IN THE SUPREME COURT OF THE STATE OF NEVADA

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JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Appellant, v. DOUGLAS MCEACHERN, EDWARD KANE, JUDY CODDING, WILLIAM GOULD, MICHAEL WROTNIAK, and nominal defendant READING INTERNATIONAL, INC., A NEVADA CORPORATION Respondents.	Supreme Court Case No. 75053 Consolidated with Case Nos. 76981, 77648 & 77733 District Court Case No. A-15-719860-B Coordinated with: Case No. P-14-0824-42-E

Appeal (77648 & 76981)
Eighth Judicial District Court, Dept. XI
The Honorable Elizabeth G. Gonzalez

JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981
Volume II
JA251 – JA500

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

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

MR. KRUM: Thank you.

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

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

THE COURT: I have cases, derivative cases all the

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

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

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

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

THE COURT: Thank you.

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

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

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

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

THE COURT: Hold on a second.

Is that a Wednesday, Dulce, October --

THE CLERK: Yes.

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

I'm really thinking October 23rd.

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

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

MR. KRUM: Well --

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

MR. KRUM: Fine.

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

With respect to the motion to dismiss that's

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

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

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

THE COURT: No, you've been diligent.

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

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

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

MR. KRUM: 23rd; right?

THE COURT: 23rd, yes. The Friday of that week.

What day is it, Dulce?

THE CLERK: The 23rd.

MR. KRUM: 23rd.

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

MR. KRUM: Thank you, Your Honor.

THE COURT: Anything else? Have a lovely day.

THE PROCEEDINGS CONCLUDED AT 9:25 A.M.

* * * * *

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

FLORENCE M. HOYT, TRANSCRIBER

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

CASE NO. A-15-719860-B
Dept No. XI

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

Jointly Administered

ORDER DENYING NOMINAL DEFENDANT READING INTERNATIONAL, INC.'S MOTION TO COMPEL ARBITRATION

Hearing date: **September 1, 2015**
Hearing time: **8:30 a.m.**

Defendant Reading International, Inc.'s Motion to Compel Arbitration came on hearing on September 1, 2015. Mark Ferrario and Lance Coburn appeared on behalf of Defendant Reading International, Inc. Mark G. Krum appeared on behalf of Plaintiff James J. Cotter, Jr. Harold Johnson and Marshall Searcy appeared on behalf of Margaret Cotter, Ellen Cotter, Edward Kane,

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Guy Adams and Douglas McEachern. Donald Lattin appeared on behalf of William Gould and Timothy Storey.

The Court, having reviewed the pleadings and documents on file herein and heard the arguments of counsel, good cause appearing,

IT IS HEREBY ORDERED, the Motion to Compel Arbitration is DENIED.

IT IS SO ORDERED

DATED this 1st day of ~~September~~ October, 2015.

DISTRICT COURT JUDGE

FOR ELIZABETH GONZALEZ

DATED this 29th day of September, 2015.

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

MARGARET COTTER, an individual, *et al.*,

Defendants.

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

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

Related and Coordinated Cases

BUSINESS COURT

ORDER REGARDING MOTION TO DISMISS COMPLAINT

10-13-15P01:16 RCVD

THIS MATTER HAVING COME TO BE HEARD BEFORE the Court on a Motion To Dismiss Complaint (hereinafter referred to as the "Motion") filed by Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (collectively referred to as the "Defendants") and joined in by Reading International, Inc. (hereinafter referred to as "Reading"), and it appearing that due and proper notice was given for the Motion, that a written opposition to the Motion was filed by Plaintiff James J. Cotter, Jr. (hereinafter referred to as "Plaintiff") and joined in by several Intervening Plaintiffs, that a written reply in support of the Motion was filed by the Defendants, that oral argument was presented to the Court by counsel for Defendants and Plaintiff at the time and place set for hearing of the Motion, and that good cause exists for granting a portion of the Motion,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT the Motion is granted in part and denied in part.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT the Motion is granted with respect to the requirement that Plaintiff must allege damages with more particularity for ~~derivative~~ direct purposes as opposed to ~~direct~~ derivative benefits to the Plaintiff. The Motion is otherwise denied.

IT IS FINALLY ORDERED, ADJUDGED, AND DECREED THAT the Complaint filed by Plaintiff in the above-captioned proceedings is hereby dismissed without prejudice and Plaintiff shall have leave to file a first amended complaint in the above-captioned proceedings.

DATED this 15th day of October, 2015.

DISTRICT COURT JUDGE
ELIZABETH GONZALEZ

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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

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

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

Jointly administered

FIRST AMENDED VERIFIED COMPLAINT

[Business Court Requested: [EDCR 1.61]

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

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

NATURE OF THE CASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PARTIES

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

18. Defendant Margaret Cotter (MC) is and at all times relevant hereto was an "outside" director of RDI. MC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure control of RDI class B stock sufficient to elect RDI's directors. MC became a director of RDI on or about September 27, 2002. MC 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, of which MC is President. MC also sought to oversee

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

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

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

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

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

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

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

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

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

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

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

ALLEGATIONS COMMON TO ALL CLAIMS

General Background

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Outside Directors Act To Further Their Own Interests

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

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

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

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

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

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

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

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

Kane Acts To Protect EC And MC

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

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

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

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

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personal interests.

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

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

> "The CEO [,JJC,] cannot terminate the employment of Ellen Cotter unless a majority of the independent directors concur with the CEO's recommendation to terminate Ellen Cotter;
>
> The CEO [,JJC,] cannot terminate the existing Theater Management Agreement of Ms. Margaret Cotter unless a majority of the independent directors concurs with the CEO's recommendations to terminate such Theater Management Agreement; and
>
> The CEO [,JJC,] cannot be terminated without the approval of the majority of the independent directors."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Outside Directors Demand More Money

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

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

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

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

MC's Orpheum Theatre Debacle Puts Her In Jeopardy

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

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

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

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

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

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

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

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

Kane Acts To Protect MC

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

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

Adams Is Beholden To MC And EC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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terms acceptable to them.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. RDI on June 15, 2015 issued a press release stating that its board of directors "has appointed [EC] as interim President and [CEO], succeeding [JJC] . . . ." This press release was misleading because, among other things, it failed to address the circumstances of the purported termination of JJC as President and CEO, much less disclose that he purportedly had been terminated, much less that the purported termination was without cause, or even that JJC had filed this action;

b. On or about June 18, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate in several respects, including that it stated that JJC was "required to tender his resignation as a director of [RDI] immediately upon termination of his employment [, that he had not done so and that RDI] considers such refusal as a material breach of [the] employment agreement [] and has given [JJC] thirty (30) days in which to resign . . ." The employment agreement in question, which is an exhibit to the Form 10-Q for period ending June 30, 2013 filed by RDI with the SEC, on its face not only does not require JJC to resign as a director in the event that he is terminated as an executive officer, but on its face contemplates that he may continue to serve as a director, which position he in fact held for many years prior to becoming an officer and entering into the subject employment agreement. Separately, the employment agreement contains a thirty (30) day cure provision with respect to breaches of the agreement which may constitute a basis for termination of JJC for cause, which defendants do not claim occurred here. Therefore, the characterization in the Form 8-K of what the Company has done for thirty (30) days is misleading both as to what the employment agreement provides and what the Company has done, which in fact is to assert that JJC is breach of an agreement which the Company purports to have terminated previously. Additionally, the Form 8-K is materially misleading in describing this action;

c. RDI has failed to file a Form 8-K with respect to the EC Committee, which is a development that materially deviates from the prior practices of RDI and RDI's SEC disclosures with respect to those practices.

d. On or about October 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate. In particular, the description in that Form 8-K of defendant Storey "retir[ing]" from the RDI Board of Directors is misleading if not inaccurate. As alleged herein, Plaintiff is informed and believes that Mr. Storey had been told that he would not be nominated to stand for reelection and that he effectively was forced to resign as a director. The Form 8-K also is misleading if not inaccurate insofar as its descriptions of new board members Judy Codding and Michael Wrotniak suggest that their respective experiences described in the Form 8-K, such as Codding having experience in the field of education and/or Wrotniak having "considerable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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a. It states (at page 10) that, under Nevada law, EC and MC, as two of three trustees of the Trust, have the power to vote all of the RDI class B voting stock held in the name of the Trust on the books and records of the Company;

b. It states (at page 10) that EC and MC together have the power to vote 71.9% of a class B voting stock entitled to vote for directors at the 2015 ASM;

c. It states (at pages 10 and 11) that the Company is a controlled company under NASDAQ listing rules;

d. It states (at page 11)that EC has been appointed as interim President and CEO and that the Board has established an Executive Search Committee comprised of EC, MC, Adams, Gould and McEachern which, it says, "will consider both internal and external candidates." Plaintiff is informed and believes that the undisclosed plan is to make EC President and CEO after conducting a search the purpose of which is to create the misimpression of a bona fide process;

e. It states (on page 12) that the "Special Nominating Committee and the Board accordingly considered the views of (EC and MC) with respect to the 2015 Director nominees," when in fact the Special Nominating Committee and every member of the Board other than Plaintiff acted as each understood EC and MC desired;

f. It states (on page 12) that Plaintiff "vot[ed] against each of the recommended nominees (including himself)," which is inaccurate;

g. It describes (on page 15) historical business experience of defendant Adams, as if that experience is the reason he is a director and id nominated for reelection, but fails to disclose his close personal ties to the late JJC, Sr. and to EC and MC, and fails to disclose Adams' financial dependence on companies and deals controlled by EC and MC;

h. It describes (at page 15) professional experience of Judy Codding in the field of education as if that were the reason she was made a director and is

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

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

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

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

RDI Is Injured

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

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

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

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

Demand Is Excused

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

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

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

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

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

FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)

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

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

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

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

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

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

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

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

SECOND CAUSE OF ACTION

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

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

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

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

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

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

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

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

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

THIRD CAUSE OF ACTION

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

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

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

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

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

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

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

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

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

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

Irreparable Harm

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

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

PRAYER FOR RELIEF

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

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

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RDI;

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

3. For entry of an order that:

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

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

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

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

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

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

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

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

6. For costs of suit herein; and

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

DATED this 22nd day of October, 2015.

LEWIS ROCA ROTHGERBER LLP

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

Attorneys for Plaintiff
James J. Cotter, Jr.

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CERTIFICATE OF SERVICE

I, Annette Jaramillo, declare as follows:

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

On October 22, 2015, I served the attached:

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

on the interested parties in said action, as follows:

Mark E. Ferrario, Esq.
Leslie S. Godfrey, Esq.
Lance Coburn, Esq.
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and caused to be served via the Court's E-Filing System DAP/Wiznet, on all interested parties in the above-referenced matter. The date and time of the electronic service is in place of the date and place of deposit in the mail.

DATED this 22nd day of October, 2015.

/s/ *Annette Jaramillo*
An Employee of Lewis Roca Rothgerber LLP

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VERIFICATION OF JAMES J. COTTER, JR. OF FIRST AMENDED VERIFIED COMPLAINT

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

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

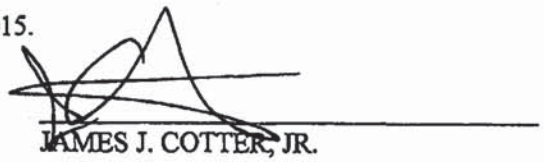
2. As a shareholder of Reading International, Inc. ("RDI"), I am plaintiff in the above-captioned action.

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

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

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

DATED this 22nd day of October, 2015.



JAMES J. COTTER, JR.

LEWIS ROCA ROTHGERBER

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CLERK OF THE COURT

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES COTTER, JR. ET AL, Plaintiff(s), vs MARGARET COTTER, ET AL, Defendant(s), READING INTERNATIONAL, INC, Nominal Defendant.	**Case No.** 15 A 719860 **Dept. No.** XI **Date of Hearing:** 10/29/15 **Time of Hearing:** 8:30a.m.

SCHEDULING ORDER AND
ORDER SETTING CIVIL JURY TRIAL,
PRE-TRIAL CONFERENCE AND CALENDAR CALL

MC

This SCHEDULING ORDER AND TRIAL SETTING ORDER is entered following the Mandatory Rule 16 Conference conducted on October 29, 2015. Filing of the Joint Case Conference Report has been waived. Based upon the information presented at the conference and the agreement of the parties, EDCR Rule 2.55 is superseded by this Scheduling Order. This Order may be amended or modified by the Court upon good cause shown.

IT IS HEREBY ORDERED that the parties will comply with the following deadlines:

Percipient Witness Discovery Cut Off	**04/29/16**
Initial Experts Disclosures	**05/27/16**
Rebuttal Expert Disclosures	**07/15/16**
Expert Discovery Cut Off	**08/26/16**
Dispositive Motions and Motions in Limine to be filed by	**09/23/16**

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CLERK OF THE COURT

IT IS HEREBY FURTHER ORDERED THAT:

A. The above entitled case is set to be tried to a jury on a **Five week stack** to begin, **November 14, 2016 at 1:30p.m.**

B. A Pre-Trial Conference with the designated attorney and/or parties in proper person will be held on Friday, **October 21, 2016 at 8:30a.m.**

C. A calendar call will be held on Thursday, **November 10, 2016 at 8:45a.m.** Parties must bring to Calendar Call the following:

(1) Typed exhibit lists;
(2) List of depositions;
(3) List of equipment needed for trial, including audiovisual equipment;[1] and
(4) Courtesy copies of any legal briefs on trial issues.

The Final Pretrial Conference will be set at the time of the Calendar Call.

D. Parties are to appear on **May 5, 2016 at 8:30 a.m.** and **September 1, 2016 at 8:30 a.m.** for Status Checks on the matter.

E. The Pre-Trial Memorandum must be filed no later than **November 9, 2016,** with a courtesy copy delivered to Department XI. All parties, (Attorneys and parties in proper person) **MUST** comply with **All REQUIREMENTS** of E.D.C.R. 2.67, 2.68 and 2.69. Counsel should include in the Memorandum an identification of orders on all motions in limine or motions for partial summary judgment previously made, a summary of any anticipated legal issues remaining, a brief summary of the opinions to be offered by any witness to be called to offer opinion testimony as well as any objections to the opinion testimony.

F. All motions in limine, must be in writing and filed no later than **September 23, 2016. Orders shortening time will not be signed except in extreme emergencies.**

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[1] If counsel anticipate the need for audio visual equipment during the trial, a request must be submitted to the District Courts AV department following the calendar call. You can reach the AV Dept at 671-3300 or via E-Mail at CourtHelpDesk@ClarkCountyCourts.us

G. All original depositions anticipated to be used in any manner during the trial must be delivered to the clerk prior to the final Pre-Trial Conference. If deposition testimony is anticipated to be used in lieu of live testimony, a designation (by page/line citation) of the portions of the testimony to be offered must be filed and served by facsimile or hand, two (2) judicial days prior to the final Pre-Trial Conference. Any objections or counterdesignations (by page/line citation) of testimony must be filed and served by facsimile or hand, one (1) judicial day prior to the final Pre-Trial Conference commencement. Counsel shall advise the clerk prior to publication.

H. In accordance with EDCR 2.67, counsel shall meet, review, and discuss exhibits. All exhibits must comply with EDCR 2.27. Two (2) sets must be three hole punched placed in three ring binders along with the exhibit list. The sets must be delivered to the clerk prior to the final Pre-Trial Conference. Any demonstrative exhibits including exemplars anticipated to be used must be disclosed prior to the calendar call. Pursuant to EDCR 2.68, at the final Pre-Trial Conference, counsel shall be prepared to stipulate or make specific objections to individual proposed exhibits. Unless otherwise agreed to by the parties, demonstrative exhibits are marked for identification but not admitted into evidence.

I. In accordance with EDCR 2.67, counsel shall meet, review, and discuss items to be included in the Jury Notebook. Pursuant to EDCR 2.68, at the final Pre-Trial Conference, counsel shall be prepared to stipulate or make specific objections to items to be included in the Jury Notebook.

J. In accordance with EDCR 2.67, counsel shall meet and discuss preinstructions to the jury, jury instructions, special interrogatories, if requested, and verdict forms. Each side shall provide the Court, at the final Pre-Trial Conference, an agreed set of jury instructions and proposed form of verdict along with any additional proposed jury instructions with an electronic copy in Word format.

J. In accordance with EDCR 7.70, counsel shall file and serve by facsimile or hand, two (2) judicial days prior to the final Pre-Trial Conference voir dire proposed to be conducted pursuant to conducted pursuant to EDCR 2.68.

Failure of the designated trial attorney or any party appearing in proper person to appear for any court appearances or to comply with this Order shall result in any of the

following: (1) dismissal of the action (2) default judgment; (3) monetary sanctions; (4) vacation of trial date; and/or any other appropriate remedy or sanction.

Counsel is required to advise the Court immediately when the case settles or is otherwise resolved prior to trial. A stipulation which terminates a case by dismissal shall also indicate whether a Scheduling Order has been filed and, if a trial date has been set, the date of that trial. A copy should be given to Chambers.

DATED this 9th day of November, 2015.

Elizabeth Gonzalez - District Court Judge

Certificate of Service

I hereby certify, that on the date filed, this Order was served on the parties identified on Wiznet's e-service list.

Dan Kutinac

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CLERK OF THE COURT

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

Derivatively On Behalf of Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivative on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY	Case No. A-15-719860-B [Coordinated with P-14-082942-E] Dept. No.: XI **BUSINESS COURT** **T2 PLAINTIFFS' FIRST AMENDED COMPLAINT** **JURY TRIAL DEMANDED**

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

Defendants,

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants,

And,

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

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

INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Kane Mutiny:

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

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

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

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

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

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

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

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

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

The Termination of James Cotter, Jr.:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fraudulent Election of Directors at 2015 Annual Shareholders Meeting:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Manipulated CEO Search:

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Waste:

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

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

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

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

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

Tim Storey Forced to Resign:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RDI's General Counsel Asserts Fraud Claim Against RDI:

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

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

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

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

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

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DEMAND IS EXCUSED

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

Edward Kane is an "Interested" Director:

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

95. On October 1, 2014, Kane send an email to Tim Storey, stating, in relevant part:

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

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

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

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

Guys Adams is an "Interested" Director:

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

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

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

Margaret Cotter is an "Interested" Director:

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

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

Ellen Cotter is an "Interested" Director:

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

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

Judy Codding is an "Interested" Director:

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

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

Michael Wrotniak is an "Interested" Director:

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

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FIRST CAUSE OF ACTION

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

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

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

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

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

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

a) terminating James Cotter, Jr. as CEO and President of RDI on June 12, 2015 without following any proper process, deliberation or evaluation of his performance and instead terminating him simply because he refused to accept the "take-it-or-leave-it" settlement demand made by Ellen and Margaret Cotter in the Trust and Estate Litigation;

b) recognizing Ellen Cotter's and Margaret Cotter's vote of 327,808 shares of Class B stock at the 2015 ASM, despite the fact that the books and records of RDI identified the record owner of those shares was James J. Cotter, Sr.;

c) recognizing Ellen and Margaret Cotter's vote of 686,080 shares of Class B stock at the 2015 ASM, despite the fact that said shares were listed on the book and

records of RDI as owned by the Trust, and the matter of who the trustee(s) are for the Trust has not yet been adjudicated in the California Lawsuit;

d) approving Ellen Cotter's exercise of her father's stock option for 100,000 Class B shares, when that option expired 90 days after his resignation of employment with RDI;

e) recognizing Ellen Cotter's vote of those 100,000 Class B shares at the 2015 ASM;

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

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

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

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

j) forcing Tim Storey to resign because he did not provide unqualified support of Ellen and Margaret Cotter's decisions to fire James Cotter, Jr, the delegation of authority to the Executive Committee, or Ellen's exercise of her father's stock option to acquire 100,000 Class B shares prior to the ASM to obtain voting control of the company;

k) Allegedly fraudulently inducing Bill Ellis to become employed as general counsel for RDI, then waiving this conflict of interest and allowing him to remain employed as RDI's general counsel, and then appointing Craig Tompkins as "Special Counsel to the Chief Operating Officer" handling all issues touching on

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

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

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

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

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

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

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

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

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

/ / /

h) failing to withhold income taxes from Ellen and Margaret Cotter in connection with the gain realized by them in the cashless exercise of trading their Class A shares for Class B shares;

i) paying employee benefits to Margaret Cotter and Craig Tompkins when they were outside consultants.

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

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

SECOND CAUSE OF ACTION

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

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

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

a) Defendants Kane, Adams, McEachern, Gould and Tompkins conspired with and supported Ellen and Margaret Cotter to terminate James Cotter, Jr. as CEO and President of RDI on June 12, 2015 without following any proper process, deliberation or evaluation of his performance and instead terminating him simply because he refused to accept the "take-it-or-leave-it" settlement demand made by Ellen and Margaret Cotter in the Trust and Estate Litigation;

b) Defendants Kane, Adams, McEachern, Gould ,Codding, Wrotniak and Tompkins recognized Ellen Cotter's and Margaret Cotter's vote of 327,808 shares of Class B stock at the 2015 ASM, despite the fact that the books and records of RDI identified the record owner of those shares was James J. Cotter, Sr.;

/ / /

c) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins recognized Ellen and Margaret Cotter's vote of 686,080 shares of Class B stock at the 2015 ASM, despite the fact that said shares were listed on the book and records of RDI as owned by the Trust, and the matter of who the trustee(s) are for the Trust has not yet been adjudicated in the California Lawsuit;

d) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins approved Ellen Cotter's exercise of her father's stock option for 100,000 Class B shares, when that option expired 90 days after his resignation of employment with RDI;

e) Defendants Kane, Adams, McEachern, Gould, Codding, Wrotniak and Tompkins recognized Ellen Cotter's vote of those 100,000 Class B shares at the 2015 ASM;

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

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

h) Defendants Kane, Adams, McEachern, Codding, Gould, Wrotniak and Tompkins failed to require repayment or interest on a $2,910,000 loan by RDI to Sutton Hill Properties;

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

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

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

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

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

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

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

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

/ / /

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

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

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

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

PRAYER FOR RELIEF

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

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

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

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

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

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

C. For attorney's fees and costs of suit herein; and

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

DATED this 12th day of February, 2016.

ROBERTSON & ASSOCIATES, LLP

/ s / Alexander Robertson, IV

By: _____

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

Derivatively On Behalf of Reading International, Inc.

CERTIFICATE OF SERVICE

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

PLEASE SEE THE E-SERVICE MASTER LIST

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

/ s / Ann Russo

An employee of ROBERTSON & ASSOCIATES, LLP

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CLERK OF THE COURT

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DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR. Plaintiff vs. MARGARET COTTER, et al. Defendants	CASE NO. A-719860 DEPT. NO. XI **Transcript of Proceedings**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

HEARING ON MOTION TO COMPEL AND MOTION TO FILE DOCUMENT UNDER SEAL

THURSDAY, FEBRUARY 18, 2016

APPEARANCES:

FOR THE PLAINTIFF:	MARK G. KRUM, ESQ.
FOR THE DEFENDANTS:	HAROLD S. JOHNSON, ESQ. CHRISTOPHER TAYBACK, ESQ. ALEXANDER ROBERTSON IV, ESQ. KARA HENDRICKS, ESQ.
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.

LAS VEGAS, NEVADA, THURSDAY, FEBRUARY 18, 2016, 9:46 A.M.

(Court was called to order)

THE COURT: Ms. Hendricks, I'm sorry. I was looking for Mr. Ferrario. I didn't see him, so I didn't call the case. And then Laura says, Ms. Hendricks is here for him. And it's like, darn, I should have got them in the --

MS. HENDRICKS: It's a little quieter in the courtroom today. I understand.

THE COURT: Okay. Mr. Krum, you're up.

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

Your Honor, I have a couple --

THE COURT: Aren't you glad you aren't on the Jacobs case anymore?

MR. KRUM: Well, let me -- I'll answer that in just a moment following what I have, a couple preliminary comments to go to neither motion. First, we had some issues with our exhibit citations and our exhibits in our papers, and I don't know how that happened. Perhaps my team was out to lunch with Mr. Lenhart's team. But, in any event, I apologize.

Second, Your Honor, I'm pleased to see and I know that you're pleased to see that the opposition includes no references to the Macau Data Privacy Act.

So, anyway, I'm not going to speak to the motion to seal. I don't think anything's confidential. But it's been

designated as such, and we've respected that.

Here's what we're faced with today. We're faced with something that has indicia of suppression or spoliation of evidence. We ask questions as to why certain critical documents have not been produced, logged, or both, and we receive no answers. In the opposition, remarkably, the Court has received no answers. Instead, the opposition is an exercise in misdirection and obfuscation, talking about plaintiff's discovery responses with respect to which it's almost entirely inaccurate.

Let me provide you some information that gives you an accurate sense of the state of document production in this case. As of today the plaintiff has produced -- I'm going to round to the nearest hundred. As of today the plaintiff has produced approximately 11,500 pages of documents, and that includes --

THE COURT: And by plaintiffs are you including Mr. Robertson's people, or just yours?

MR. KRUM: Just mine.

THE COURT: Okay.

MR. KRUM: Just mine. And that includes a couple thousand pages last night. By way of comparison, defendant Margaret Cotter has produced approximately 500 pages. Defendant Ellen Cotter has produced approximately a thousand pages. Defendant Ed Kane has produced approximately

900 pages. Defendant Doug McEachern has produced approximately 2800 pages, and Defendant Guy Adams has produced approximately 7700 pages. And the reason Mr. Adams has such a substantial production is because he has thousands of pages of documents concerning his involvement in Cotter family businesses that go to issues relating to his financial dependence on those businesses.

Now, they're going to reply that, well, the companies produced these documents. That is not correct, Your Honor. Of those five individual defendants only Ellen Cotter is a company officer. And the most telling example is Ed Kane, 900 pages. So, Your Honor, I want to talk about --

THE COURT: So let me ask a question. You are in large part saying, Judge, we've gotten an email on which there are six recipients and only two of them produced it, where are the documents from the other four.

MR. KRUM: Well, that's an example.

THE COURT: Right.

MR. KRUM: The way I would describe it, Your Honor, is we have a recurring phenomenon of documents not being produced by each of the parties who are indicated on the documents were authors or recipients, as well as documents being produced by another defendant, in this particular example Mr. Gould, and not produced and not logged by any of these individual defendants.

THE COURT: So your concern is that there is a -- that's indicative to you that the search for the information has either not been thorough or that documents may have gone missing.

MR. KRUM: Correct.

THE COURT: Okay. Now can I ask you a question which was the one I had the biggest concern about last night when I read this. With respect to Document Request Number 3 that requests gross income of the defendants Adams and Kane you're not really requesting gross income, you're requesting income from the entities related to the defendants.

MR. KRUM: Well, the issue, Your Honor, to be clear, is -- are either or both of those gentlemen dependent upon moneys received from Cotter family businesses controlled by Ellen and Margaret Cotter and/or moneys received from RDI. And, of course, the only way we can assess that is to know that information, as well as how much money they make. Now, I don't want their tax returns. We have to have -- by the way, it's phrased as "documents sufficient to show." So I'm perfectly happy to have something less than all their private information. I just want the bottom line. Because how can I say, well, Mr. Adams, you made $150,000 last year from Cotter family businesses and that's significant, if I don't have his full information? Although that's a bad example, because I do have something from Adams in his sworn testimony from the

divorce case. What I do not have, Your Honor, is anything from Mr. Kane, who in one of these exhibits exclaims that he needs cash, cash is king. So that's what that's about.

But, Your Honor, I want to talk about the documents, because you've spoke to the critical issue. Exhibit 9 to our papers is a May 15 email from Adams to Kane -- actually, I'm sorry, it's an exchange of emails, first from Adams to Kane and then back and then reply. The subject matter is my client's employment agreement. The middle email says, we give him written notice and he gets one year of severance. The reply says, there's a question about whether options terminate after he's -- continue to vest after he's terminated. The point, of course, Your Honor, is that this email dated May 15th, which is before even the notice of the special meeting about his status goes out, evidences that these two guys had determined to terminate him. And, by the way, we now have other evidence. Mr. Storey testified on Friday that he received a call from Mr. McEachern saying that on March 15th or about March 15 McEachern called Storey and said, I've determined to terminate Cotter. The next day Adams did so. But, Your Honor, this document was produced by Adams and not by Kane.

Let's look at Number 6, Your Honor. This one is even more troubling, because the --

Oh. I'm sorry. And the explanation for Number 9 in

the opposition, well, plaintiff has done it, too, Exhibit I and J to the opposition were produced by defendants, but not plaintiffs, so why can plaintiff complain. Well, one, that's ont responsive. And, two, I have an answer for that. I and J are in a tremendous mass of documents that we've preliminarily withheld on the basis of privilege because both of those documents are to or from an in-house RDI attorney, and RDI has claimed privilege. And we respect that claim. Mr. Cotter remains a director. We have hundreds, if not thousands, of documents on the individual defendants' privilege log and, unless we work out something, on our draft privilege log that are those documents that are privileged as to the intervening plaintiffs, not as to anybody who's here. So --

But anyway, Number --

THE COURT: No. That's not what the Nevada Supreme Court says. Because, remember, they issued that decision that they're privileged even from you who may have received it.

MR. KRUM: Well, no. We have different -- no, no. We have a different circumstance. Mr. Cotter remains a director,Your Honor. He's not a -- he doesn't fit -- the GT people and I worked through this laboriously.

THE COURT: Oh. You did? Okay.

MR. KRUM: So look at Number 6, Your Honor. The fact that this wasn't produced or logged is very, very troubling. This is a document dated May 28th. That is the