 42 of the Complaint.

43. The allegations of paragraph 43 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 43 of the Complaint.

44. The allegations of paragraph 44 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 44 of the Complaint.

45. To the extent that the allegations of paragraph 45 of the Complaint are purportedly based on written documents, the documents speak for themselves. To the extent that the allegations of paragraph 45 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, such allegations of paragraph 45 of the Complaint are denied.

46. To the extent that the allegations of paragraph 46 of the Complaint are purportedly based on written documents, the documents speak for themselves. To the extent that the allegations of paragraph 46 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, such allegations of paragraph

46 of the Complaint are denied.

47. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the remaining allegations of paragraph 47 of the Complaint.

48. RDI denies the existence of any purported “intentional or fraudulent scheme.” To the extent that the allegations of paragraph 48 of the Complaint are purportedly based on written documents, the documents speak for themselves. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 48 of the Complaint, and therefore denies them.

49. RDI admits the allegation of paragraph 49 of the Complaint.

50. RDI admits the allegation of paragraph 50 of the Complaint.

51. RDI admits that Ellen Cotter and Margaret Cotter, acting in their capacities as the Co-Executors of the estate of James J. Cotter (the “Cotter Estate”) exercised for the benefit of the Cotter Estate an option to acquire 100,000 shares of RDI class B voting stock held of record by the Cotter Estate. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 51 of the Complaint in all other respects.

52. RDI denies the allegations of paragraph 52 of the Complaint.

53. RDI admits that the California Lawsuit has not yet been adjudicated. To the extent that the allegations of paragraph 53 of the Complaint are purportedly based on written documents, the documents speak for themselves. RDI denies the remaining allegations of paragraph 53 of the Complaint.

54. The allegations of paragraph 54 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 54

1 of the Complaint.

2 55. To the extent that the allegations of paragraph 55 of the Complaint constitute
3 conclusions of law, no responsive pleading is required. To the extent the allegations in this
4 paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the
5 answers filed on behalf of the individual defendants. RDI denies the remaining allegations of
6 paragraph 55 of the Complaint.

7 56. RDI denies any allegations of fraudulent activity or that misrepresentations were
8 made. To the extent the allegations in this paragraph and any subparts relate to the actions of
9 individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the
10 individual defendants. To the extent any subpart of paragraph 56 is purportedly based on written
11 documents, such documents speak for themselves. RDI denies the remaining allegations of
12 paragraph 56 and its subparts of the Complaint.

13 57. RDI denies the allegations of paragraph 57 of the Complaint.

14 58. RDI denies the allegations of paragraph 58 of the Complaint.

15 59. The allegations of paragraph 59 of the Complaint are purportedly based on written
16 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 59
17 of the Complaint.

18 60. RDI admits that a CEO search committee was formed, but denies the remaining
19 allegation of paragraph 60 of the Complaint.

20 61. To the extent the allegations in this paragraph relate to the actions of individual
21 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
22 defendants. To the extent that the allegations of paragraph 61 of the Complaint are purportedly
23 based on written documents, the documents speak for themselves. RDI denies the remaining
24 allegations of paragraph 61 of the Complaint.

25 62. RDI admits that Ellen Cotter notified the Board that Korn Ferry had been selected
26 to assist the company in the search for a new CEO. To the extent that the allegations of
27 paragraph 62 of the Complaint are purportedly based on written documents, the documents speak
28

1 for themselves. RDI denies the remaining allegations of paragraph 62 of the Complaint.

2 63. To the extent the allegations in this paragraph relate to the actions of individual
3 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
4 defendants. To the extent that the allegations of paragraph 63 of the Complaint are purportedly
5 based on written documents, the documents speak for themselves. RDI denies the remaining
6 allegations of paragraph 63 of the Complaint.

7 64. The allegations of paragraph 64 of the Complaint are purportedly based on written
8 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 64
9 of the Complaint.

10 65. RDI admits that the Search Committee interviewed numerous CEO candidates
11 and that members of the committee had extensive experience with Ellen Cotter. To the extent
12 the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal
13 defendant defers to the answers filed on behalf of the individual defendants. RDI is without
14 knowledge or information sufficient to form a belief as to the truth of the remaining allegations
15 of paragraph 65 of the Complaint, and therefore denies them.

16 66. To the extent the allegations in this paragraph relate to the actions of individual
17 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
18 defendants. RDI is without knowledge or information sufficient to form a belief as to the truth of
19 the remaining allegations of paragraph 66 of the Complaint, and therefore denies them.

20 67. To the extent the allegations in this paragraph relate to the actions of individual
21 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
22 defendants. RDI denies the remaining allegation of paragraph 67 of the Complaint.

23 68. RDI admits the allegation of paragraph 68 of the Complaint.

24 69. RDI admits the allegation of paragraph 69 of the Complaint.

25 70. RDI denies the allegations of paragraph 70 of the Complaint.

26 71. RDI is without knowledge or information sufficient to form a belief as to the truth
27 of the allegations of paragraph 71 of the Complaint, and therefore denies them. To the extent

1 that the allegations of paragraph 71 of the Complaint constitute conclusions of law, no
2 responsive pleading is required. To the extent a response is deemed required, such allegations of
3 paragraph 71 of the Complaint are denied.

4 72. RDI is without knowledge or information sufficient to form a belief as to the truth
5 of the allegations of paragraph 72 of the Complaint, and therefore denies them. To the extent
6 that the allegations of paragraph 72 of the Complaint constitute conclusions of law, no
7 responsive pleading is required. To the extent a response is deemed required, such allegations of
8 paragraph 72 of the Complaint are denied.

9 73. RDI denies the allegations of paragraph 73 of the Complaint.

10 74. RDI denies the allegations of paragraph 74 of the Complaint.

11 75. To the extent the allegations in this paragraph relate to the actions of individual
12 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
13 defendants. RDI denies the remaining allegations of paragraph 75 of the Complaint.

14 76. To the extent the allegations in this paragraph relate to the actions of individual
15 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
16 defendants. RDI denies the remaining allegations of paragraph 76 of the Complaint.

17 77. To the extent the allegations in this paragraph relate to the actions of individual
18 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
19 defendants. RDI denies the remaining allegations of paragraph 77 of the Complaint.

20 78. To the extent the allegations in this paragraph relate to the actions of individual
21 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
22 defendants. To the extent allegations of paragraph 78 of the Complaint are purportedly based on
23 written documents, such documents speak for themselves. RDI denies the remaining allegations
24 of paragraph 78 of the Complaint

25 79. RDI admits the allegations of paragraph 79 of the Complaint.

26 80. To the extent the allegations in this paragraph relate to the actions of individual
27 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
28

1 defendants. RDI denies the remaining allegations of paragraph 80 of the Complaint.

2 81. The allegations of paragraph 81 of the Complaint are purportedly based on written
3 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 81
4 of the Complaint.

5 82. The allegations of paragraph 82 of the Complaint are purportedly based on written
6 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 82
7 of the Complaint.

8 83. To the extent the allegations in this paragraph relate to the actions of individual
9 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
10 defendants. RDI admits that Tim Storey did not vote on or about September 21, 2015. RDI
11 denies the remaining allegations of paragraph 83 of the Complaint.

12 84. To the extent the allegations in this paragraph relate to the actions of individual
13 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
14 defendants. To the extent that allegations of paragraph 83 of the Complaint are purportedly
15 based on written documents, such documents speak for themselves. RDI denies the remaining
16 allegations of paragraph 84 of the Complaint.

17 85. To the extent the allegations in this paragraph relate to the actions of individual
18 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
19 defendants. RDI denies the remaining allegations of paragraph 85 of the Complaint.

20 86. RDI admits that Timothy Storey resigned as a director of RDI. RDI denies the
21 allegations of paragraph 86 of the Complaint in all other respects.

22 87. RDI denies the allegations of paragraph 87 of the Complaint.

23 88. RDI denies the allegations of paragraph 88 of the Complaint.

24 89. The allegations of paragraph 89 of the Complaint are purportedly based on written
25 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 89
26 of the Complaint.

27 90. To the extent the allegations in this paragraph relate to the actions of individual

1 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
2 defendants. RDI denies the remaining allegations of paragraph 90 of the Complaint.

3 91. To the extent the allegations in this paragraph relate to the actions of individual
4 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
5 defendants. To the extent allegations of paragraph 91 of the Complaint are purportedly based on
6 written documents, such documents speak for themselves. RDI denies the remaining allegations
7 of paragraph 91 of the Complaint.

8 92. The allegations of paragraph 92 of the Complaint are purportedly based on written
9 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 92
10 of the Complaint.

11 **RESPONSE TO “DEMAND IS EXCUSED”**

12 93. RDI denies the allegations of paragraph 93 of the Complaint.

13 94. To the extent the allegations in this paragraph relate to the actions of individual
14 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
15 defendants. RDI denies the remaining allegations of paragraph 94 of the Complaint in all other
16 respects.

17 95. The allegations of paragraph 95 of the Complaint are purportedly based on written
18 documents, which speak for themselves. RDI denies the remaining allegations of paragraph 95
19 of the Complaint.

20 96. To the extent the allegations in this paragraph relate to the actions of individual
21 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
22 defendants. RDI denies the remaining allegations of paragraph 96 of the Complaint.

23 97. RDI denies the allegations of paragraph 97 of the Complaint.

24 98. RDI denies the allegations of paragraph 98 of the Complaint.

25 99. To the extent the allegations in this paragraph relate to the actions of individual
26 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
27 defendants. To the extent that the allegations of paragraph 99 of the Complaint are purportedly
28

1 based on written documents, the documents speak for themselves. RDI denies the remaining
2 allegations of paragraph 99 of the Complaint.

3 100. To the extent the allegations in this paragraph relate to the actions of individual
4 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
5 defendants. RDI denies the remaining allegations of paragraph 100 of the Complaint

6 101. To the extent the allegations in this paragraph relate to the actions of individual
7 defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual
8 defendants. RDI denies the remaining allegations of paragraph 101 of the Complaint.

9 102. The allegations of paragraph 102 of the Complaint constitute conclusions of law
10 to which no responsive pleading is required. To the extent a response is deemed required, the
11 allegations of paragraph 102 of the Complaint are denied.

12 103. RDI denies the allegations of paragraph 103 of the Complaint.

13 104. The allegations of paragraph 104 of the Complaint constitute conclusions of law
14 to which no responsive pleading is required. To the extent a response is deemed required, the
15 allegations of paragraph 104 of the Complaint are denied.

16 105. The allegations of paragraph 105 of the Complaint are purportedly based on
17 written documents, which speak for themselves. RDI denies the remaining allegations of
18 paragraph 105 of the Complaint.

19 106. RDI admits that Mary Cotter knows Judy Coddling. To the extent that the
20 allegations of paragraph 106 of the Complaint constitute conclusions of law, no responsive
21 pleading is required. To the extent a response is deemed required, such allegations of paragraph
22 106 of the Complaint are denied. RDI denies the allegations of paragraph 106 of the Complaint
23 in all other respects.

24 107. RDI admits that Margaret Cotter knows Michael Wrotniak. To the extent that the
25 allegations of paragraph 107 of the Complaint are purportedly based on written documents, the
26 documents speak for themselves. To the extent that the allegations of paragraph 107 of the
27 Complaint constitute conclusions of law, no responsive pleading is required. To the extent a
28

1 response is deemed required, such allegations of paragraph 107 of the Complaint are denied.
2 RDI denies the allegations of paragraph 107 of the Complaint in all other respects.

3 **RESPONSE TO “FIRST CAUSE OF ACTION**

4 **(Breach of Fiduciary Duty)**

5 108. RDI reasserts and incorporates its responses to paragraphs 1 through 107 of the
6 Complaint.

7 109. RDI admits Ellen Cotter, Margaret Cotter, Edward Kane, Guy Adams, William
8 Gould, Douglas McEachern, Judy Coddington, and Michael Wrotniak are directors of RDI. To the
9 extent that the allegations of paragraph 109 of the Complaint constitute conclusions of law, no
10 responsive pleading is required. To the extent a response is deemed required, such allegations of
11 paragraph 109 of the Complaint are denied.

12 110. The allegations of paragraph 110 of the Complaint constitute conclusions of law
13 to which no responsive pleading is required. To the extent a response is deemed required, the
14 allegations of paragraph 110 of the Complaint are denied.

15 111. The allegations of paragraph 111 of the Complaint constitute conclusions of law
16 to which no responsive pleading is required. To the extent a response is deemed required, the
17 allegations of paragraph 111 of the Complaint are denied.

18 112. RDI denies the allegations of paragraph 112 of the Complaint.

19 113. RDI denies the allegations of paragraph 113 of the Complaint.

20 114. RDI denies the allegations of paragraph 114 of the Complaint.

21 115. RDI denies that Plaintiffs, RDI, or its stockholders have suffered any damages by
22 virtue of Defendants’ conduct.

23 **RESPONSE TO “SECOND CAUSE OF ACTION**

24 **(Aiding and Abetting Breach of Fiduciary Duty)**

25 116. RDI reasserts and incorporates its responses to paragraphs 1 through 115 of the
26 Complaint.

27 117. RDI denies the allegations of paragraph 117 of the Complaint.

118. RDI denies the allegations of paragraph 118 of the Complaint.

119. RDI denies the allegations of paragraph 119 of the Complaint.

120. RDI denies the allegations of paragraph 120 of the Complaint.

121. RDI denies the allegations of paragraph 121 of the Complaint.

122. RDI denies that Plaintiffs, RDI, or its stockholders have suffered any damages by virtue of Defendants' conduct.

AFFIRMATIVE DEFENSES

Subject to the responses above, RDI alleges and asserts the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, RDI specifically reserves all rights to allege additional affirmative defenses that become known through the course of discovery.

1. FAILURE TO STATE A CLAIM

The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a claim.

2. FAILURE TO MAKE DEMAND

Plaintiffs have failed to make a demand prior to filing the purported derivative suit.

3. CORPORATE GOVERNANCE

Plaintiffs' claims are barred because RDI has at all times acted, through its Board of Directors, in good faith consistent with corporate governance standards.

4. IRREPAIRABLE HARM TO COMPANY

Plaintiffs' claims are barred because RDI would be irreparably harmed by the relief Plaintiff seeks.

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

The Complaint, and each purported cause of action alleged therein is barred, in whole or Part because Plaintiffs' have conflicts of interest and are unsuitable to serve as derivative representatives.

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

DATED this 29th day of March, 2016.

GREENBERG TRAURIG, LLP

/s/ Kara B. Hendricks

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)
KARA B. HENDRICKS, ESQ. (NV Bar No. 7743)
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169

Counsel for Reading International, Inc.

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing *Reading International, Inc.'s Answer to T2 Plaintiffs' First Amended Complaint* to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 29th day of day of March, 2016.

/s/ Andrea Lee Rosehill
AN EMPLOYEE OF GREENBERG TRAURIG, LLP



CLERK OF THE COURT

ANS
COHEN|JOHNSON|PARKER|EDWARDS

H. STAN JOHNSON, ESQ.

Nevada Bar No. 00265

sjohnson@cohenjohnson.com

MICHAEL V. HUGHES, ESQ.

Nevada Bar No. 13154

mhughes@cohenjohnson.com

255 E. Warm Springs Road, Suite 100

Las Vegas, Nevada 89119

Telephone: (702) 823-3500

Facsimile: (702) 823-3400

QUINN EMANUEL URQUHART & SULLIVAN, LLP

CHRISTOPHER TAYBACK, ESQ.

California Bar No. 145532, pro hac vice

christayback@quinnemanuel.com

MARSHALL M. SEARCY, ESQ.

California Bar No. 169269, pro hac vice

marshallsearcy@quinnemanuel.com

865 S. Figueroa St., 10th Floor

Los Angeles, CA 90017

Telephone: (213) 443-3000

Attorneys for Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Coddling, and Michael Wrotniak

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants,

and

Case No.: A-15-719860-B

Dept. No.: XI

Case No.: P-14-082942-E

Dept. No.: XI

Related and Coordinated Cases

BUSINESS COURT

**JUDY CODDING AND MICHAEL
WROTNIAK'S ANSWER TO FIRST
AMENDED COMPLAINT**

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

1 **DEFENDANTS' JUDY CODDING AND MICHAEL WROTONIAK'S ANSWER TO**
2 **FIRST AMENDED COMPLAINT**

3 Defendants Judy Coddington and Michael Wrotoniak hereby set forth the following Answer to
4 the First Amended Verified Complaint, filed by Plaintiffs on February 12, 2016 ("Complaint").
5 Any allegation, averment, contention or statement in the Complaint not specifically and
6 unequivocally admitted is denied. Defendants respond to each of the paragraphs of the Complaint
7 as follows:

8 **RESPONSE TO "INTRODUCTION"**

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

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

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

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

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

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

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

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

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

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

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

11 12. To the extent that the allegations of paragraph 12 of the Complaint are purportedly
12 based on written documents, the documents speak for themselves. Defendants are without
13 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
14 12 of the Complaint, and therefore deny them.

15 13. The allegations of paragraph 13 of the Complaint are purportedly based on written
16 documents, which speak for themselves. Defendants are without knowledge or information
17 sufficient to form a belief as to the truth of the allegations of paragraph 13 of the Complaint, and
18 therefore deny them.

19 14. Defendants are without knowledge or information sufficient to form a belief as to
20 the truth of the allegations of paragraph 14 of the Complaint, and therefore deny them.

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

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

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

27 18. The allegations of paragraph 18 of the Complaint are purportedly based on written
28 documents, which speak for themselves. Defendants are without knowledge or information

1 sufficient to form a belief as to the truth of the allegations of paragraph 18 of the Complaint, and
2 therefore deny them.

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

9 20. To the extent that the allegations of paragraph 20 of the Complaint are purportedly
10 based on written documents, the documents speak for themselves. Defendants are without
11 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
12 20 of the Complaint, and therefore deny them.

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

15 22. To the extent that the allegations of paragraph 22 of the Complaint are purportedly
16 based on written documents, the documents speak for themselves. Defendants are without
17 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
18 22 of the Complaint, and therefore deny them.

19 23. The allegations of paragraph 23 of the Complaint are purportedly based on written
20 documents, which speak for themselves. Defendants are without knowledge or information
21 sufficient to form a belief as to the truth of the allegations of paragraph 23 of the Complaint.

22 24. To the extent that the allegations of paragraph 24 of the Complaint are purportedly
23 based on written documents, the documents speak for themselves. Defendants are without
24 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
25 24 of the Complaint, and therefore deny them.

26 25. The allegations of paragraph 25 of the Complaint are purportedly based on written
27 documents, which speak for themselves. Defendants are without knowledge or information
28 sufficient to form a belief as to the truth of the allegations of paragraph 25 of the Complaint.

1 26. Defendants are without knowledge or information sufficient to form a belief as to
2 the truth of the allegations of paragraph 26 of the Complaint, and therefore deny them.

3 a. To the extent that the allegations of paragraph 26(a) of the Complaint are
4 purportedly based on written documents, the documents speak for themselves. Defendants are
5 without knowledge or information sufficient to form a belief as to the truth of the allegations of
6 paragraph 26(a) of the Complaint, and therefore deny them.

7 b. Defendants are without knowledge or information sufficient to form a belief as to
8 the truth of the allegations of paragraph 26(b) of the Complaint, and therefore deny them.

9 c. Defendants are without knowledge or information sufficient to form a belief as to
10 the truth of the allegations of paragraph 26(c) of the Complaint, and therefore deny them.

11 d. Defendants are without knowledge or information sufficient to form a belief as to
12 the truth of the allegations of paragraph 26(d) of the Complaint, and therefore deny them.

13 e. Defendants are without knowledge or information sufficient to form a belief as to
14 the truth of the allegations of paragraph 26(e) of the Complaint, and therefore deny them.

15 f. To the extent that the allegations of paragraph 26(f) of the Complaint are
16 purportedly based on written documents, the documents speak for themselves. Defendants are
17 without knowledge or information sufficient to form a belief as to the truth of the allegations of
18 paragraph 26(f) of the Complaint, and therefore deny them.

19 g. Defendants are without knowledge or information sufficient to form a belief as to
20 the truth of the allegations of paragraph 26(g) of the Complaint, and therefore deny them.

21 h. Defendants are without knowledge or information sufficient to form a belief as to
22 the truth of the allegations of paragraph 26(h) of the Complaint, and therefore deny them.

23 27. The allegations of paragraph 27 of the Complaint are purportedly based on written
24 documents, which speak for themselves. Defendants are without knowledge or information
25 sufficient to form a belief as to the truth of the allegations of paragraph 27 of the Complaint, and
26 therefore deny them.

27 28. Defendants are without knowledge or information sufficient to form a belief as to
28 the truth of the allegations of paragraph 28 of the Complaint, and therefore deny them.

1 29. Defendants are without knowledge or information sufficient to form a belief as to
2 the truth of the allegations of paragraph 29 of the Complaint, and therefore deny them.

3 30. The allegations of paragraph 30 of the Complaint are purportedly based on written
4 documents, which speak for themselves. Defendants are without knowledge or information
5 sufficient to form a belief as to the truth of the allegations of paragraph 30 of the Complaint, and
6 therefore deny them.

7 31. The allegations of paragraph 31 of the Complaint are purportedly based on written
8 documents, which speak for themselves. Defendants are without knowledge or information
9 sufficient to form a belief as to the truth of the allegations of paragraph 31 of the Complaint, and
10 therefore deny them.

11 32. Defendants are without knowledge or information sufficient to form a belief as to
12 the truth of the allegations of paragraph 32 of the Complaint, and therefore deny them.

13 33. Defendants are without knowledge or information sufficient to form a belief as to
14 the truth of the allegations of paragraph 33 of the Complaint, and therefore deny them.

15 34. Defendants are without knowledge or information sufficient to form a belief as to
16 the truth of the allegations of paragraph 34 of the Complaint, and therefore deny them.

17 35. Defendants are without knowledge or information sufficient to form a belief as to
18 the truth of the allegations of paragraph 35 of the Complaint, and therefore deny them.

19 36. Defendants are without knowledge or information sufficient to form a belief as to
20 the truth of the allegations of paragraph 36 of the Complaint, and therefore deny them.

21 37. The allegations of paragraph 37 of the Complaint are purportedly based on written
22 documents, which speak for themselves. Defendants are without knowledge or information
23 sufficient to form a belief as to the truth of the allegations of paragraph 37 of the Complaint, and
24 therefore deny them.

25 38. Defendants are without knowledge or information sufficient to form a belief as to
26 the truth of the allegations of paragraph 38 of the Complaint, and therefore deny them.

27 39. The allegations of paragraph 39 of the Complaint are purportedly based on written
28 documents, which speak for themselves. Defendants are without knowledge or information

1 sufficient to form a belief as to the truth of the allegations of paragraph 39 of the Complaint, and
2 therefore deny them.

3 40. The allegations of paragraph 40 of the Complaint are purportedly based on written
4 documents, which speak for themselves. Defendants are without knowledge or information
5 sufficient to form a belief as to the truth of the allegations of paragraph 40 of the Complaint, and
6 therefore deny them.

7 41. The allegations of paragraph 41 of the Complaint are purportedly based on written
8 documents, which speak for themselves. Defendants are without knowledge or information
9 sufficient to form a belief as to the truth of the allegations of paragraph 41 of the Complaint, and
10 therefore deny them.

11 42. The allegations of paragraph 42 of the Complaint are purportedly based on written
12 documents, which speak for themselves. Defendants are without knowledge or information
13 sufficient to form a belief as to the truth of the allegations of paragraph 42 of the Complaint, and
14 therefore deny them.

15 43. The allegations of paragraph 43 of the Complaint are purportedly based on written
16 documents, which speak for themselves. Defendants are without knowledge or information
17 sufficient to form a belief as to the truth of the allegations of paragraph 43 of the Complaint, and
18 therefore deny them.

19 44. The allegations of paragraph 44 of the Complaint are purportedly based on written
20 documents, which speak for themselves. Defendants are without knowledge or information
21 sufficient to form a belief as to the truth of the allegations of paragraph 44 of the Complaint, and
22 therefore deny them.

23 45. To the extent that the allegations of paragraph 45 of the Complaint are purportedly
24 based on written documents, the documents speak for themselves. To the extent that the
25 allegations of paragraph 45 of the Complaint constitute conclusions of law, no responsive pleading
26 is required. Defendants are without knowledge or information sufficient to form a belief as to the
27 truth of the allegations of paragraph 45 of the Complaint, and therefore deny them.
28

1 46. To the extent that the allegations of paragraph 46 of the Complaint are purportedly
2 based on written documents, the documents speak for themselves. To the extent that the
3 allegations of paragraph 46 of the Complaint constitute conclusions of law, no responsive pleading
4 is required. Defendants are without knowledge or information sufficient to form a belief as to the
5 truth of the allegations of paragraph 46 of the Complaint, and therefore deny them.

6 47. To the extent that the allegations of paragraph 47 of the Complaint constitute
7 conclusions of law, no responsive pleading is required. Defendants are without knowledge or
8 information sufficient to form a belief as to the truth of the allegations of paragraph 47 of the
9 Complaint, and therefore deny them.

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

14 49. Defendants are without knowledge or information sufficient to form a belief as to
15 the truth of the allegations of paragraph 49 of the Complaint, and therefore deny them.

16 50. Defendants are without knowledge or information sufficient to form a belief as to
17 the truth of the allegations of paragraph 50 of the Complaint, and therefore deny them.

18 51. Defendants are without knowledge or information sufficient to form a belief as to
19 the truth of the allegations of paragraph 51 of the Complaint, and therefore deny them.

20 52. Defendants are without knowledge or information sufficient to form a belief as to
21 the truth of the allegations of paragraph 52 of the Complaint, and therefore deny them.

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

26 54. The allegations of paragraph 54 of the Complaint are purportedly based on written
27 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph
28 54 of the Complaint.

1 55. Defendants are without knowledge or information sufficient to form a belief as to
2 the truth of the allegations of paragraph 55 of the Complaint, and therefore deny them.

3 56. Defendants deny any allegations of any purported fraud. To the extent that the
4 allegations of paragraph 56 of the Complaint are purportedly based on written documents, the
5 documents speak for themselves. To the extent that the allegations of paragraph 56 of the
6 Complaint constitute conclusions of law, no responsive pleading is required. Defendants are
7 without knowledge or information sufficient to form a belief as to the truth of the allegations of
8 paragraph 56 of the Complaint, and therefore deny them.

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

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

12 59. The allegations of paragraph 59 of the Complaint are purportedly based on written
13 documents, which speak for themselves. Defendants are without knowledge or information
14 sufficient to form a belief as to the truth of the allegations of paragraph 59 of the Complaint, and
15 therefore deny them.

16 60. Defendants are without knowledge or information sufficient to form a belief as to
17 the truth of the allegations of paragraph 60 of the Complaint, and therefore deny them.

18 61. To the extent that the allegations of paragraph 61 of the Complaint are purportedly
19 based on written documents, the documents speak for themselves. Defendants are without
20 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
21 61 of the Complaint, and therefore deny them.

22 62. To the extent that the allegations of paragraph 62 of the Complaint are purportedly
23 based on written documents, the documents speak for themselves. Defendants are without
24 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
25 62 of the Complaint, and therefore deny them.

26 63. For the period preceding when Defendants joined RDI's Board of Directors,
27 Defendants are without knowledge or information sufficient to form a belief as to the truth of the
28 allegation of paragraph 63 of the Complaint that there were no updates provided to the Board by

1 Ellen Cotter about the progress of the CEO search process, and therefore deny it. To the extent
2 that the allegations of paragraph 63 of the Complaint are purportedly based on written documents,
3 the documents speak for themselves. Defendants deny the remaining allegations of paragraph 63
4 of the Complaint.

5 64. The allegations of paragraph 64 of the Complaint are purportedly based on written
6 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph
7 64 of the Complaint.

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

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

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

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

17 69. Defendants admit that, in January 2016, the Board of Directors appointed Ellen
18 Cotter as the permanent CEO and President of RDI.

19 70. Defendants deny the allegations of paragraph 70 of the Complaint.

20 71. Defendants are without knowledge or information sufficient to form a belief as to
21 the truth of the allegations of paragraph 71 of the Complaint, and therefore deny them. To the
22 extent that the allegations of paragraph 71 of the Complaint constitute conclusions of law, no
23 responsive pleading is required. To the extent a response is deemed required, such allegations of
24 paragraph 71 of the Complaint are denied.

25 72. Defendants are without knowledge or information sufficient to form a belief as to
26 the truth of the allegations of paragraph 72 of the Complaint, and therefore deny them. To the
27 extent that the allegations of paragraph 72 of the Complaint constitute conclusions of law, no
28

1 responsive pleading is required. To the extent a response is deemed required, such allegations of
2 paragraph 72 of the Complaint are denied.

3 73. Defendants are without knowledge or information sufficient to form a belief as to
4 the truth of the allegations of paragraph 73 of the Complaint, and therefore deny them. To the
5 extent that the allegations of paragraph 73 of the Complaint constitute conclusions of law, no
6 responsive pleading is required. To the extent a response is deemed required, such allegations of
7 paragraph 73 of the Complaint are denied.

8 74. Defendants are without knowledge or information sufficient to form a belief as to
9 the truth of the allegations of paragraph 74 of the Complaint, and therefore deny them. To the
10 extent that the allegations of paragraph 74 of the Complaint constitute conclusions of law, no
11 responsive pleading is required. To the extent a response is deemed required, such allegations of
12 paragraph 74 of the Complaint are denied.

13 75. Defendants are without knowledge or information sufficient to form a belief as to
14 the truth of the allegations of paragraph 75 of the Complaint, and therefore deny them.

15 76. Defendants are without knowledge or information sufficient to form a belief as to
16 the truth of the allegations of paragraph 76 of the Complaint, and therefore deny them.

17 77. Defendants are without knowledge or information sufficient to form a belief as to
18 the truth of the allegations of paragraph 77 of the Complaint, and therefore deny them.

19 78. Defendants are without knowledge or information sufficient to form a belief as to
20 the truth of the allegations of paragraph 78 of the Complaint, and therefore deny them.

21 79. Defendants are without knowledge or information sufficient to form a belief as to
22 the truth of the allegations of paragraph 79 of the Complaint, and therefore deny them.

23 80. Defendants are without knowledge or information sufficient to form a belief as to
24 the truth of the allegations of paragraph 80 of the Complaint, and therefore deny them.

25 81. The allegations of paragraph 81 of the Complaint are purportedly based on written
26 documents, which speak for themselves. Defendants are without knowledge or information
27 sufficient to form a belief as to the truth of the allegations of paragraph 81 of the Complaint, and
28 therefore deny them.

1 82. The allegations of paragraph 82 of the Complaint are purportedly based on written
2 documents, which speak for themselves. Defendants are without knowledge or information
3 sufficient to form a belief as to the truth of the allegations of paragraph 82 of the Complaint, and
4 therefore deny them.

5 83. Defendants are without knowledge or information sufficient to form a belief as to
6 the truth of the allegations of paragraph 83 of the Complaint, and therefore deny them.

7 84. The allegations of paragraph 84 of the Complaint are purportedly based on written
8 documents, which speak for themselves. Defendant Judy Coddington denies the remaining
9 allegations of paragraph 84 of the Complaint. Defendant Michael Wrotniak is without knowledge
10 or information sufficient to form a belief as to the truth of the allegations of paragraph 84 of the
11 Complaint, and therefore denies them.

12 85. Defendants are without knowledge or information sufficient to form a belief as to
13 the truth of the allegations of paragraph 85 of the Complaint, and therefore deny them.

14 86. Defendant Judy Coddington admits that Timothy Storey resigned as a director of RDI.
15 Defendant Judy Coddington denies the allegations of paragraph 86 of the Complaint in all other
16 respects. Defendant Michael Wrotniak is without knowledge or information sufficient to form a
17 belief as to the truth of the allegations of paragraph 86 of the Complaint, and therefore denies them.

18 87. Defendants deny the allegations of paragraph 87 of the Complaint.

19 88. Defendants are without knowledge or information sufficient to form a belief as to
20 the truth of the allegations of paragraph 88 of the Complaint, and therefore deny them.

21 89. The allegations of paragraph 89 of the Complaint are purportedly based on written
22 documents, which speak for themselves. Defendants are without knowledge or information
23 sufficient to form a belief as to the truth of the allegations of paragraph 89 of the Complaint, and
24 therefore deny them.

25 90. Defendants are without knowledge or information sufficient to form a belief as to
26 the truth of the allegations of paragraph 90 of the Complaint, and therefore deny them.

27 91. Defendants are without knowledge or information sufficient to form a belief as to
28 the truth of the allegations of paragraph 91 of the Complaint, and therefore deny them.

1 92. The allegations of paragraph 92 of the Complaint are purportedly based on written
2 documents, which speak for themselves. Defendants are without knowledge or information
3 sufficient to form a belief as to the truth of the allegations of paragraph 92 of the Complaint, and
4 therefore deny them.

5 **RESPONSE TO "DEMAND IS EXCUSED"**

6 93. To the extent that the allegations of paragraph 93 of the Complaint constitute
7 conclusions of law, no responsive pleading is required. To the extent a response is deemed
8 required, such allegations of paragraph 93 of the Complaint are denied. Defendants deny the
9 remaining allegations of paragraph 93 of the Complaint.

10 94. Defendants are without knowledge or information sufficient to form a belief as to
11 the truth of the allegations of paragraph 94 of the Complaint, and therefore deny them.

12 95. The allegations of paragraph 95 of the Complaint are purportedly based on written
13 documents, which speak for themselves. Defendants are without knowledge or information
14 sufficient to form a belief as to the truth of the allegations of paragraph 95 of the Complaint, and
15 therefore deny them.

16 96. Defendants are without knowledge or information sufficient to form a belief as to
17 the truth of the allegations of paragraph 96 of the Complaint, and therefore deny them.

18 97. Defendants are without knowledge or information sufficient to form a belief as to
19 the truth of the allegations of paragraph 97 of the Complaint, and therefore deny them.

20 98. Defendants are without knowledge or information sufficient to form a belief as to
21 the truth of the allegations of paragraph 98 of the Complaint, and therefore deny them.

22 99. To the extent that the allegations of paragraph 99 of the Complaint are purportedly
23 based on written documents, the documents speak for themselves. Defendants are without
24 knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph
25 99 of the Complaint, and therefore deny them.

26 100. Defendants are without knowledge or information sufficient to form a belief as to
27 the truth of the allegations of paragraph 100 of the Complaint, and therefore deny them.
28

1 101. Defendants are without knowledge or information sufficient to form a belief as to
2 the truth of the allegations of paragraph 101 of the Complaint, and therefore deny them.

3 102. The allegations of paragraph 102 of the Complaint constitute conclusions of law to
4 which no responsive pleading is required. To the extent a response is deemed required, the
5 allegations of paragraph 102 of the Complaint are denied.

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

8 104. The allegations of paragraph 104 of the Complaint constitute conclusions of law to
9 which no responsive pleading is required. To the extent a response is deemed required, the
10 allegations of paragraph 104 of the Complaint are denied.

11 105. The allegations of paragraph 105 of the Complaint are purportedly based on written
12 documents, which speak for themselves. Defendants deny the remaining allegations of paragraph
13 105 of the Complaint.

14 106. Defendants admit that Mary Cotter knows Judy Coddington. To the extent that the
15 allegations of paragraph 106 of the Complaint constitute conclusions of law, no responsive
16 pleading is required. To the extent a response is deemed required, such allegations of paragraph
17 106 of the Complaint are denied. Defendants deny the allegations of paragraph 106 of the
18 Complaint in all other respects.

19 107. Defendants admit that Margaret Cotter knows Michael Wrotniak. To the extent
20 that the allegations of paragraph 107 of the Complaint are purportedly based on written documents,
21 the documents speak for themselves. To the extent that the allegations of paragraph 107 of the
22 Complaint constitute conclusions of law, no responsive pleading is required. To the extent a
23 response is deemed required, such allegations of paragraph 107 of the Complaint are denied.
24 Defendants deny the allegations of paragraph 107 of the Complaint in all other respects.

1 **RESPONSE TO "FIRST CAUSE OF ACTION**

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

4 108. Defendants reassert and incorporate their responses to paragraphs 1 through 107 of
5 the Complaint.

6 109. Defendants admit that Ellen Cotter, Margaret Cotter, Edward Kane, Guy Adams,
7 William Gould, Douglas McEachern, Judy Coddington, and Michael Wrotniak are directors of RDI.
8 To the extent that the allegations of paragraph 109 of the Complaint constitute conclusions of law,
9 no responsive pleading is required. To the extent a response is deemed required, such allegations
10 of paragraph 109 of the Complaint are denied.

11 110. The allegations of paragraph 110 of the Complaint constitute conclusions of law to
12 which no responsive pleading is required. To the extent a response is deemed required, the
13 allegations of paragraph 110 of the Complaint are denied.

14 111. The allegations of paragraph 111 of the Complaint constitute conclusions of law to
15 which no responsive pleading is required. To the extent a response is deemed required, the
16 allegations of paragraph 111 of the Complaint are denied.

17 112. Defendants deny the allegations of paragraph 112 of the Complaint.

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

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

20 115. Defendants deny that Plaintiffs, RDI, or its stockholders have suffered any damages
21 by virtue of Defendants' conduct.

22 **RESPONSE TO "SECOND CAUSE OF ACTION**

23 **(Aiding and Abetting Breach of Fiduciary Duty - Against Defendants Craig Tompkins, Ed**
24 **Kane, Guy Adams, Doug McEachern, Judy Coddington and Mark Wrotniak)"**

25 116. Defendants reassert and incorporate their responses to paragraphs 1 through 115 of
26 the Complaint.

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

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

1 119. Defendants deny the allegations of paragraph 119 of the Complaint.

2 120. Defendants deny the allegations of paragraph 120 of the Complaint.

3 121. Defendants deny that Plaintiffs, RDI, or its stockholders have suffered any damages
4 by virtue of Defendants' conduct.

5 **RESPONSE TO "PRAYER FOR RELIEF"**

6 122. Responding to the unnumbered PRAYER FOR RELIEF, Defendants admit that
7 Plaintiffs demand and pray for judgment as set forth therein, but deny that Defendants caused or
8 contributed to Plaintiffs' or RDI's alleged injuries and further deny that Defendants are liable for
9 damages or any other relief sought in the Complaint.

10 **AFFIRMATIVE DEFENSES**

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

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

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

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

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

23 **THIRD DEFENSE – LACHES**

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

1 **FOURTH DEFENSE – UNCLEAN HANDS**

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

4 **FIFTH DEFENSE – SPOILIATION**

5 128. The Complaint, and each purported cause of action therein, is barred, in whole or
6 in part, by Plaintiffs' spoliation of evidence and obstruction of justice.

7 **SIXTH DEFENSE – ILLEGAL CONDUCT AND FRAUD**

8 129. The Complaint, and each purported cause of action therein, is barred, in whole or
9 in part, by Plaintiffs' own illegal conduct and/or fraud.

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

11 130. The Complaint, and each purported cause of action therein, is barred, in whole or
12 in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiffs' acts, conduct,
13 and/or omissions are inconsistent with their requests for relief.

14 **EIGHTH DEFENSE – RATIFICATION AND CONSENT**

15 131. The Complaint, and each purported cause of action therein, is barred, in whole or
16 in part, because any purportedly improper acts by Defendants, if any, were ratified by Plaintiffs
17 and their agents, and/or because Plaintiffs consented to the same.

18 **NINTH DEFENSE – NO UNLAWFUL ACTIVITY**

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

22 **TENTH DEFENSE – NO RELIANCE**

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

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

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

1 **TWELFTH DEFENSE – UNCERTAIN AND AMBIGUOUS**

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

4 **THIRTEENTH DEFENSE – PRIVILEGE AND JUSTIFICATION**

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

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

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

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

13 138. Plaintiffs are not entitled to injunctive relief because, among other things, Plaintiffs
14 have not suffered irreparable harm, Plaintiffs have an adequate remedy at law, and injunctive relief
15 is not supported by any purported cause of action alleged in the Complaint and is not warranted
16 by the balance of the hardships and/or any other equitable factors.

17 **SIXTEENTH DEFENSE – DAMAGES TOO SPECULATIVE**

18 139. Plaintiffs are not entitled to damages of any kind or in any sum or amount
19 whatsoever as a result of Defendants' acts or omissions alleged in the Complaint because any
20 damages sought are speculative, uncertain, and not recoverable.

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

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

1 **EIGHTEENTH DEFENSE – MITIGATION OF DAMAGES**

2 141. Plaintiffs have failed to properly mitigate the damages, if any, they have sustained,
3 and by virtue thereof, Plaintiffs are barred, in whole or in part, from maintaining the causes of
4 action asserted in the Complaint against Defendants.

5 **NINETEENTH DEFENSE – COMPARATIVE FAULT**

6 142. Plaintiffs' recovery against Defendants is barred, in whole or in part, based on
7 principles of comparative fault, including Plaintiffs' own comparative fault.

8 **TWENTIETH DEFENSE – BUSINESS JUDGMENT RULE**

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

11 **TWENTY-FIRST DEFENSE – EQUITABLE ESTOPPEL**

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

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

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

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

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

27 **TWENTY-FOURTH DEFENSE – LACK OF STANDING**

1 147. The Complaint, and each purported cause of action alleged therein, is barred, in
2 whole or part, because Plaintiffs have failed to allege any direct ownership during relevant time
3 periods of RDI stock and therefore lack standing.

4 **TWENTY-FIFTH DEFENSE – CONFLICTS OF INTEREST AND**
5 **UNSUITABILITY TO SERVE AS DERIVATIVE REPRESENTATIVES**

6 148. The Complaint, and each purported cause of action alleged therein, is barred, in
7 whole or part, because Plaintiffs have conflicts of interest and are unsuitable to serve as derivative
8 representatives.

9 **TWENTY-SIXTH DEFENSE – FAILURE TO MAKE APPROPRIATE DEMAND**

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

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

16 ///

17 ///

1 Dated this 5th day of April, 2016.

2 **COHEN|JOHNSON|PARKER|EDWARDS**

3
4 By /s/ H. Stan Johnson

5 H. STAN JOHNSON, ESQ.

6 Nevada Bar No. 00265

7 sjohnson@cohenjohnson.com

8 MICHAEL V. HUGHES, ESQ.

9 Nevada Bar No. 13154

10 mhughes@cohenjohnson.com

11 255 E. Warm Springs Road, Suite 100

12 Las Vegas, Nevada 89119

13 Telephone: (702) 823-3500

14 Facsimile: (702) 823-3400

15 **QUINN EMANUEL URQUHART &**
16 **SULLIVAN, LLP**

17 CHRISTOPHER TAYBACK, ESQ.

18 California Bar No. 145532, pro hac vice

19 christayback@quinnemanuel.com

20 MARSHALL M. SEARCY, ESQ.

21 California Bar No. 169269, pro hac vice

22 marshallsearcy@quinnemanuel.com

23 865 S. Figueroa St., 10th Floor

24 Los Angeles, CA 90017

25 Telephone: (213) 443-3000

26 Attorneys for Defendants Margaret Cotter, Ellen
27 Cotter, Guy Adams, Edward Kane, Douglas
28 McEachern, Judy Coddington, and Michael
Wrotniak

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that, on the 5th day of April, 2016, I served a copy of the foregoing **JUDY**

3 **CODDING AND MICHAEL WROTONIAK'S ANSWER TO FIRST AMENDED**

4 **COMPLAINT** to be served on all parties in this action via the Court's E-Filing and E-Service
5 System.

6 **Lewis Roca Rothgerber LLP**
7 Brian Blakley BBlakley@lrrlaw.com
8 Mark G. Krum mkrum@lrrlaw.com
9 Annette Jaramillo ajaramillo@lrrlaw.com

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

13 **Cohen-Johnson, LLC**
14 H. Stan Johnson, Esq.
15 calendar@cohenjohnson.com
16 Sarah Gondek sgondek@cohenjohnson.com
17 C.J. Barnabi cj@cohenjohnson.com

18 **Robertson & Associates, LLP**
19 Robert Nation, Esquire
20 rnation@arobertsonlaw.com
21 Alex Robertson, IV, Esquire
22 arobertson@arobertsonlaw.com
23 Annie Russo (Legal Assistant)
24 arusso@arobertsonlaw.com
25 Elisabeth Dagorrette, Paralegal
26 edagorrette@arobertsonlaw.com

27 **McDonald Carano Wilson**
28 Aaron D. Shipley, Esq.
ashipley@mcwlaw.com
Leah Jennings, Esq.
ljennings@mcdonalddcarano.com

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

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

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

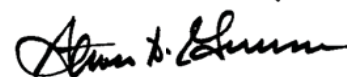
1 Chubb
2 Allison Rose, Esq.
3 allisonrose@chubb.com
4

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

5 Solomon Dwiggin & Freer, Ltd.
6 Alan D. Freer, Esq.
afreer@sdfnlaw.com
7

/s/ C.J. Barnabi
An employee of Cohen|Johnson|Parker|Edwards

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28



CLERK OF THE COURT

1 SAO
2 MARK E. FERRARIO, ESQ.
3 (NV Bar No. 1625)
4 KARA B. HENDRICKS, ESQ.
5 (NV Bar No. 7743)
6 GREENBERG TRAUIG, LLP
7 3773 Howard Hughes Parkway
8 Suite 400 North
9 Las Vegas, Nevada 89169
10 Telephone: (702) 792-3773
11 Facsimile: (702) 792-9002
12 ferrariom@gtlaw.com
13 hendricksk@gtlaw.com

14 *Counsel for Reading International, Inc.*

15 **DISTRICT COURT**

16 **CLARK COUNTY, NEVADA**

17 JAMES J. COTTER, JR., individually and
18 derivatively on behalf of Reading
19 International, Inc.,
20 Plaintiff,

21 v.

22 MARGARET COTTER, et al,
23 Defendants.

24 In the Matter of the Estate of
25 JAMES J. COTTER,
26 Deceased.

27 JAMES J. COTTER, JR.,
28 Plaintiff,

v.

READING INTERNATIONAL, INC., a
Nevada corporation; DOES 1-100, and
ROE ENTITIES, 1-100, inclusive,
Defendants.

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

Coordinated with:

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

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

**STIPULATION AND ORDER TO
AMEND DEADLINES IN
SCHEDULING ORDER
(SECOND REQUEST)**

1 Plaintiff JAMES J. COTTER, Defendants MARGARET COTTER, ELLEN COTTER,
2 GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY
3 CODDING, MICHAEL WROTONIAK, Nominal Defendant READING INTERNATIONAL,
4 INC., Intervening Plaintiffs T2 PARTNERS MANAGEMENT, LP, a Delaware limited
5 partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND,
6 LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON
7 OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS
8 MANAGEMENT I, LLC, a Delaware limited liability company, doing business as KASE
9 MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited
10 liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC a
11 Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware
12 limited liability company (collectively "T2 Plaintiffs"), and the Estate of JAMES J. COTTER,
13 deceased, by and through their counsel of record, hereby stipulate as follows:

14 WHEREAS, the Mandatory Rule 16 Conference was held October 29, 2015;

15 WHEREAS, based upon the information presented at the conference and the agreement
16 of the parties, EDCR Rule 2.55 was superseded by a Scheduling Order and Order Setting Civil
17 Jury Trial, Pre-Trial Conference and Calendar Call ("Scheduling Order and Trial Setting
18 Order");

19 WHEREAS, the Scheduling Order and Trial Setting Order was entered on November 10,
20 2015;

21 WHEREAS, the parties stipulated to extend certain deadlines relating to the completion
22 of both percipient and expert discovery;

23 WHEREAS, the "Stipulation and Order to Amend Deadlines in Scheduling Order and
24 Trial Setting Order" was entered on April 21, 2016;

25 WHEREAS, the parties have again agreed upon the extension of certain deadlines
26 relating to the completion of both percipient and expert discovery, which all counsel have agreed
27 is necessary and will be enough time to complete discovery and keep the existing trial date of
28

November 14, 2016;

IT IS HEREBY STIPULATED, subject to the Court's permission that the Scheduling Order and Trial Setting Order is amended as follows:

Proposed Deadline

Percipient Witness Discovery Cut-Off

July 29, 2016

Initial Expert Disclosures

August 18, 2016

Rebuttal Expert Disclosures

September 19, 2016

Expert Discovery Cut-Off

October 14, 2016

DATED this 15th day of June, 2016.

GREENBERG TRAURIG, LLP

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark E. Ferrario

/s/ Mark G. Krum

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)

MARK G. KRUM (SBN 10913)

KARA B. HENDRICKS, ESQ. (NV Bar No. 7743)

3993 Howard Hughes Pkwy., Ste. 600

3773 Howard Hughes Parkway

Las Vegas, Nevada 89169

Suite 400 North

(702) 949-8200

Las Vegas, Nevada 89169

MKrum@LRRC.com

FerrarioM@gtlaw.com

HendricksK@gtlaw.com

Counsel for Reading International, Inc.

Attorneys for Plaintiff

COHEN-JOHNSON, LLC

QUINN EMANUEL URQUHART & SULLIVAN, LLP

/s/ H. Stan Johnson

/s/ Marshall M. Searcy, III

H. STAN JOHNSON (SBN 265)

MARSHALL M. SEARCY III (Admitted *pro hac vice*)

255 E. Warm Springs Road, Suite 100

865 S. Figueroa Street, 10th Floor

Las Vegas, Nevada 89119

Los Angeles, California 90017

(702) 823-3500

(213) 443-3000

SJohnson@CohenJohnson.com

MarshallSearcy@QuinnEmanuel.com

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

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

1 MAUPIN, COX & LEGOY

BIRD, MARELLA, BOXER, WOLPERT, NESSIM,
DROOKS, LINCENBERG & RHOW, P.C.

2 /s/ Donald A. Lattin
3 DONALD A. LATTIN (SBN 693)
4 4785 Caughlin Parkway
5 Reno, Nevada 89519
6 (775) 827-2000
7 DLattin@MCLRenoLaw.com

/s/ Ekwan E. Rhow
EKWAN E. RHOW (Admitted pro hac vice)
1875 Century Park East, 23rd Floor
Los Angeles, California 90067
(310) 201-2100
EER@BirdMarella.com

8 Attorneys for Defendants William Gould and
9 Timothy Storey

Attorneys for Defendants William Gould and
Timothy Storey

10 ROBERTSON & ASSOCIATES, LLP

11 /s/ Alexander Robertson, IV
12 ALEXANDER ROBERTSON, IV (SBN 8642)
13 32121 Lindero Canyon Road, Suite 200
14 Westlake Village, California 91361
15 (818) 851-3850
16 ARobertson@ARobertsonLaw.com

17 Attorneys for Plaintiffs and Intervenor, T2
18 Partners Management, LP, et al.

19 **ORDER**

20 **IT IS HEREBY ORDERED** that the following discovery deadlines set forth in the
21 Scheduling Order and Trial Setting Order are amended as follows:

| | <u>Deadline</u> |
|---|--------------------|
| 22 Percipient Witness Discovery Cut-Off | July 29, 2016 |
| 23 Initial Expert Disclosures | August 18, 2016 |
| 24 Rebuttal Expert Disclosures | September 19, 2016 |
| 25 Expert Discovery Cut-Off | October 14, 2016 |

26 **IT IS HEREBY ORDERED** that all other dates on the Court's Scheduling Order and
27 Trial Setting Order filed November 10, 2015, shall remain the same:

- 28
1. Dispositive Motions and Motions in Limine to be filed by September 23, 2016.
 2. Five Week Stacked Jury Trial to begin November 14, 2016 at 1:30 p.m.

3. Pre-Trial Conference with designated attorney and/or parties in proper person will be held on **October 21, 2016 at 8:30 a.m.**

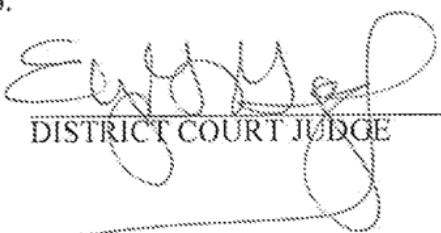
4. Calendar Call will be held on **November 10, 2016 at 8:45 a.m.** The Final Pre-Trial Conference will be set at the file of Calendar Call.

5. Status Check will be held on **September 1, 2016 at 8:30 a.m.**

6. Pre-Trial Memorandum must be filed no later than **November 9, 2016**, with a courtesy copy delivered to Department XI.

IT IS SO ORDERED.

DATED this 21 day of June, 2016.


DISTRICT COURT JUDGE

Submitted by:
GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

MARK E. FERRARIO, ESQ. (NV Bar No. 1625)
KARA B. HENDRICKS, ESQ. (NV Bar No. 7743)
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169

Counsel for Reading International, Inc.

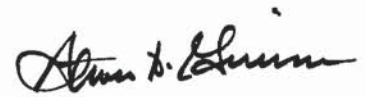
CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **STIPULATION AND ORDER TO AMEND DEADLINES IN SCHEDULING ORDER (SECOND REQUEST)** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 21st day of June, 2016.

/s/ Andrea Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP



CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR. .
Plaintiff .
vs. .
MARGARET COTTER, et al. .
Defendants .
.

CASE NO. A-719860
P-082942

DEPT. NO. XI

**Transcript of
Proceedings**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**HEARING ON DEFENDANTS' MOTION TO COMPEL
AND MOTION TO DISQUALIFY**

TUESDAY, JUNE 21, 2016

COURT RECORDER:

JILL HAWKINS
District Court

TRANSCRIPTION BY:

FLORENCE HOYT
Las Vegas, Nevada 89146

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

APPEARANCES:

FOR THE PLAINTIFF:

JOHN BRAGONJE, ESQ.

FOR THE DEFENDANTS:

HAROLD STANLEY, JOHNSON, ESQ.
ALAN D. FREER, ESQ.
MARSHALL M. SEARCY, ESQ.
BRADLEY JOE RICHARDSON, ESQ.
AARON D. SHIPLEY, ESQ.
MARK E. FERRARIO, ESQ.

FOR THE INTERVENOR:

ALEXANDER ROBERTSON, IV, ESQ.

1 LAS VEGAS, NEVADA, TUESDAY, JUNE 21, 2016, 8:42 A.M.

2 (Court was called to order)

3 THE COURT: All right. So before I start with the
4 motions I have an issue. Mr. Ferrario has been trying
5 desperately to get me to move your dates, and he thinks he's
6 negotiated a solution. And I have concerns about the
7 solution. So the solution is you have agreed to among
8 yourselves --

9 Mr. Robertson, are you on the phone?

10 MR. ROBERTSON: I am, Your Honor. Thank you.

11 THE COURT: Okay. You've agreed among yourselves to
12 extend expert discovery cutoff through October 14th, 2016,
13 where we have a trial stack starting November 14th. And while
14 I recognize that's probably okay, I need to make sure
15 everybody understands that means you're not filing a single
16 motion in limine or other related motion after the deadline of
17 September 23rd I don't care what happens. Because I'm not
18 signing any OSTs.

19 MR. FERRARIO: We understood that.

20 THE COURT: Well, I know you understood it.

21 MR. FERRARIO: No. I conveyed it to the universe of
22 people.

23 THE COURT: I'm not entirely clear if anybody
24 else --

25 MR. FERRARIO: Okay. Then I'll --

1 THE COURT: That's why I'm saying this. Because the
2 word "all" keeps slipping out when I write it in on the
3 drafts. Does anybody not understand that?
4 Mr. Robertson, do you understand that?
5 MR. ROBERTSON: Yes, Your Honor.
6 THE COURT: That means something odd happens and you
7 want to strike an expert, you're screwed.
8 MR. FREER: So just to clarify the record, all means
9 all, Your Honor?
10 THE COURT: All means all.
11 MR. FERRARIO: That doesn't mean we can't -- the
12 initial designations are going to be mid --
13 THE COURT: As long as your motion is filed on or
14 before --
15 MR. FERRARIO: Right.
16 THE COURT: -- September 23rd, you're okay.
17 MR. FERRARIO: That's fine.
18 THE COURT: Does anybody not understand? Okay.
19 Then I'll go ahead and sign this after I have written the word
20 "all" in twice and initialled it.
21 Laura, can I give it back to Mr. Ferrario, or is he
22 one of the people who loses them?
23 MR. FERRARIO: I would give it to Laura.
24 THE COURT: We gave two to Mr. Netzorg the other
25 day, and they didn't make it back to his office.

1 All right. Anybody want to do anything before we go
2 to the motions?

3 Dulce, do you need anybody to tell you who they are?

4 THE CLERK: No, Your Honor.

5 THE COURT: All right. It's your motion.

6 MR. SEARCY: Good morning, Your Honor.

7 THE COURT: We're going to do the more complicated
8 motion before the easy one. So does your firm move to
9 disqualify in every case they have?

10 MR. SEARCY: It only seems that way in front of you,
11 Your Honor. But no. And this is a different motion to
12 disqualify. This isn't --

13 THE COURT: I understand it's a different issue.

14 MR. SEARCY: Yes. But it certainly has come up with
15 Your Honor twice now, from what I understand. This motion to
16 disqualify, however, is pretty unique. It arises from what
17 we've learned in discovery in the last few weeks. We learned
18 that the plaintiff, Jim Cotter, Jr., encouraged T2 to enter
19 this lawsuit, but we also learned that T2 doesn't actually
20 want to see Jim Cotter, Jr., reinstated as CEO, despite what's
21 set forth in T2's complaint in this action. And in fact we
22 took T2's deposition, and they -- both the representatives of
23 the T2 plaintiffs in this case admitted that Ellen Cotter was
24 doing a good job as CEO. Instead, what T2 is interested in
25 here, Your Honor, and this is also what we've learned from the

1 discovery, is seeing that a group of minority shareholders
2 take control of the company, that those shareholders then sell
3 the assets of the company, and that T2 enriches itself to the
4 expense of all other shareholders.

5 What we've also learned, Your Honor, and that's what
6 brings us to this motion today, is that T2 has been trading
7 stock in Reading after receiving non-public information from
8 Reading. That's a violation of black letter law that applies
9 to derivative plaintiffs. And in light of that violation T2
10 should be disqualified as a plaintiff in this action.

11 Now, T2 in opposing our motion for disqualification
12 hasn't submitted any evidence, hasn't submitted any
13 declaration, hasn't denied in any way that they engaged in
14 these sales and that they engaged in these sales after
15 receiving document production and non-public information from
16 us. What they've done instead is they argue four points that
17 I'll go through very quickly.

18 First they argue that there isn't really such a
19 rule. However, if you look to what they cite to, Your Honor,
20 they haven't provided any contrary authorities. In fact, the
21 Colera [phonetic] case that they cite states that it's the
22 black letter rule that a derivative plaintiff violates its
23 fiduciary duties by trading stock after receiving non-public
24 information. They also tell you that it's -- that in this
25 case the parties have somehow bargained away the rights

1 against -- prohibiting trading after receipt of non-public
2 information. But, number one, during the actual negotiations
3 with the parties --

4 And I see that Your Honor is concerned about
5 something that I just said. I want -- is there something that
6 I can address for the Court?

7 THE COURT: Keep going.

8 MR. SEARCY: Okay. In the negotiations between the
9 parties, Your Honor, the plaintiffs recognized that they had a
10 legal obligation not to trade in stock after receiving non-
11 public information. They also said, we don't have to put that
12 in the stipulation because we recognize that it's a rule that
13 applies to us. Moreover, we couldn't even waive that
14 obligation of plaintiffs if we wanted to. Plaintiffs have a
15 fiduciary obligation to other shareholders not to trade after
16 receipt of non-public information.

17 The next thing the plaintiffs argue is that Nevada
18 hasn't yet applied the bright-line rule that's applied in
19 Delaware. That's true. This is a case of first impression in
20 Nevada. However, the Supreme Court here has recognized that
21 Delaware authority is persuasive authority. And Delaware has
22 applied this bright-line rule with respect to shareholders
23 now. There's every reason to think that the Nevada Supreme
24 Court would take this persuasive authority and apply it, and
25 the Court should apply it here.

1 The last point that is raised by the plaintiffs,
2 Your Honor, is that they argue that this rule should only
3 apply to extraordinary transactions. But there's nothing in
4 any of the authorities that they cite that indicate that the
5 rule should be limited that way. And in fact derivative
6 plaintiff always owes duties to the shareholders. And so
7 there's no reason why a plaintiff should be able to pick and
8 choose between obligations.

9 So in sum, Your Honor, there's a black letter
10 principle of Delaware law here. Plaintiffs violated that
11 black letter principle of law. They don't deny that they've
12 violated it. And, as a result, they should be dismissed.

13 THE COURT: Thank you.

14 Mr. Robertson.

15 MR. ROBERTSON: Thank you, Your Honor. The bright-
16 line, quote, "rule" that the defendants are advocating here
17 just simply doesn't exist. They only cite to one reported
18 case and five unreported hearing transcripts. The one case
19 that they cite to, the Steinhart case is factually inapposite
20 to the facts here. That case dealt with a pending merger
21 where the court in that case actually had issued an order
22 prohibiting the plaintiffs in that derivative action from
23 trading stock during the pendency of that action. No such
24 order exists in this case.

25 And the other five unreported hearing transcripts

1 defendants cite to in their motion all deal with either
2 pending mergers or settlement for the derivative action where
3 there was specific credible evidence offered to the court that
4 the plaintiffs by their own admissions had traded on material
5 non-public information. Here the defendants have failed to
6 provide this Court with any credible evidence of a single
7 example of material non-public information that my clients
8 relied upon in making their trades. They simply point to
9 hundreds of thousands of documents that their counsel stamped
10 as "confidential" and presumed then that something in that
11 haystack of confidential documents rose to a level of material
12 non-public information. And they also failed then to connect
13 the dots that my clients relied upon that information in
14 making their trades.

15 If you look at the facts, they belie the arguments
16 made by the defendants. If any material non-public
17 information had existed, the company would have been required
18 by law to file an 8-K identifying that information at some
19 point in time. The fact that RDI has never filed an 8-K
20 disclosing this supposed material non-public information
21 belies their very argument.

22 Also, the fact that James Cotter, Jr., who's a
23 director sitting on the board of directors and is privy to
24 much more information than what has been produced to my
25 clients in discovery, has continued to trade. And there's no

1 motion to disqualify him or claim that he has somehow traded
2 on material non-public information.

3 And finally, you know, simply designating these
4 hundreds of thousands of documents as confidential without
5 identifying any example for this Court to say this is material
6 non-public information and this information was specifically
7 relied upon by my clients during their trades doesn't meet
8 their standard of proof here. In fact there's no evidence
9 that my clients' trading was any different than any of the
10 other shareholders, which is simply selling high and buying
11 low based upon the share price of the publicly traded stock on
12 the Exchange.

13 THE COURT: Anything else, Mr. Robertson?

14 MR. ROBERTSON: No. That's it, Your Honor.

15 THE COURT: Mr. Bragonje.

16 MR BRAGONJE: We don't have anything besides what's
17 in our opposition.

18 THE COURT: Okay. We're back to you. So can you
19 give me the specific items of material non-public information
20 you believe were in the possession of the T2 plaintiffs that
21 they made trades upon?

22 MR. SEARCY: Your Honor, we've certainly produced
23 material non-public information to T2. But to answer your
24 question --

25 THE COURT: I asked you a particular question.

1 MR. SEARCY: -- can we connect the dots between a
2 particular piece of information that we provided to them and a
3 particular trade, we cannot.

4 THE COURT: No. That's not what I asked you,
5 Counsel. Let me ask it differently. Can you point me to the
6 specific document or documents which you produced under the
7 protective order which you believe are material non-public
8 information that was then after the production traded upon?

9 MR. SEARCY: Your Honor, I think I was trying to
10 answer your question. If you're asking me to identify a
11 particular piece of non-public information that T2 saw and
12 then traded based upon that, that material non-public
13 information, I can't identify that for you, Your Honor. And
14 we certainly didn't try to set that out in the motion.
15 Instead, our motion is much simpler than that. Under Delaware
16 law, and it should be applied, we think, by this Court, the
17 rule against trading when you're a derivative plaintiff is
18 basically a prophylactic rule. Once you receive non-public
19 information you're not supposed to trade on it. And that's
20 what the Delaware cases state, that's what's set forth
21 clearly.

22 The additional step, Your Honor, of then going
23 through and parsing, saying, you traded on this piece of this
24 information, or, you traded on that piece of information, we
25 don't think it's required.

1 THE COURT: So you're telling me -- let me summarize
2 what I think you just said. Your position is because you
3 designated information confidential and it was produced to T2,
4 they are prohibited from trading, period, end of story?

5 MR. SEARCY: That's correct, Your Honor.

6 THE COURT: Okay.

7 MR. SEARCY: That's correct.

8 THE COURT: I just wanted to make sure I understood.

9 MR. SEARCY: That is our position. And that's
10 certainly our position in this motion, Your Honor.

11 THE COURT: And it's simply because you designated
12 the information confidential, not because it's material non-
13 public information?

14 MR. SEARCY: Well, Your Honor, to answer your
15 question, we designated it as confidential because we believed
16 it was material non-public information.

17 THE COURT: Well, no. You designated other things
18 as confidential, too. That's why I was trying to ask the
19 question the way I did.

20 MR. SEARCY: Well, Your Honor, in our case it's not
21 -- to be clear, it's not just our designating things as
22 confidential that makes them material non-public information.
23 I think that's what Your Honor is getting at.

24 THE COURT: That's why I'm trying to get you to
25 identify for me the documents which you contend are as

1 material non-public information that was provided pursuant to
2 the confidentiality agreement to the T2 plaintiffs which you
3 believe precludes them from being able to trade.

4 MR. SEARCY: And, Your Honor, we think that in this
5 case our production to them of the documents that they
6 requested included material non-public information and they
7 were precluding from trading. I'm happy to provide a
8 supplemental brief to the Court that further sets out what we
9 think was material non-public information in the material that
10 we provided if that's the next step that Your Honor --

11 THE COURT: After my experience last week with your
12 firm on supplementing when I am in this position I'm not going
13 to do that. If you want to file another motion, you can.

14 I'm going to deny it without prejudice.

15 MR. SEARCY: All right. Thank you, Your Honor.

16 THE COURT: Anything else? It's a different case,
17 though.

18 Anything else?

19 So can I go to the fairly easy motion, which is a
20 settlement of a claim with a very interesting person?

21 MR. FREER: Yes.

22 THE COURT: Can you tell me why the crib is part of
23 it?

24 MR. FREER: They were living together as boyfriend
25 and girlfriend at the time the decedent passed away, and she

1 wants the crib. And we said, okay.

2 THE COURT: Is there a small person that was in the
3 crib?

4 MR. FREER: Yes, there is.

5 THE COURT: Here's why I have that question. I read
6 your settlement agreement which is attached. Is there an
7 issue about the parentage of the small person?

8 MR. FREER: No. There is not.

9 THE COURT: Okay. Anything else?

10 MR. FREER: No. We were very sure about that, Your
11 Honor.

12 THE COURT: I was just checking. We double checked.
13 She was with child when they first met and started the
14 relationship.

15 THE COURT: Anything else?

16 MR. SEARCY: Your Honor, we had one privilege log
17 motion.

18 THE COURT: No. I'm on this motion.

19 MR. SEARCY: Oh. Sorry. I didn't want you to close
20 shop without --

21 THE COURT: I'm not closing shop.

22 MR. SHIPLEY: Just for the record, there's no
23 opposition from Mr. Cotter to the settlement.

24 THE COURT: To the crib?

25 MR. SHIPLEY: To the crib.

1 MR. FREER: And the Land Rover.
2 THE COURT: And the leather chests.
3 MR. FREER: Yes.
4 THE COURT: Okay. Anything else?
5 MR. FREER: No. That's it, Your Honor.
6 THE COURT: Under the circumstances the settlement
7 is approved.
8 MR. FREER: Thank you, Your Honor.
9 THE COURT: Okay. Now can I go to the motion to
10 compel a better privilege log.
11 MR. SEARCY: Me again, Your Honor.
12 This is our motion to compel a better privilege log
13 from Jim Cotter, Jr., the plaintiff here. There are two
14 issues here. One is probably resolved, Your Honor. We asked
15 for a better formatting so that the privilege log would be
16 readable and usable. Plaintiff's attorney has said that
17 they'll provide that. We haven't received it yet, but I'm
18 assuming that it will arrive.
19 The more important issue, however, Your Honor, is
20 that plaintiff hasn't logged any documents, any communications
21 with the T2 plaintiffs, with Mark Kuben [phonetic], with Andy
22 Shapiro, who's another important relevant party in this case,
23 any communications that occurred after the filing of the
24 lawsuit. That's directly contrary to this Court's order on
25 March 17th, 2016, where Your Honor ordered that those

1 documents be produced without the date limitation that
2 plaintiffs sought to impose, including documents created after
3 the filing of the lawsuit. So those documents should either
4 have been logged on plaintiff's privilege log or produced.
5 And there's a reason why we think now those documents should
6 have been produced. We've taken the depositions again, Your
7 Honor, of the T2 plaintiffs and of Mr. Cotter, Jr., and there
8 isn't a joint interest agreement here. So these documents
9 should not be privileged.

10 And in fact, as we've learned, because the T2
11 plaintiffs don't actually support Mr. Cotter, Jr.'s position
12 in this case, they don't have a joint interest. So those
13 communications between the plaintiffs, in this case Mr.
14 Cotter, Jr., and T2, should be produced; the communications
15 that he's had with Mark Kuben should be produced postdating
16 the filing of this lawsuit; and his communications with Mr.
17 Andy Shapiro should be produced postdating the filing of this
18 lawsuit, with the limitation that the Court placed on that
19 production, that those documents relate to Reading. And so,
20 Your Honor, that's the issue.

21 THE COURT: Thank you.

22 Mr. Bragonje.

23 MR BRAGONJE: Thank you, Your Honor.

24 Your Honor, as I look at this motion I think it's
25 premature. I don't think that there's been an adequate meet

1 and confer. My understanding is that --

2 THE COURT: So can't you just add a column at least
3 so we could have a meet and confer that gives them numbers?

4 MR BRAGONJE: I think that's a great idea.

5 THE COURT: I've never seen one with no numbers at
6 all of any sort. Ever.

7 MR BRAGONJE: I don't know that I have, either. I
8 don't know that I have, either. I'm sure that that is
9 something we can do probably with a keystroke. And I'm sure
10 we'd be happy to do that.

11 THE COURT: Okay. Other than that, what else do you
12 want to do to solve this problem?

13 MR BRAGONJE: Well, I think that -- my understanding
14 is that the documents that have been talked about here between
15 the intervening plaintiffs and my client have been produced.
16 Now, if that's not the case, I think we'll need more meet and
17 confer, because that's my understanding. And I don't know
18 that I can offer a lot more than that today.

19 THE COURT: So you recognize there is no privilege
20 between your clients' and Mr. Robertson's clients'
21 communications related to Reading?

22 MR BRAGONJE: I think that's the case. I know
23 there's no joint prosecution agreement. I can't think of any
24 reason why --

25 THE COURT: Is there a joint prosecution agreement?

1 MR BRAGONJE: I said there is not --
2 THE COURT: Okay.
3 MR BRAGONJE: -- is my understanding.
4 THE COURT: All right. Because I haven't heard
5 there is.
6 MR BRAGONJE: So I appreciate that. Again, my
7 understanding is that those documents have been produced.
8 THE COURT: Can you tell me why the privilege log
9 stops after the filing of the complaint when we specifically
10 discussed that given the change in the claims it needed to
11 continue?
12 MR BRAGONJE: I cannot.
13 THE COURT: Okay.
14 MR BRAGONJE: I cannot. I only assume that --
15 THE COURT: We don't want you to assume.
16 MR BRAGONJE: Yeah. I cannot speak to that.
17 THE COURT: Can you tell me why it stops a little
18 before the complaint is filed?
19 MR BRAGONJE: On that point my understanding is that
20 the documents that are most pertinent to this case and the
21 communications really arose about the time that the lawsuit
22 was filed. My partner Mark was retained in May of 2015, and
23 that's when the action started, is my understanding. Now, I
24 understand that there's an ongoing trust and estate litigation
25 in California. There may be other documents that predate the

1 filing of this lawsuit that are part of that lawsuit. And I
2 don't think that we're the custodian of those, and I don't
3 know that -- where those documents are available to all. I
4 don't know that it's incumbent on us to produce those and do a
5 log of those. And we may not -- we may or may not claim
6 privilege to those. But I can say that our position is that
7 the action started about the time that we were retained, which
8 is about the time the lawsuit started. I don't think that we
9 believe that there are documents that predate that epoch.

10 THE COURT: Well, I've certainly granted discovery
11 requests significantly before that and ordered motions to
12 compel. Whether they're privileged information related to
13 that or not is another issue.

14 MR BRAGONJE: I don't -- I can't speak to that.

15 THE COURT: Anything else that you want to tell me?

16 MR BRAGONJE: Not unless there's anything else you
17 want to know.

18 THE COURT: No. Those were my questions. Thank
19 you.

20 Mr. Searcy, you're back up.

21 MR. SEARCY: Your Honor, in light of what we've just
22 heard, it seems like the issue now is fairly discrete that
23 plaintiff needs to be ordered again to produce documents in
24 compliance with the Court's March 17th order concerning
25 documents concerning communications between Mr. Cotter, Jr.,

1 T2, Mark Kuben, and Andy Shapiro from January 2014 to the
2 present. That's what the Court ordered in March, that's what
3 Mr. Cotter, Jr., the plaintiff, needs to do here. There was
4 some indication from counsel for Jim Cotter, Jr., that there
5 had been production of those documents. In fact, I think the
6 opposition to our motion on the privilege log indicates just
7 the opposite, that plaintiff had chosen that date -- I believe
8 my time is up -- that date, the date of the filing of the
9 lawsuit to cease production of documents, thinking that they
10 weren't relevant. That doesn't comply with this Court's
11 order. He should be produced [sic] to produce. Thank you,
12 Your Honor.

13 THE COURT: Thank you.

14 Number one, we're going to add a column with a
15 numeric designation for each privilege entry. I don't care
16 how you do it. Typically we do it with Bates numbers.
17 Sometimes we do it with just sequential numbers. I'm not
18 going to tell you how to do it, but it needs to be done so
19 that there is an ability to do a meet and confer, rather than
20 referring to a row number on a page of a multipage privilege
21 log.

22 In addition, you need to add the documents that
23 exist after the filing of the complaint given the nature of
24 the allegations in this case and confirm that there are no
25 additional documents that would fall within that for the

1 period for which I've previously granted discovery.

2 MR BRAGONJE: How would you like us to confirm that?

3 THE COURT: I don't know.

4 MR BRAGONJE: Okay. We'll figure it out.

5 THE COURT: How long do you need to add the numbers?

6 That's the easy part.

7 MR BRAGONJE: My only hesitation is Mr. Krum is out

8 of the country.

9 THE COURT: So when does he come back?

10 MR BRAGONJE: He'll be out this whole week. So --

11 THE COURT: Why are you looking at me funny?

12 MR. FERRARIO: Because he --

13 THE COURT: Mr. Bragonje. Come on, get the name.

14 MR. FERRARIO: -- said that -- I know. But he's in

15 a tough spot here.

16 THE COURT: He is in a real tough spot.

17 MR. FERRARIO: So we're all going to bite our tongue

18 on what it's like --

19 THE COURT: We're going to be nice to him.

20 MR. FERRARIO: -- to deal with Mr. Krum on discovery

21 issues. But --

22 THE COURT: Right. We're being nice to him. You

23 notice he came.

24 MR. FERRARIO: I am. But he says --

25 MR BRAGONJE: He's always nice to me.

1 MR. FERRARIO: -- there's no privilege. So why are
2 we even having a -- there's no joint prosecution agreement.
3 Why aren't they just producing this stuff?

4 THE COURT: Well, there may be things that are
5 privileged that don't relate to that.

6 MR. FERRARIO: Well, I think the scope of Mr.
7 Searcy's request, and we're engrossed in this, as well, is
8 communications with the people that they don't have a joint --

9 THE COURT: The privilege log is -- the privilege
10 log is broader than that.

11 MR. FERRARIO: No, I get that.

12 THE COURT: Okay.

13 MR. FERRARIO: There may be things where they're
14 discussing those people between counsel that might find its
15 way on the privilege log. But communications with the T2
16 group, let's just call it that, with Mr. Shapiro added, if he
17 conceded there's no joint prosecution agreement, wouldn't all
18 that have to be produced like from the January '14 date up to
19 today? And the reason I'm interested in this, there's
20 discovery that's been undertaken by --

21 THE COURT: How's this?

22 MR. FERRARIO: -- we probably don't even know
23 this --

24 THE COURT: I'll just say --

25 MR. FERRARIO: -- Jim, Jr., on things that have

1 occurred, you know, in the recent past, quite frankly.

2 THE COURT: One would think.

3 MR. FERRARIO: Yeah.

4 THE COURT: But step one is I need to get numbers on
5 the privilege log so an intelligent discussion can occur
6 between Mr. Searcy and Mr. Krum when Mr. Krum comes back.
7 And, you know, there's a couple of ways to do it, and I'm not
8 going to tell anybody how to do it. And then we need to
9 confirm that there are no befores, and if there are any afters
10 that need to be added they're added, and Mr. Searcy can make a
11 followup motion referring to the numbers after the meet and
12 confer when I can make an intelligent decision. Because I can
13 reference the privilege log. But I don't know that it's still
14 an issue, so we're not there.

15 MR. FERRARIO: Okay.

16 THE COURT: Anything else? Thank you, Mr. Bragonje,
17 for being here.

18 MR BRAGONJE: Thank you, Your Honor.

19 THE COURT: Did I miss anything else, Mr. Searcy,
20 since you're out of time?

21 MR. SEARCY: Nothing else, Your Honor.

22 THE COURT: All right. Have a lovely day,
23 gentlemen.

24 If I could go to --

25 MR. ROBERTSON: Your Honor, I wasn't able to hear

1 your ruling.

2 THE COURT: You're not disqualified. It was denied
3 without prejudice, Mr. Robertson.

4 See, that's why telephone appearances are sometimes
5 problematic. I understand they're permitted, but the level of
6 participation is not always the same as being in the
7 courtroom.

8 MR. ROBERTSON: Understood, Your Honor. Thank you.

9 THE COURT: Goodbye.

10 THE PROCEEDINGS CONCLUDED AT 9:07 A.M.

11 * * * * *

12

13

14

15

16

17

18

19

20

21

22

23

24

25

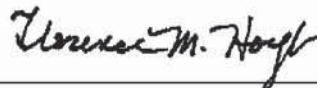
CERTIFICATION

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

AFFIRMATION

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

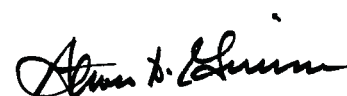
FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

6/22/16

DATE



CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

| | | |
|--------------------------------------|---|----------------------|
| JAMES COTTER, JR. | . | |
| | . | CASE NO. A-735305 |
| Plaintiff | . | A-719860 |
| | . | P-082942 |
| vs. | . | |
| | . | DEPT. NO. XI |
| READING INTERNATIONAL, INC. | . | |
| | . | Transcript of |
| Defendant | . | Proceedings |
| | . | |
| <u>And related cases and parties</u> | . | |

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**HEARING ON PLAINTIFF'S MOTION FOR PARTIAL
SUMMARY JUDGMENT, MOTION TO COMPEL,
AND MOTION TO AMEND**

TUESDAY, AUGUST 9, 2016

COURT RECORDER:

TRANSCRIPTION BY:

JILL HAWKINS
District Court

FLORENCE HOYT
Las Vegas, Nevada 89146

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

JA494

APPEARANCES:

FOR THE PLAINTIFF:

KRISTEN T. GALLAGHER, ESQ.
MICHAEL A. SHERMAN, ESQ.
MARK G. KRUM, ESQ.

FOR THE DEFENDANTS:

HAROLD STANLEY JOHNSON, ESQ.
MARK E. FERRARIO, ESQ.
MARSHALL M. SEARCY, ESQ.

1 LAS VEGAS, NEVADA, TUESDAY, AUGUST 9, 2016, 10:23 A.M.
2 (Court was called to order)
3 THE COURT: If I could go to Cotter.
4 We missed you, Mr. Ferrario, on the last argument,
5 but Mr. Miltenberger did a fine job without you.
6 MR. FERRARIO: He's masterful sitting there.
7 THE COURT: He said some things.
8 MR. FERRARIO: I didn't see it. He's very capable.
9 THE COURT: All right. We're dealing with competing
10 motions for summary judgment first, and then we'll go to the
11 motion to compel.
12 MS. GALLAGHER: Good morning, Your Honor. Kristen
13 Gallagher and Michael Sherman on behalf of plaintiff James
14 Cotter, Jr.
15 THE COURT: Good morning.
16 MR. SHERMAN: Good morning, Your Honor.
17 Your Honor, on behalf of Mr. Cotter's claim for
18 advancement I would really like to begin, if I may, by
19 presenting a copy of one of the documents that we had attached
20 to our motion.
21 THE COURT: You can just tell me where to go. I
22 have your motion right here.
23 MR. SHERMAN: Very well. It is the employment
24 demand for arbitration itself.
25 THE COURT: And that's Exhibit 2?

1 MR. SHERMAN: I believe it is, Your Honor, yes.

2 The demand for arbitration with claimant Reading
3 International, respondent James J. Cotter, Jr., states on the
4 second page the nature of relief, the attachment to the
5 arbitration demand as follows. If you go down to about the
6 fifth line down, "Reading contends that this includes
7 requiring him to resign his position...on the company's board
8 of directors." That's how they started this in mid July 2015.
9 It continues on, "Mr. Cotter is challenging the validity," and
10 they go on, "...and has refused to resign from any position."
11 In that same demand for arbitration in the second paragraph,
12 "Nature of Claim. Reading seeks declaratory relief
13 determining that...Mr. Cotter is required to submit his
14 resignation from all positions with the company and its
15 affiliates and subsidiaries, including as a member of the
16 board of directors." They go on, in case it's not clear
17 enough, that "Reading will also seek an order requiring Mr.
18 Cotter to resign and/or any damages resulting from his failure
19 to resign."

20 Your Honor, it is clear that -- as the substantial
21 body of caselaw demonstrates, that because this arbitration
22 revolves around Reading's claim that Mr. Cotter has an
23 obligation to resign as a director of Reading it doesn't
24 matter how they're going to try to spin this now. You can
25 tell from the face of the arbitration demand that there is a

1 causal connection between the arbitration and Mr. Cotter's
2 position as a director, implicating all the fiduciary duties
3 that that entails.

4 Now, I started with what I thought was the meat of
5 the issue because I think that there's a -- maybe a forshpeis,
6 an appetizer, if you will, the suggestion that any action,
7 suit, or proceeding would not include an arbitration. I mean,
8 clearly an arbitration is a proceeding. The subordinate
9 clause is not in any way restrictive. Delaware authority,
10 which is obviously persuasive here in Nevada, Your Honor,
11 provides repeatedly with bylaws exactly the same the Palino
12 [phonetic] case, for example, that arbitrations are candidates
13 for advancement. Advancement provisions, as this Court knows,
14 are construed very broadly. The Home Store case teaches the
15 tie goes to the runner. This is not close. And in that
16 regard, Your Honor, unless the Court has other questions, I'd
17 reserve for any --

18 THE COURT: You are only seeking reimbursement
19 related to the arbitration in this motion; correct?

20 MR. SHERMAN: We're only seeking advancement for
21 that, yes.

22 THE COURT: Thank you.

23 MR. FERRARIO: Good morning, Your Honor.

24 THE COURT: 'Morning.

25 MR. FERRARIO: I think this was very thoroughly

1 briefed by all sides. All cases were analyzed. I really
2 think the starting point here isn't the demand for
3 arbitration, because I don't think that that really changes
4 any of the analysis. The starting point is the provision in
5 the bylaws. If you look at the provision of the bylaws,
6 conspicuously absent there is any reference to advancement in
7 an arbitration proceeding. In fact, the bylaws specifically
8 state that advancement will occur in defending a civil or
9 criminal action, suit, or proceeding. And what the plaintiffs
10 are trying to do here is really do violence to the employment
11 agreement that was executed that has a prevailing party
12 attorneys' fees provision in it. They want us to pay
13 attorneys' fees up front, and I guess it would be a pay and
14 chase situation. And what they're really advocating here is a
15 distorted concept where you have an employee who refuses to
16 abide by their agreement then claiming if they're an officer
17 or director that somehow that triggers advancement under the
18 bylaws provision. And that's not this works. And in the
19 cases that we cite and the analysis we provide shows that even
20 in Delaware that doesn't fly.

21 What I found interesting in Mr. Sherman's comments
22 this morning was he said that the proceeding clearly involves
23 Mr. Cotter's job as a director and it implicates all the
24 fiduciary duties. That's simply incorrect. This case
25 involves -- or this arbitration proceeding, which is not a

1 civil action, which is not a criminal action, this arbitration
2 proceeding, a private arbitration pursuant to the employment
3 contract involves one issue, did he breach his agreement, yes
4 or no. That does not in any way implicate his fiduciary
5 obligation as a director.

6 Now, having said that, why did Mr. Sherman make that
7 comment? It's because the cases that we cite show that the
8 only time you trigger advancement and hence indemnification
9 down the road under the bylaws provision is where you have a
10 proceeding that does that. And this case simply doesn't
11 involve that.

12 So at the end of the day Mr. Cotter, Jr., isn't left
13 out in the cold. There is a prevailing party attorneys' fees
14 provision in the arbitration agreement -- or in the employment
15 agreement; and if he's successful, he can petition for fees
16 there. Simply put, advancement isn't triggered under the very
17 language of the bylaw section that they're citing.

18 And I'll be happy to answer any questions from Your
19 Honor.

20 THE COURT: Thank you, Mr. Ferrario.

21 Anything else, sir?

22 MR. SHERMAN: Yes. Mr. Ferrario suggests that the
23 arbitration involves one issue. Your Honor has the demand in
24 front of you. You see what they've read. The suggestion that
25 we ought to be going deeper than that right now really does