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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL 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

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

PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE

[Business Court Requested: [EDCR 1.61]

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

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TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE filed by Reading International, Inc. (the "Motion"), as follows.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

The Interested Director Defendants' motion for summary judgment No. 4 (the "Motion" or "MSJ No. 4") should be denied for several independent reasons.

First, the Motion fundamentally misapprehends, or purposefully mischaracterizes, the nature of the allegations made in this action, which assert an ongoing course of self-dealing undertaken for entrenchment purposes, not a series of unrelated one-off, one time fiduciary breaches. To the point for the purposes of this Motion, the activation and repopulation, and the use and misuse, of the executive committee of RDI's Board of Directors, is not properly viewed in the factual void in which is presented in MSJ No. 4, either as a matter of fact or as a matter of law.

Second, the Motion is predicated on an incomplete and inaccurate depiction of the actual facts. As the evidence cited herein shows, there are at a minimum significant disputed material facts. Contrary to what MSJ No. 4 depicts, the disputed facts relevant to the executive committee include facts concerning why the executive committee was activated and repopulated, which include historical facts and facts that post-date that event, as well as facts concerning how it was used and misused. As to both, disputed facts concerning the question of why the executive committee was activated and repopulated, and why it was used and misused in the manner it was, all are highly disputed.

That is so notwithstanding what Plaintiff believes to be compelling and decisive evidence that the executive committee was conceived in the Fall of 2014 by EC and MC as a means to circumvent RDI's Board of Directors and to secure and sustain day-to-day control of the Company, that it was put in place when and how it was for those reasons and that it was used and misused subsequently to carry out those the entrenchment scheme evidenced by the individual

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director defendants ongoing course of conduct. For example, setting the date for the 2015 annual shareholders meeting and the record date for that meeting actually was related to the self-dealing conduct with respect to the supposed 100,000 share option. These are but examples of disputed factual issues.

Third, the Motion is far and wide of the Mark in terms of its discussion of the law. To begin, that conduct is permitted does not mean that it is not in equitable and not actionable. Also as a threshold matter, the Motion dutifully omits any discussion of the applicable legal standards given the actual facts, which goes to the threshold issue (beyond the Rule 56 summary judgment standard) of which party bears what burden. Additionally, where, as here, as here, the director defendants are sued for breaches of the duty of loyalty, as distinct from only for breach of the duty of care, the entire legal rubric changes, such that their invocation of Nevada's exculpatory statue in unavailing.

For the foregoing and other reasons set out herein and in the opposition to defendant Gould's motion, Plaintiff respectfully submits that MSJ No. 4 should be denied.

II. PROCEDURAL HISTORY AND STATEMENT OF FACTS

A. Procedural History of and the Claims Made in This Case

Plaintiff's SAC states four claims, for breach of the fiduciary duty of care (first cause of action), breach of the fiduciary duty of loyalty (second cause of action), breach of the fiduciary duty of candor and disclosure (third cause of action), and for aiding and abetting breach of fiduciary duty (fourth cause of action).

The SAC alleges a wrongful course of conduct by the director defendants to seize control of RDI and to perpetuate that control, to protect and further their personal financial and other interests, in derogation of their fiduciary duties. (SAC, ¶ 1.) The SAC alleges an ongoing course of conduct, including threatening Plaintiff with termination if he did not settle trust and estate disputes on terms satisfactory to EC and MC and terminating him when he failed to do so (SAC, ¶¶ 4, 72-94), activating and repopulating an executive committee and forcibly "retiring" Tim Storey, both to secure their control of RDI and/or eliminate the participation of Plaintiff and/or Storey as directors (SAC, ¶¶ 8, 99,127-134), otherwise misusing RDI's corporate machinery,

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including through Kane and Adams as members of the RDI Board of Directors Compensation Committee authorizing the exercise of a supposed option to acquire 100,000 shares of RDI Class B voting stock (SAC, ¶¶ 10, 102-108), stacking the RDI Board of Directors with persons whose sole "qualification" to be an RDI director was personal friendship with a Cotter family member (SAC, ¶¶ 11, 121-134), manipulating RDI's SEC disclosures and annual shareholders meetings to disguise and effectuate their entrenchment scheme (SAC, ¶¶ 12, 13, 101-135 and 136), manipulating and aborting a CEO search process to ensure that EC was selected (SAC, ¶¶ 14, 13-147), looting the Company, including by employing MC in a highly compensated senior executive position for which she had no prior experience or professional qualifications (SAC, ¶¶ 15, 148-153) and, most recently, by rejecting third-parties' Offer to purchase all the outstanding stock of RDI at a price well in excess of the price at which it traded in the market, without taking any action to determine what was in the best interests of RDI and its shareholders other than EC and MC, including, for example, requiring management (EC and those who report to her) to produce a strategic or long-term business plan (SAC, ¶¶ 16, 154-162).

The point of the forgoing description of Plaintiff's claims, for breach of fiduciary duties and aiding and abetting breach of fiduciary duty, is that they all arise from an ongoing course of conduct, aptly described as entrenchment, not from a series of unrelated, one-off, coincidental actions as they are framed in the Interested Director Defendants' MSJs.[1]

B. Evidence Regarding the Executive Committee

The evidence shows that in October 2014, EC for herself and for MC proposed to certain non-Cotter directors that EC and MC report to an executive committee rather than to Plaintiff as CEO. . (Appendix Ex. [1] (GA00001925).) Certain of the directors recognized that EC and MC

[1] Plaintiff acknowledges that certain of the Individual Director Defendants' complained of conduct in and of itself gives rise to breach of fiduciary duty claims. The conduct to threaten Plaintiff with termination and terminate him is one such matter, as evidenced by Plaintiff's Motion for Summary Judgment. Plaintiff also is of the view that the Individual Director Defendants themselves, by their undisputed conduct, have made the case that the manner in which the supposed CEO search was handled independently constitutes breaches of fiduciary duty. On the other hand, Plaintiff has not asserted and rejects the notion that the allegations in the SAC regarding the creation (meaning activation and repopulation) and misuse of an executive committee to perpetuate their entrenchment scheme has been claimed to constitute a stand-alone breach of fiduciary duty such that it is appropriately the subject of a motion for summary judgment in which all of the other evidence of entrenchment is ignored or excluded.

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did not want to report to their brother as CEO. (Appendix Ex. [3] (EC 05/18/2016 Depo 72:2-20).)

According to RDI's SEC filings, RDI's board of directors for years had had a standing executive committee. (Appendix Ex. [4] (Depo Exh. 392); Appendix Ex. [5] (Depo Exh. 176).) For years, that committee had not met and had taken no action. (Appendix Ex. [4] (Depo Exh. 392); Appendix Ex. [5] (Depo Exh. 176).)

When the Interested Director Defendants were threatening Plaintiff with termination if he did not resolve disputes with his sisters on terms satisfactory to them, the most critical point of the dispute was whether Margaret alone, or Margaret together with Plaintiff, would be the trustee(s) of the voting trust that it would hold 70% of RDI'S class B voting stock. [Plaintiff James Cotter's Motion for Partial Summary Judgment, dated 09/23/2016, page 9, lines 6 through 12] When on May 29, 2015, EC reported to the board that she and MC had reached a tentative resolution of their disputes with Plaintiff, one of the points of that resolution was that RDI's executive committee would be repopulated and activated, so that EC and MC would report to the executive committee, and not to Plaintiff has CEO. (Appendix Ex. [3] (EC Depo 5/18/16, 64:17-21; 63:24-65:21; 72:2-24; 134:9-135:11; 140:6-141:6; 142:12-143:5); Appendix Ex. [6] EC00004363 - EC00004367).)

On June 12, 2015, as part of the pre-planned choreography of the Interested Director Defendants, after Plaintiff had not acquiesced to their threat of terminating him as President and CEO, the Interested Director Defendants not only voted to terminate Plaintiff as President and CEO and selected EC interim CEO, they activated and repopulated the executive committee. [Depo Exh 348]

The evidence also shows that the Executive Committee exercised broad authority and took action after action that ordinarily would have been taken (or not taken) by the full Board, with the effect being to limit, if not extinguish, the participation of at least Plaintiff and Storey as directors. For example, the EC Committee set the record date for the 2015 ASM. (Appendix Ex. [4] (Depo Exh. 392) (that was done as part of an overall scheme that also entailed Kane and Adams, acting as two of three members of RDI's Board's Compensation Committee, approving the request of EC

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and MC to exercise a supposed option to acquire 100,000 shares of RDI Class B voting stock shortly before the record date set by the EC Committee); (Appendix Ex. [9] (GA Depo 04/28/16, 211:25–213:06).) Storey opposed the formation of the EC Committee and believed that it diminished his, Gould's, and Plaintiff's participation in board-level decision-making. (Appendix Ex. [10] (TS Depo 02/12/16, 147:3-147:23).)] Storey further believed that, after JJC's termination, the EC Committee and Board excluded him and Gould from considering matters important to the Company. (Appendix Ex. [11] (TS Depo 08/03/2016, 73:4-73:17).) When the EC Committee considered appointing MC as EVP-RED-NYC, it shared materials only with members of the Board who were on the EC Committee, the Audit and Conflicts Committee, or the Compensation and Stock Options Committee (the "Compensation Committee"). (Appendix Ex. [3] (EC Depo 05/18/16, 76:4–177:15).) Thus, and contrary to what EC claimed in deposition**,** the Executive Committee was not merely a "sounding board" for her; it was a means to reduce if not eliminate any participation by Plaintiff and Storey (before he was "retired") as directors.

III. ARGUMENT

A. Summary Judgment Standard

Summary judgment is only appropriate "where 'the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is **no genuine issue as to any material fact** and that the moving party is entitled to a judgment as a matter of law.'" *Fergason v. LVMPD,* 364 P.3d 592, 595 (2015) (*citing* NRCP 56(c) (emphasis added)). "'[T]he moving party will bear the burden of persuasion, [and] that party must present evidence that would entitle it to a judgment as a matter of law in the absence of contrary evidence.'" *Id.* (*citing Cuzze v. Univ. & Cmty. Coll. Sys.,* 172 P.3d 131, 134 (2007)).

"'Put more simply: 'The burden of proving the nonexistence of a genuine issue of material fact is on the moving party.'" *Id.* (*citing Maine v. Stewart,* 857 P.2d 755, 758 (1993)). "When the party moving for summary judgment fails to bear his burden of production, 'the opposing party has no duty to respond on the merits and summary judgment may not be entered against him.'" *Id.* (*citing Maine,* 857 P.2d at 759 (reversing summary judgment where burden of production never shifted) (*citing Clauson v. Lloyd,* 103 Nev. 432, 435, 743 P.2d 631, 633 (1987)

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(reversing summary judgment where movant did not meet the test in NRCP 56)); *see* NRCP 56(e) (summary judgment burden shifts to the non-movant only when the motion is "made and supported as provided in this rule")).

"[I]n deciding whether summary judgment is appropriate, the evidence must be viewed in the light most favorable to the party against whom summary judgment is sought." *Ferreira v. P.C.H. Inc.,* 774 P.2d 1041, 1042 (1989).

B. The MSJs Mischaracterize the Allegations and Claims Made and Ignore Law Regarding Them, to Create "Straw Man" Claims Against Which to Move

No doubt by design, the Interested Director Defendants' motions for summary judgment mischaracterize the claims made against them in this case. Contrary to what their motions for summary judgment assume, Plaintiff has not made a smorgasbord of unrelated claims.[2] Although Plaintiff's initial complaint, filed the day he was terminated, addressed the only actions about which he had prior knowledge, namely, the actions of the Interested Director Defendants to threaten him with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to them and, when he failed to do so, execution on that threat, Plaintiff's FAC and now pending SAC assert an ongoing course of conduct that amounts to entrenchment. The SAC pleads various actions and omissions, including for example that the Interested Director Defendants repopulated and activated an executive committee of the RDI Board of Directors in order to entrench themselves in control of RDI. (See SAC ¶¶ 8, 99 and prayer at ¶ 3(b).) Subsequent complained of acts and omissions, including giving MC a highly compensated executive position for which she has no professional or educational qualifications and for which she has no prior (real estate development) experience, as well as how the individual director defendants responded and failed to respond to the Offer, are alleged to be part of the ongoing entrenchment motivated actions of the individual director defendants.

For example, the executive committee has been parsed out to be the sole subject of MSJ No. 4, as if it were the only complained of conduct in the SAC. In fact, however, it is not simply

[2] MSJ No. 2 goes beyond the others and addresses one issue (not element) of the applicable legal analysis rather than parses out one set or partial set of actions or omissions complained of in the SAC.

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the activation and repopulation of the executive committee as an early and purposeful course of action by the Interested Director Defendants to entrench themselves that makes it actionable.[3] It is the fact that—together with all of the other actions alleged in the SAC—the executive committee was intended to be and was used as a means to entrench the individual director defendants. As to the executive committee, it effectively eliminated Plaintiff and then director Tim Storey as directors—as Storey complained at the time and testified at deposition in this case—making the executive committee part of the ongoing course of conduct constituting entrenchment. (Appendix Ex. [12] (JCOTTER007653).)

Simply put, in bringing the MSJs they have brought, the Interested Director Defendants have assumed out of existence the plain allegations of Plaintiff's SAC and the very nature of their complained of course of conduct. They have done so in an effort to create "straw man" claims to challenge by multiple motions for summary judgment. In doing so, the Interested Director Defendants ignore well-developed law that the various complained of acts and omissions upon which Plaintiff's claims are based must be viewed and assessed collectively, not separately and in isolation, as the Interested Director Defendants' multiple MSJs ask the Court to do. *See, e.g., In re Ebix, Inc. Stockholder Litig.*, 2016 WL 208402, at *__ (Del. Jan. 15, 2016) (rejecting director defendants' contention that bylaw amendments should be viewed individually rather than collectively); *Carmody v. Toll Brothers., Inc.*, 723 A.2d 1180, 1189 (Del. Ch. 1998) (finding that particularized allegations that directors acted for entrenchment purposes sufficient to excuse demand); *Chrysogelos v. London*, 1992 WL 58516, at *8 (Del. Ch. Mar. 25, 1992) ("None of these circumstances, if considered individually and in isolation from the rest, would be sufficient to create a reasonable doubt as to the propriety of the director's motives. However, when viewed as a whole, they do create such a reasonable doubt . . ."); *Cal. Pub. Employees' Ret. Sys. v. Coulter*,

[3] Likewise, the Offer has been parsed out to be the sole subject of MSJ No.3, as if the response of the individual director defendants must be assessed solely in view of the record they attempted to create at the single board meeting at which they supposedly deliberated about the Offer, and without regard to their historical conduct and relationships. (That said, their carefully prepared minutes of that one meeting clearly evidence the wishes of EC and MC to retain control of RDI and the fact that the other director defendants acceded to the wishes of MC and EC in failing to take no action in response to the Offer.)

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2002 WL 31888343, at*__ (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so).

C. Directors' Fiduciary Duties

1. Director Defendants' Fiduciary Duties

The power of directors to act on behalf of a corporation is governed by their fiduciary relationship to the corporation and to its shareholders. *Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1178 (Nev. 2006) (citations omitted). Generally, those duties are described as the duty of care and is the duty of loyalty. (*Id.*) The duty of good faith may be viewed as implicit in the duties of care and loyalty, or as part of a "triumvirate" of fiduciary duties.

a. The Duty of Care

The duty of care typically is described as requiring directors to act on an informed basis. *Schoen*, 137 P.3d at 1178. Whether directors acted on an informed basis "turns on whether the directors have informed themselves "prior to making a business decision, of all material information reasonably available to them." *Smith v. Van Gorkom*, 488 A. 2d 858, 872 (Del. 1985) (*quoting Aronson v. Lewis*, 473 A. 2d 805, 812 (Del. 1984). Due care thus is a function of the decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises "[t]he question [of] whether the process employed [in making the challenged decision] was either rational or employed in a good faith effort to advance the corporate interests." *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R. 324, 339 (Bankr. D.D.C. 2006).

b. The Duty of Loyalty

The director's duty of loyalty requires that directors "maintain, in good faith, the corporation's and its shareholders' best interests over anyone else's interests." *Schoen*, 137 P.3d at 1178 (citations omitted). The duty of loyalty was described in the seminal Delaware Supreme Court case of *Guth v. Loft* as follows:

> "Corporate officers and directors are not permitted to use their position of trust and confidence to further their private interests. While technically not trustees, they stand in a fiduciary relation to the corporation and [to] its shareholders. A public policy, existing through the years, and derived from a profound knowledge of human characteristics and motives, has established a rule that

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> demands of a corporate . . . director, peremptorily and inexorably, the most scrupulous observance of his duty [of loyalty], not only affirmatively to protect the interests of the corporation committed to his charge, but also to refrain from doing anything that would work injury to the corporation [or its shareholders] . . . The rule that requires an undivided and unselfish loyalty to the corporation demands that there shall be no conflict between duty and self-interests."

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

The duty of loyalty is "unremitting." *See, e.g.*, *Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). The duty of good faith, discussed elsewhere herein, is one element of the duty of loyalty. *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). The terms "loyalty" and "good faith," like the terms "independence" and "candor," are "words pregnant with obligation" and "[d]irectors should not take a seat at the board table prepared to offer only conditional loyalty, tolerable good faith, reasonable disinterest or formalistic candor." *In re Tyson Foods, Inc., Consol. Shareholder Litig.*, 2007 WL 2351071, at *4 (Del. Ch. Aug. 15, 2007).

c. The Duty of Good Faith

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

d. The Duty of Disclosure

"Whenever directors communicate publicly or directly with shareholders about the corporation's affairs . . . directors have a fiduciary duty to shareholders to exercise due care, good faith and loyalty." *Malone v. Brincat*, 722 A.2d at 10. "Shareholders are entitled to rely upon the truthfulness of all information disseminated to them by the directors [of the corporation]." *Id.* at

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10-11. When directors communicate with stockholders, they must do so with "complete candor." *In re Tyson Foods*, 2007 WL 2351071, at *3.

e. Directors' Fiduciary Duties Are Owed to All Shareholders, Not Just the Controlling Shareholder(s)

Directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *In re Trados Inc. S'holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013). Under some circumstances, it is a breach of loyalty for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

2. The Business Judgment Rule Is a Rebuttable Presumption, Rebutted Here

The business judgment rule is a rebuttable presumption that "in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action was taken in the best interests of the company." *See, e.g., In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984).[4] In Nevada, the business judgment rule is codified in NRS 78.138.3, which provides that "[d]irectors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation."

The business judgment rule typically is articulated as consisting of four elements, namely, (i) a business decision, (ii) disinterestedness and independence, (iii) due care and (iv) good faith.

[4] Due to the development of Delaware case law with respect to issues of corporate law, Nevada courts find Delaware case law persuasive authority. *See Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 26, 62 P.3d 720, 737 (2003) (noting that "the case law . . . [of] Delaware is persuasive authority" when interpreting Nevada's corporate law).

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See, e.g., Roselink Investors, L.L.C. v. Shenkman, 386 F. Supp. 2d 209, 2016 (S.D.N.Y. 2004) (internal citations omitted). The presumptions of the business judgment rule are rebutted where it is shown that any of the four elements above was not present. *Id.* at 216-17. Here, at least each of the last three elements is absent.

As to MC and EC, there is no dispute that, as to at least any and all matters of disagreement between them and JJC, including but not limited to ultimate control of RDI by controlling the voting trust as trustee(s), immediate control of RDI, whether by removing JJC as CEO, constraining his authority as CEO and/or having a newly activated and repopulated executive committee, and matters involving the employment status, titles and compensation of MC and EC, among other things, MC and EC lack disinterestedness and lack independence. The Interested Director Defendants admit that in their summary judgment motions, including as follows:

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

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

a. Individual Defendants' Lack of Disinterestedness

With respect to disinterestedness, because the business judgment rule presumes that directors have no conflict of interest, the business judgment rule does not apply where "directors have an interest other than as directors of the corporation." *Lewis v. S. L & E., Inc.*, 629 F.2d 764, 769 (2d Cir. 1980). This is because "[d]irectorial interest exists whenever divided loyalties are present . . ." *Rales v. Blasband*, 634 A. 2d 927, 933 (Del. 1993) (internal citations and quotations omitted). Thus, a director must be disinterested in the challenged conduct in particular and, as a general matter, otherwise independent. *Beam v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004).

As the Interested Director Defendants acknowledge, EC and MC lack disinterestedness with respect to the challenged actions, starting with the threat to terminate Plaintiff as President

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and CEO of RDI unless he resolved the California Trust Action and other matters on terms satisfactory to EC and MC, and continuing thereafter with the termination of him on account of his failure to do so.

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

Likewise, Adams admittedly picked sides in a family dispute. He also demonstrated his lack of disinterestedness by, among other things, vigorously pursuing the EC and MC agenda, starting with the termination of Plaintiff as President and CEO and the activation and repopulation of the executive committee with him as a member, to further his own interest and to protect the interests of EC and MC, on whom he is financially dependent.

b. Individual Defendants' Lack of Independence

Independence, as used in the context of an element of the business judgment rule, requires that a director is able to engage, and in fact engages, in decision-making "based on the corporate merits of the subject before the board rather than extraneous considerations or influences." *Gilbert v. El Paso, Co.*, 575 A.2d 1131, 1147 (Del. 1990); *Rales*, 634 A.2d at 936. "Directors must not only be independent, [they also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003). Assessing directorial independence therefore "focus[es] on impartiality and objectiveness." *In re Oracle Corp. Derivative Litig.*, 824 A.2d 917, 920, 938 (Del. Ch. 2003) (*quoting Parfi Holding AB v. Mirror Image Internet, Inc.*, 794 A.2d 1211, 1232 (Del. Ch. 2001), *rev'd in part on other grounds,* 817 A.2d 149 (Del. 2002), *cert. denied,* 538 U.S. 1032 (2003). *See also Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993) ("[w]e have generally defined a director as being independent only when the director's decision is based entirely on the corporate merits of the transaction and is not influenced by personal or extraneous considerations"), *modified in part on other grounds,* 636 A.2d 956 (Del. 1994).

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

Independence is lacking in situations in which a corporate fiduciary "derives a benefit *from the transaction* that is not generally shared with the other shareholders. In situations in which the benefit is derived by another (e.g., by EC and MC from Plaintiff acceding to their demands to resolve trust and estate disputes on terms acceptable to the two of them), the issue is whether the [corporate fiduciary]'s decision (e.g., Adams and/or Kane) resulted from that director being *controlled* by another." *Orman v. Cullman*, 794 A.2d 5, 25 n.50 (Del. Ch. 2002) (explaining the distinction between interest and independence). Control may exist where a corporate fiduciary has close personal or financial ties to or is beholden to another. (*Id.*)

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

Similarly, a director who is financially beholden to another person, such as a controlling stockholder, is not independent of that person. *In re Emerging Commc'n, Inc. S'Holders Litig.*, 2004 WL 1305745, at *33 (Del. Ch. May 3, 2004). The Court of Chancery has found that directors who derive a substantial portion of their income from a controlling stockholder are not independent of that stockholder *Id.* at *34.

"In such circumstances, a director cannot be expected to exercise his or her independent business judgment without being influenced by the . . . personal consequences resulting from the decision." *Beam*, 845 A.2d at 1049 (*quoting Rales v. Blasband*, 634 A.2d 927, 936 (Del. 1993)).

Here, the evidence demonstrates that EC and MC sought an executive committee they controlled since October 2014, to eliminate either of them reporting or answering to a third-party, whether the CEO or the Board of Directors.

Kane's personal relationship with JJC, Sr., Kane's view that JCC, Sr. intended MC control the Voting Trust, and Kane's actions to make that happen, among other things, demonstrate his

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lack of independence, as long as his other conduct to protect and further personal interests of EC and MC.

As shown by his own sworn testimony in his Los Angeles Superior Court divorce proceeding and in this case, Adams as a general matter is not independent of EC and MC, because he is financially dependent upon income he receives from companies that EC and MC control.

For such reasons, among others, each of Kane and Adams (and MC and EC) lacked independence and therefore are not entitled to the presumptions of the business judgment rule.

c. Individual Defendants' Lack of Good Faith

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

Here, agreeing to activate and repopulate the executive committee, sought by EC and MC since October 2014 to avoid reporting or answering to anyone or anybody demonstrated unwavering loyalty—to MC and EC—not RDI by its other shareholders, by each of the directors (other than Storey and Plaintiff), and previewed what was to come, namely, wholesale abdications of duty and rubber-stamping.

d. The Individual Defendants Failed to Exercise Due Care

Even had the individual defendants acted in good faith and in a manner that each reasonably could have believed to be in the best interests of RDI in taking the actions complained of herein, which was not the case, they failed to engage in a process to decide and act on an informed basis in view of the nature and importance of the decisions made.

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3. Defendants Must and Cannot Satisfy the Entire Fairness Standard

"If the shareholder succeeds in rebutting the presumption of the business judgment rule, the burden shifts to the defendant directors to prove the 'entire fairness' of the transaction." *McMullin v. Brand,* 765 A.2d 910, 917 (Del. 2000). "[I]f the presumption is rebutted, the board's decision is reviewed through the lens of entire fairness, pursuant to which the directors lose the presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del. Ch. 1999). *Horwitz v. Sw. Forest Indus., Inc.,* 604 F. Supp. 1130, 1134 (D. Nev. 1985), which defendants cite for the platitude that the business judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary and does not address circumstance of where, as here, the plaintiff has rebutted the presumptions of the business judgment rule.[5] In *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 137 P.3d 1171 (2006), the Nevada Supreme Court adopted the entire fairness doctrine, citing *Oberly v. Kirby*, 592 A.2d 445, 469 (Del. 1991). *Id.* at 640 n.61, 137 P.3d at 1185 n.61 Under that doctrine, when a transaction is effected or approved by directors with an interest therein, "[t]he interested directors bear the burden of proving the entire fairness of the transaction in all its aspects, including both the fairness of the price and the fairness of the directors' dealings." *Oberly*, 592 A.2d at 469; *accord Reis v. Hazelett Strip-Casting Corp*., 28 A.3d 442, 459 (Del. Ch. 2011) ("Once entire fairness applies, the defendants must establish to the court's satisfaction that the transaction was the product of both fair dealing and fair price.") (quotation omitted).

Under the entire fairness test, "[d]irector defendants therefore are required to establish to the *court's* satisfaction that the transaction was the product of both fair dealing and fair price." *Cinerama, Inc.* v. *Technicolor,* 663 A.2d 1156, 1163 (Del. 1995) (*quoting Cede & Co. v. Technicolor,* 634 A.2d 345, 361 (Del. 1993). Thus, a test of entire fairness is a two-part inquiry into the fair-dealing, meaning the process leading to the challenged action and, separately, the end

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

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result. *In re Tele-Commc'ns Inc. S'holders Litig.,* 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

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

The entire fairness requirement entails "exacting scrutiny" to determine whether the challenged actions were entirely fair. *Paramount Commc'ns, Inc. v. QVC Network Inc.,* 637 A.2d 34, 42 N.9 (Del. 1994), *quoted in Krasner v. Moffett,* 826 A.2d 277, 285, n.26, 287 n.40 (Del. 2003). Under the entire fairness standard, the challenged action itself must be objectively fair, independent of the beliefs of the director defendants. *Geoff v. IIC Indus., Inc.*, 902 A.2d 1130, 1145 (Del. Ch. 2006) subsequent proceedings, 2006 WL 2521441 (Del. Ch. Aug. 22, 2006); *see also Venhill Ltd. P'ship v. Hilman*, 2008 WL 2270488, at *22 (Del. Ch. June 3, 2008).

"The fairness test therefore is "an inquiry designed to access whether a self-dealing transaction should be respected or set aside in equity." *Venhill*, 2008 WL 2270488 at *22.[6]

Here, Defendants cannot carry their burden of proving the entire fairness of their actions in threatening to terminate and terminating Plaintiff as President and CEO of RDI, and then

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

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

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immediately accede to the request of EC and MC, the former just appointed interim CEO, to circumscribe the actual functioning role on the full board of directors. They cannot carry their burden of demonstrating the entire fairness of the "process" leading to the termination threats and the termination. They cannot carry their burden of showing that these actions were objectively fair, independent of the personal beliefs of any or all of Kane, Adams, McEachern, EC and MC.[7]

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

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

Of course, the termination vote did not occur on May 29, 2015 because a tentative resolution had been struck by Plaintiff with his sisters. When that resolution did not come to fruition, EC convened another supposed special board meeting on June 12, 2015 and the

[7] The Interested Director Defendants apparently intend to defend their decision to activate and repopulate the executive committee under NRS 78.138.2(b) by asserting reliance on counsel. (See Motion at ___).However, the Interested Director Defendants have failed to produce any documents concerning advice from counsel—including the Ellis memorandum--and, at their depositions, invariably refused to disclose such information on the grounds that it is privileged. As the Court previously ruled (and admonished counsel for the Interested Director Defendants), they cannot have it both ways. Plaintiff respectfully submits that the Court cannot consider the claimed reliance on counsel in connection with the Motion or any other Motion brought by the Interested Director Defendants.

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threatened termination vote was held. Kane, Adams and McEachern (and EC and MC) each voted to terminate Plaintiff as President and CEO and the "process" concluded, after EC was appointed interim CEO and the executive committee was activated and repopulated, effectively removing Plaintiff and Storey and Gould too) from the Board. Thus, the "process" consisted of secret machinations and agreements, not honest open deliberations and discussions. No conceivable interest of RDI or its shareholders persuasively or honestly can be argued in an unavailing effort to prove that the "process" was entirely fair.

Likewise, as to the end result, the individual defendants cannot satisfy their burden of showing that the end result, the termination of Plaintiff after he failed to resolve disputes with this sisters on terms satisfactory to the two of them, the effective removal of Plaintiff and Storey from RDI Board of Directors was objectively fair.

4. That an Executive Committee Is Allowed by NS 78 and RDI's Bylaws Does Not Resolve the Issue of Whether the Use of It Here Is Additional Evidence of the Alleged Entrenchment Scheme

The fact that delegation to an executive committee is not a violation of the Company's by-laws or Nevada law does not mean that, as it was done here, it does not constitute a breach of fiduciary duty with respect to which equitable relief is appropriately awarded. *Schnell v. Chris-Craft Indus., Inc.*, 285 A.2d 437, 439 (Del. 1971) ("inequitable action does not become permissible simply because it is legally possible").

Moreover, and contrary to what the Motion assumes, the right of a board of directors to delegate is not unlimited, and delegation by a board of directors may give rise to a claim for breach of fiduciary duty. *Grimes v. Donald*, 1995 WL 54441, at *9 (Del. Ch. Jan. 11,1995), quoted in *Quickturn Design Sys., Inc., v. Shapiro*, 721 A.2d 1281, 1292 n.43 (Del. 1998) (a board "may not either formally or effectively abdicate its statutory power and its fiduciary duty to manage or direct management of the business and affairs of th[e] corporation.") *CA, Inc., v. AFCSME Employees Pension Plan*, 953 A.2d 227, 239 (Del. 2008) ("internal governance contracts" such as bylaws are invalid if they "prevent the directors from exercising their full managerial power in circumstances where their fiduciary duties would otherwise require them" to act in a manner contrary to the contract or bylaw.)

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In view of such law, it is no surprise that respected commentators have suggested that "to the extent a board may exclude a director through the use of a board committee, it could only do so if the director faces a specific and direct conflict of interest with respect to the matter under discussion." J. Travis Laster and John Mark Zeberkiewicz, *The Rights and Duties of Blockholder Directors*, THE BUS. LAWYER, Winter 2014-2015, at 59. Furthermore, if a "director has been excluded for an extended period of time, and if the committee has been tasked with the full power of the board and is effectively carrying out the board's role, then the excluded director may have powerful equitable arguments in his favor" in light of the fact that "the ability of a board majority to exclude minority directors stands in tension with the concepts of director involvement and collective deliberation . . ." (*Id.* at 60.)

5. N.R.S. 78.138(7) Does Not Preclude Liability in This Case

The individual director defendants in most if not all of their MSJs cite to NRS 78.138(7) and, in particular, to the portion that requires that fiduciary breaches "involve[] intentional misconduct, fraud, or a knowing violation of law" and, based on that language, and cases that quote that language, conclude that they are "protected" or "immune" from liability. (*See e.g.*, MSJ No. 4 at 8:3-8.) In doing so, they invariably provide no substantive discussion of the notion of "intentional misconduct." Indeed, they cite only one case, a Federal District Court case from the 10th Circuit, for the proposition that intentional misconduct and a knowing violation of law "both require knowledge that the conduct was wrongful." In other words, the complained of conduct needs to be something beyond and unintentional breach of the duty of care.

First, invocation of Nevada's exculpatory statute, NRS 78.138.7, misapprehends the function of the statute, which is to limit monetary liability and recovery, not to serve as a means by which the legal sufficiency of a fiduciary duty claim is assessed. *Emerald Partners*, 787 A.2d at 92 ("a Section 102(b)(7) provision does not operate to defeat the validity of a plaintiff's claim on the merits," but "it can operate to defeat the plaintiff's ability to recover monetary damages.")

Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan*, 768 A.2d at 501 n. 41 (the exculpatory statute does not apply to breaches duty of loyalty because

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"conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct"). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman*, 794 A.2d at 41 (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly*, 745 A.2d at 914-15, 920, n.34 ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. Sh. Litig.*, 1992 Del. Ch. LEXIS at *41 n.18, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty").

"Intentional misconduct" is one of three ways in which a fiduciary can fail to act in good faith. *In re Walt Disney Co. Derivative Litig.,* 906 A.2d 27, 67 (Del. 2006). The first occurs "where the fiduciary intentionally acts with a purpose other than that of advancing the best interests of the corporation." *Id.* The second occurs "where the fiduciary tax with the intent to violate applicable positive law." *Id.* The third occurs "where the fiduciary intentionally fails to act in the face of a known duty to act, demonstrating a conscious disregard for his duties." *Id.* Obviously, the first two of the foregoing three ways fiduciaries can fail to act in good faith track language of 203 portions of NRS 78.138(7), namely, "intentional misconduct" and "A knowing violation of law."

Here, Plaintiff has proffered substantial evidence of an ongoing course of self-dealing and entrenchment undertaken for the purpose of protecting and furthering the personal financial and other interests of EC and MC, as well as other individual director defendants, including for example maintaining Adams' principal sources of income. These actions on their face and by their very nature were and are "intentional[] acts with a purpose other than that of advancing the best interests of [RDI]." Do the individual director defendants really expect the Court to decide at

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summary judgment that their actions to threaten Plaintiff with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to the two of them were not intentional acts with a purpose other than that of advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that the activation and repopulation of an executive committee, about which director Storey complained at the time and which he testified was intended to and had the effect of limiting his ability to serve as a director of RDI, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that, in effectively firing Korn Ferry and in completely ignoring the criteria set by the CEO search committee for identifying candidates and hiring a new CEO, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to decide on summary judgment that hiring and paying MC as if she had decades of experience in real estate development when, in fact, she had no prior experience, was not an intentional act with a purpose other than advancing the best interests of RDI?

6. The Interested Director defendants' "Economic Harm" Argument Is Erroneous, as a Matter of Law

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

The Individual Director Defendants' "economic harm" argument is mistaken as a matter of law and is in reality a disguised exercise at question-begging. The Individual Director Defendants argue that their complained of conduct is governed by and should be assessed by the business judgment rule. However, Plaintiff has introduced evidence sufficient to rebut the presumptions of

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the business judgment rule and require the Individual Director Defendants to satisfy the entire fairness test, as to which they bear the burden. Part of that burden is to show that the challenged result was entirely fair. The Individual Director Defendants' "economic harm" argument, therefore, begs the question of what is the standard by which the Individual Director Defendants' conduct is to be assessed.

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

In a subsequent decision in the same case, the Delaware Supreme Court emphasized that "[t]o inject a requirement of proof of injury into the [business judgment] rule's formulation for burden shifting purposes is to lose sight of the underlying purpose of the rule . . ." *Cinerama, Inc. v. Technicolor, Inc.*, 663 A.2d 1156, 1166 (Del. 1995). Explaining further, the Delaware Supreme Court stated that "[t]to require proof of injury as a component of the proof necessary to rebut the business judgment presumption would convert the burden shifting process from a threshold determination of the appropriate standard of review to a dispositive adjudication on the merits." (*Id.*)

See also Carlton Invs. v. TLC Beatrice Int'l Holdings, Inc., 1996 WL 189435, *4 (Del. Ch. Apr. 16, 1996) (holding that there is "no obligation to please or prove injury" as part of a breach of fiduciary duty claim and that allegations and evidence "sufficient to strip the board of the business judgment presumption" are sufficient).

Separately and, contrary to the "economic harm" argument proffered by the Individual Director Defendants in most if not all of their MSJ's, the Delaware Supreme Court has made clear

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that the Court may "fashion any form of equitable and monetary relief as may be appropriate" under the circumstances. (*Technicolor*, 663 A.2d at 1166 (quoting *Technicolor*, 634 A.2d at 371).)

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

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

"A general common law presumption is that a director's or officer's conflict of interest can result in the voiding of a transaction." Keith Paul Bishop & Jeffrey P. Zucker, *Bishop and Zucker on Nevada Corporations and Limited Liability Companies*, § 8.16, 8-44 (2013), citing, *see, e.g.,* William Meade Fletcher, *Fletcher Cyclopedia of the Law of Corporations*, §§ 915.10, 917 (2010). The Nevada Supreme Court in *Kendall v. Henry Mountain Mines, Inc.,* stated that directorial conflicts are such that the challenged action of the directors "may be avoided by the corporation or its stockholders." 78 Nev. 408, 410-11, 374 P.2d 889, 890 (1962) (*quoting Marsters v. Umpqua Valley Oil, Co.*, 49 Or. 374, 378, 90 P. 151, 153 (1907).

Here, as demonstrated above, the decisions of Kane and Adams to terminate Plaintiff as President and CEO of RDI, after he failed to acquiesce to their threat to terminate him if he did not resolve trust and estate litigation with EC and MC on terms satisfactory to the two of them, was a decision with respect to which each of Kane and Adams lacked both disinterestedness and independence, and with respect to which each failed to act independently. Instead, each simply picked sides in a family dispute and power struggle as it suited their own quasi-familial, financial and/or other personal interests, as well as the personal interests of EC and MC. The decision to remove Plaintiff as President and CEO of RDI raises exactly the sort of conflicts and conflicted decision-making and consequence that "may be avoided by the corporation or its stockholders."

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That is particularly so given the nature of the decision, and the nature of subsequent actions taken to the same end. The subsequent actions include, among other things, the effective dismantling of RDI's Board of Directors, including by the creation of the EC Committee populated by EC and MC and the two individuals most personally and financially beholden to them, Kane and Adams, and the usurpation of the authority of RDI's Board of Directors. That is even more true given the misleading public disclosure, both by commission and omission, caused by EC and those other defendants who act at her behest and direction. All of these actions constitute ongoing breaches of fiduciary duty, and each and all of them were undertaken to usurp management and control of the Company, in derogation of the interests of all RDI shareholders other than EC and MC. Those type of actions constitute or give rise to irreparable injury. *See Vanderminden v. Vanderminden,* 226 A.D.2d 1037, 1041, 641 N.Y.S.2d 732, 737 (1996) (the "alleged harm, an opportunity for defendants to shift the balance of power and assume management and control of the company, and may properly be viewed as irreparable injury") (*citing Matter of Brenner v. Hart Sys.,* 114 A.D.2d 363, 366, 493 N.Y.S.2d 881, 884 (1985)).

Additionally, although not required to do so, given the nature of the claims made and the relief sought, plaintiff has produced evidence of damages. For example, Plaintiff has claimed, and defendant's own documents and testimony have acknowledged, injury to and impairment of RDI's reputation and goodwill resulting in a diminished ability to attract and retain qualified senior executives, including in particular increased costs if able to do so and, separately, the payment of duplicative or redundant compensation including, for example, monies paid to third-party consultants (e.g., Edifice) and/or monies paid to MC arising from the fact that MC has no prior real estate development experience, which requires the third-party consultants be paid to do what is part of her job.

Plaintiff has claimed and publicly available information shows diminution in the price at which RDI stock traded in the days following disclosure of the termination of Plaintiff, as well as on the day of and following disclosure of the selection of EC as permanent President and CEO.

Plaintiff has claimed and evidence shows corporate waste and monetary damages to RDI, including from the inflated salary paid to MC and including from what amounted to a gift of

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$200,000 to MC (supposedly for services she had provided over a number of preceding years, for which neither her father is the former CEO or the board soffits compensator at the time) and a gift of $50,000 Adams (for serving as a director over the course of the preceding year, during which there was nothing memorializing his supposed special services as such, much less the notion that he should receive special compensation for those services which only were identified after the fact).

IV. CONCLUSION

For the foregoing reasons, the Motion for Partial Summary Judgment (No. 4) should be denied.

DATED this 13th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

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CERTIFICATE OF SERVICE

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

/s/ Annette Jaramillo
An employee of Lewis Roca Rothgerber Christie LLP

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CLERK OF THE COURT

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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,

vs.

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

Defendants.

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Coordinated with:

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

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

Jointly Administered

Business Court

APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE (Exhibits 7, 8, 13, 14, 15, 16, 17, 18, and 19 filed under seal)

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APPENDIX OF EXHIBITS

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Exhibit	Description	Page Nos.
1	GA00001925	000001
2	M. Cotter 5.12.16 Depo. Excerpts	000002 - 000004
3	E. Cotter 05.18.16 Depo. Excerpts	000005 - 000018
4	Depo. Ex. 392 Bill Gould Exhibit -00392	000019 - 000066
5	Depo. Ex. 1796 Margaret Cotter, Vol. II – Exhibit 00176	000067 - 000101
6	EC00004363-4367	000102 - 000106
7	Depo. Ex. 348 Bill Ellis – Filed separately under seal	000107 - 000111
8	Depo. Ex.202 Ellen Cotter – Filed separately under seal	000112
9	Guy Adams 4.28.16 Depo. Excerpts	000113 - 000116
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12	JCOTTER007653	000121 - 000122
13	Depo. Ex. 027 Timothy Storey – Filed separately under seal	000123
14	Depo. Ex. 029 Timothy Storey – Filed separately under seal	000124 - 000125
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16	Depo. Ex. 045 Timothy Storey – Filed separately under seal	000129
17	Depo. Ex. 061 Guy Adams – Filed separately under seal	000130 - 000132
18	Depo. Ex. 103 Edward Kane – Filed separately under seal	000133 - 000134
19	Depo. Ex 329 Ellen Cotter – Filed separately under seal	000135 - 000143
20	Depo. Ex. 347 Bill Ellis	000144 - 000152
21	Exhibit 176 – Cotter – Proxy Statement 2014	000153 - 000187
22	Exhibit 392 – Gould – Proxy Statement 2015	000188 - 000235

DATED this 17th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
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Attorneys for Plaintiff James J. Cotter, Jr.

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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE (Exhibits 7, 17 and 18 filed under seal)** to be electronically filed and served via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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EXHIBIT 1

EXHIBIT 1

From: Kane <elkane@san.rr.com>
Sent: Friday, October 24, 2014 11:33 PM
To: Cotter Jr. James
Cc: Guy Adams; Gould Bill; Storey Tim
Subject: Compensation

I have scheduled a compensation committee meeting at 11:30 AM on the 13th, prior to the board meeting. We would appreciate your providing us with your recommendations, if any, for base compensation for Margaret and Ellen at or prior to the meeting.
As you know, with the consent of all of the directors, including you, at Ellen's request I signed and mailed to a local banker a letter stating that I anticipated a 20% increase in her base compensation starting January 1. This increase and your approval, I subsequently learned was based primarily on the Pearl Meyer study reflective of a specific peer group and the job description of Ellen's position in the company.
Since that time I have reviewed the peer group used and shared this with the committee members. Clearly we have some serious questions as to the selection of the peer group, issues we also had with a slightly different group used by Towers Watson and selected by your dad.
For that reason, rather than tweaking peer groups and redoing a study Pearl or Towers, the committee members would appreciate, as CEO, your thoughts and recommendation on compensation for both Margaret and Ellen. If you would like you can address this at our meeting rather than prior to the meeting. Also, we would want your recommendation on the timing of any increase you might propose. In that regard, we need a clear understanding of the present compensation package you, Ellen and Margaret have.
That leaves open any change in your compensation, which should reflect your new position in the company. You should consider making a recommendation here also, both in amount and timing of any increase.

GA00001925
000001

RDI-A07275

EXHIBIT 2

EXHIBIT 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 12, 2016

VOLUME I

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

(Whereupon the question was read as follows:
"Question: Well, as of September and/or October 2014, did you wish to report to somebody or some committee other than reporting to your brother as C.E.O.?")
THE WITNESS: I may have. And I do recall now that when Bill Gould suggested this, he said, "Let me go talk to your brother."
BY MR. KRUM:
Q. Did you -- well, when you say you may have, does that mean you recall that you did, but you do not recall a particular conversation?
A. With Bill Gould?
Q. Bill Gould or anybody.
MR. SEARCY: Objection. Vague.
THE WITNESS: In regards that I did not want to --
BY MR. KRUM:
Q. Report to your brother as C.E.O.
A. I may have had that conversation, yeah.
Q. What's your best recollection as to with whom you had that conversation?
A. With Bill Gould. I might have told my

when you read it on or about October 14, 2014?

MR. SEARCY: Objection. Lacks foundation, assumes facts.

THE WITNESS: I don't recall -- I don't recall what I remember on October 14th, but I can say looking at this document that's what it purports to say.

BY MR. KRUM:

Q. Do you recall at any time in the August to December 2014 time frame you communicated to anyone that you wished to report to an executive committee and not to your brother as C.E.O.?

A. I may have said that.

Q. To whom might you or may you have said that?

MR. SEARCY: Objection. Calls for speculation.

THE WITNESS: I may have said it to sometime Storey. Maybe I said it to Bill Gould.

BY MR. KRUM:

Q. What was the -- what was the state of your relationship with your brother, Jim Cotter, Jr., in September and October, 2014?

MR. SEARCY: Objection. Vague.

THE WITNESS: The state of my

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER

TAKEN ON MAY 18, 2016

VOLUME 1

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

BY MR. KRUM:

Q. I'm just asking for what you heard, learned or were told.

A. I -- I don't know what their discussions were. But Margaret wanted to be an employee, and she didn't -- she didn't become an employee.

Q. Did you ever hear or learn or were you ever told at any time in 2014, whether by Margaret, by Jim, by Tim Storey or by any other person, that Jim held the view that Margaret did not have the experience or expertise to be the senior person or executive at RDI responsible for development of the Union Square and Cinemas 1, 2 and 3 properties in New York?

MR. VERA: Objection. Compound.

MR. SEARCY: Join.

THE WITNESS: Are you referring to the period of time 2014?

BY MR. KRUM:

Q. Yes.

A. I had understood that Jim did not think that Margaret had the requisite experience in his mind to run those two New York developments.

Q. Do you recall when you first Service came to have that understanding?

A. No.

Q. Sometime in 2014, but you can't say when?

A. Exactly.

Q. Do you recall how you came to have that understanding?

A. No.

Q. Okay. When you testified earlier to the effect that you and Margaret were trying to figure out how you would work with Jim, to what were you referring?

A. Jim was the new C.E.O. of the company, and we wanted to make sure that for the benefit of the company and the benefit of the people that worked underneath us, that we had a good relationship with Jim.

Q. Did there come a time when you sought to report to an executive committee of the RDI board of directors rather than report to your brother Jim as C.E.O.?

A. Yes.

Q. When did that happen?

A. I don't remember. Well, it never happened.

Q. No. No. The question was when did you

seek to report to an executive committee of the RDI board of directors rather than to report to your brother Jim as C.E.O.?

A. I don't remember exactly when that request was developed, but it was sometime during the fourth quarter of 2014.

Q. How did it come to pass that you developed that request?

A. We were having issues with Jim, and we wanted to figure out a way to have a structure in place that would be almost transitional that would help us work together so that we could work through any issues that we would have.

Q. Prior to your father's resignation as C.E.O., to whom had you reported during the time you had been an executive at RDI?

A. Jim was the president at the time. My father was the chairman and C.E.O. So, technically I probably reported to Jim; or probably technically to Bob.

But we never operated that way.

Q. Was the way you operated since 2000 and up to the point when your father resigned as C.E.O. that you reported to him?

MR. SEARCY: Objection. Vague.

A. I don't -- I don't recall.

Q. Okay. Did there come a point in time in 2014 when you did not want to report to your brother as C.E.O.?

A. Well, we developed this structure with the executive committee at some point in 2014.

Q. So does that mean the answer is yes and that your proposal to go forward was this executive committee proposal?

A. Yes.

Q. And did you understand that the same -- strike that.

Did you understand at the time that Margaret also did not want to report to her brother as C.E.O.?

A. Well, Margaret was part of the discussion when we proposed that structure.

Q. So, is the answer yes, with that by way of explanation?

A. Yes.

Q. Whose idea was the executive committee structure?

A. I don't know if it was mine or if it was Margaret's. I don't know whose idea it was.

Q. Prior to proposing it did you have any

2014.

Q. But it wasn't in 2014, is that the distinction --

A. It was paid in the beginning of 2015.

Q. Did you discuss the fact that you had not received a bonus with Ed Kane when you drove to San Diego to meet with him on a weekend?

A. I don't remember.

Q. Let me show you what previously has been marked as Exhibit 61.

MR. KRUM: Does everybody have their set or do I need to pass copies?

MR. SEARCY: I need a copy.

MR. KRUM: Can you guys share one? Because I'm apparently one short on the old ones.

MR. FERRARIO: Sure.

(Whereupon the document previously marked as Plaintiffs' Exhibit 61 was referenced and is attached hereto.)

BY MR. KRUM:

Q. Ms. Cotter, take such time to review Exhibit 61 and let me know when you've reviewed it to your satisfaction.

A. Okay.

Q. Do you recognize Exhibit 61?

A. Yes.

Q. What do you recognize it to be?

A. It's an email that I prepared and sent to Guy Adams, Tim Storey and Bill Gould.

Q. Is this the -- the document that communicates the proposal you -- about which you testified earlier as having made in the fourth quarter of 2014 to form an executive committee of the board of directors?

A. Yes.

Q. I direct your attention, Ms. Cotter, to the sub head which is the third of three in the lower half of the first page of Exhibit 61 and which reads, quote,

"Actions that would require the prior approval of the executive committee," close quote.

Do you see that sub head?

A. Yes.

Q. I direct your attention in particular to point 1(B) -- excuse me -- 1(A) beneath that which has the executive committee as the body to determine role, compensation, reporting lines.

Do you see that?

A. Yes.

Q. And then there are three bullet points, and the first one is the new title you're -- you were requesting, right?

A. Correct.

Q. And for Margaret Cotter, you have a heading for her below, and then near the bottom of the page it says -- paragraph begins, "Specifics of Margaret Cotter's employment agreement."

You see that?

A. Yes.

Q. And the first point is a title for her, correct?

A. Yes.

Q. And then point two at the top of the last page of Exhibit 61 describes what were proposed to be Margaret's responsibilities, correct?

A. Correct.

Q. And those include, quote,

"Oversight of development activities related to the company's Union Square and Cinemas 1, 2, 3 properties in Manhattan," close quote.

Right?

A. Right.

Q. And did oversight mean that Margaret was to be the senior executive at RDI with responsibility for those activities?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

BY MR. KRUM:

Q. Now, when you prepared Exhibit 61, did you separately prepare the text that begins on the first page, "Proposal for a Reconstituted Reading International, Inc. Executive Committee" and all the text that follows as a separate document and then drop it into this email?

A. I don't remember.

Q. Okay. Were there drafts of the proposal that's contained in Exhibit 61?

A. I don't remember.

Q. With whom did you confer or consult, in anyone, in the course of preparing it?

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't remember.

BY MR. KRUM:

Q. In particular, did you confer with Margaret?

A. I don't remember specific conversations

about preparing this document.

Q. I'm not asking about whether you recall specific conversations or the specifics of any conversation.

I'm simply asking to the best of your recollection today, did you communicate with Margaret Cotter about the proposal that is found in Exhibit 61 before you sent it to Messrs. Adams, Storey and Gould on or about October 14, 2014?

A. I don't remember who I specifically spoke to about this document.

Q. Well, I'll just ask it this way: Did you speak with Margaret about any of the contents of the proposal that is made by Exhibit 61 prior to sending it on October 14, 2014?

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

Q. Just did you speak with her. That's all I'm asking.

A. Yeah. I suspect I did. I don't remember the specific conversations.

But this document involved her. So, I would have involved her in this process.

Q. As you sit here today do you recall that you did so or are you inferring that you did so

because of the nature of the contents of Exhibit 61?

A. I am inferring that I did.

Based on the way I operate, I wouldn't have prepared a document that involved Margaret without consulting her.

Q. I understand that. That's why I asked the question I just asked.

A. Yeah. And I don't recall specific conversations with her about it.

Q. Did you have specific conversations with any of the addressees, Adams, Storey and Gould, about the proposal prior to transmitting it on the 14th of October 2014?

A. I don't remember.

Q. Did you have any communications with your brother Jim Cotter, Jr., about the proposal found in Exhibit 61 before you transmitted it on or about October 14, 2014?

A. I don't remember.

Q. Did you have any communications with Craig Tompkins with respect to the proposal that is found in Exhibit 61?

A. I don't remember.

Q. Did you ever have any communications with Craig Tompkins about whether or how an

Q. Why did you just not deal with it?

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: I did deal with it.

BY MR. KRUM:

Q. How so?

A. I -- I found out what the problem was, I worked with Bill over -- I don't know -- a couple weeks to resolve the issue.

BY MR. KRUM:

Q. Who raised the matter with the executive committee?

A. Which matter?

Q. The matter of an allocation of responsibilities for Bill Ellis and Craig Tompkins?

A. I would have.

Q. Why?

A. First of all, I wanted to get some advice from the executive committee, use them as a sounding board.

Q. Anything else?

A. No.

Q. Why did you not raise that subject with the full board of directors?

A. It was raised with the full board.

BY MR. KRUM:

Q. Let me ask the court reporter to read it back.

A. Yeah.

(Whereupon the question was read as follows:

"Question: Jim and other members of the board of RDI who were not members of the executive committee and not members of the compensation committee were part of the discussion at an RDI board of directors meeting after the matter was included in a board package transmitted to them in anticipation of that meeting, right?")

THE WITNESS: The March 10, 2016 board meeting had materials in it related to Margaret's arrangement.

BY MR. KRUM:

Q. And the receipt of those materials was the first opportunity any RDI board member who was not a member of the executive committee and/or a member of the compensation committee had to review

and assess the proposed agreement with Margaret, right?

MR. SEARCY: Objection. Lacks foundation, assumes facts.

THE WITNESS: The audit committee was involved because Margaret's contract, her OBI Theater Management contract, was deemed a related party transaction. So the audit committee was involved in that, as well.

BY MR. KRUM:

Q. So the answer is yes, except no, because the audit committee was involved, as well, right?

A. Yes. But the compensation committee has been delegated the authority to deal with executive compensation.

Q. Who is the compensation -- who is on the compensation committee?

A. Ed Kane is the chairman, Judy Codding and Guy Adams was on the committee. He has recently resigned, and Doug McEachern is going to be on the compensation committee.

Q. Why did Mr. Adams recently resign?

A. I don't know.

Q. Did you ever hear or learn or were you ever told anything related to either why he resigned

EXHIBIT 4

EXHIBIT 4

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒
Filed by a party other than the Registrant ☐

Check the appropriate box:
☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

EXH 39
DATE 6-29-16
WIT Gold
PATRICIA HUBBARD

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, NOVEMBER 10, 2015**

TO THE STOCKHOLDERS:

The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, on Tuesday, November 10, 2015, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to serve until the Company's 2016 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2015; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on October 6, 2015 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

Whether or not you plan on attending the Annual Meeting, we ask that you take the time to vote by following the Internet or telephone voting instructions provided or by completing and mailing the enclosed proxy as promptly as possible. We have enclosed a self-addressed, postage-paid envelope for your convenience. If you later decide to attend the Annual Meeting, you may vote your shares even if you have submitted a proxy.

By Order of the Board of Directors

Ellen M. Ar

Ellen M. Cotter
Chairperson of the Board

October 16, 2015

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

PROXY STATEMENT
Annual Meeting of Stockholders
Tuesday, November 10, 2015

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2015 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 10, 2015, at 11:00 a.m., local time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about Tuesday, October 20, 2015.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2016 Annual Meeting of Stockholders, (2) ratify the appointment of Grant Thornton LLP as our independent auditors for the fiscal year ending December 31, 2015, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of October 6, 2015, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,680,599 shares of our Class B Voting Common Stock ("Class B Stock").

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1 and FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 under Proposal 2.

INTERNET AVAILABILITY OF PROXY DOCUMENTS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON NOVEMBER 10, 2015 – This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, are available at our website, http://www.readingrdi.com, under "Investor Relations."

ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

This proxy statement is being sent to all of our stockholders of record as of the close of business on October 6, 2015, by Reading's Board of Directors to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2015 Annual Meeting of Stockholders, which will be held on Tuesday, November 10, 2015, at 11:00 a.m. Pacific Time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292.

What items of business will be voted on at the annual meeting?

There are two items of business scheduled to be voted on at the 2015 Annual Meeting:

- PROPOSAL 1: Election of nine directors to the Board of Directors.
- PROPOSAL 2: Ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.

How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote:

- On PROPOSAL 1: "FOR" the election of its nominees to the Board of Directors.
- On PROPOSAL 2: "FOR" the ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

What happens if additional matters are presented at the Annual Meeting?

Other than the two items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

Am I eligible to vote?

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on October 6, 2015. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,596 shares of Class B Stock outstanding, and approximately 85 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What if I own Class A Nonvoting Common Stock?

If you do not own any Class B Stock, then you have received this proxy statement only for your information. You and other holders of our Class A Nonvoting Common Stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

How can I get electronic access to the proxy materials?

This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Relations."

What should I do if I receive more than one copy of the proxy materials?

You may receive more than one copy of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one copy of this Proxy Statement or more than one proxy card.

To vote all of your shares of Class B Stock by proxy, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or by telephone the shares represented by each notice that you receive.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many stockholders of our Company hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences in how stockholders of record and beneficial owners are treated.

Stockholders of Record. If your shares of Class B Stock are registered directly in your name with our Transfer Agent, you are considered the stockholder of record with respect to those shares and the proxy materials are being sent directly to you by Reading. As the stockholder of record of Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

Beneficial Owner. If you hold your shares of Class B Stock through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name and the proxy materials are being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting, unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the meeting the opportunity to vote their shares, whether or not they attend the meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of our Class B Stock of record may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Telephone — Holders of our Class B Stock of record who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of our Class B Stock of record will need to have the control number that appears on their proxy card available when voting. In addition, beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Mail — Holders of our Class B Stock of record who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting

instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received before the polls are closed at the Annual Meeting.

- In Person — Holders of our Class B Stock of record may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proxy designating that person. Shares of Class B Stock for which a stockholder is the beneficial holder but not the stockholder of record may be voted in person at the Annual Meeting only if such stockholder is able to obtain a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial holder as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

Holders of our Class B Stock are encouraged to vote their proxies by Internet, telephone or by completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is received by the inspector of election will be counted, and each previous vote will be disregarded. If you vote in person at the Annual Meeting, you will revoke any prior proxy that you may have given. You will need to bring a valid form of identification (such as a driver's license or passport) to the Annual Meeting to vote shares held of record by you in person.

What if my shares are held of record by an entity such as a corporation, limited liability company, general partnership, limited partnership or trust (an "Entity"), or in the name of more than one person, or I am voting in a representative or fiduciary capacity?

Shares held of record by an Entity: In order to vote shares on behalf of an Entity, you need to provide evidence (such as a sealed resolution) of your authority to vote such shares, unless you are listed of record as a holder of such shares.

Shares held of record by a trust: The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

Shares held of record in the name of more than one person: If only one individual votes, that individual's vote applies to all of the shares so held of record. If more than one person votes, the votes of the majority of the voting individuals apply to all of such shares. If more than one individual votes and the votes are split evenly on any particular Proposal, each individual may vote such shares proportionally.

What is a broker non-vote?

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

What routine matters will be voted on at the annual meeting?

The ratification of Grant Thornton LLP as our independent auditors for 2015 is the only routine matter to be presented at the Annual Meeting by the Board on which brokers may vote in their discretion on behalf of beneficial owners who have not provided voting instructions.

What non-routine matters will be voted on at the annual meeting?

The election of nine members to the Board of Directors is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2015 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote on that matter and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

How can I change my vote after I submit a proxy?

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., posting or other delivery charges pre-paid, c/o Office of the Secretary, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, stating that you revoke your proxy. To be effective, we most receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How Do I Vote." Any earlier proxies will be revoked automatically.
- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

How will you solicit proxies and who will pay the costs?

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

Is there a list of stockholders entitled to vote at the Annual Meeting?

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices between the hours of 9:00 a.m. and 5:00 p.m. for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

What constitutes a quorum?

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

How are votes counted and who will certify the results?

First Coast Results, Inc. will act as the independent inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

What is the vote required for a Proposal to pass?

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Director named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each member of the slate. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Proposal 2 requires the affirmative "FOR" vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

Except with respect to the Proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

How will the Annual Meeting be conducted?

In accordance with our Bylaws, Ellen M. Cotter, as the Chairperson of the Board of Directors, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by Ms. Cotter to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chairperson, (2) our Board of Directors, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

CORPORATE GOVERNANCE

Director Leadership Structure

Ellen M. Cotter is our current Chairperson and also serves as our interim Chief Executive Officer and President and serves as the Chief Operating Officer for our Domestic Cinemas. Ellen M. Cotter has been with our Company for more than 17 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US $15.5 million to US $125.7 million. Margaret Cotter is our current Vice-Chairperson. Margaret Cotter has been responsible for the operation of our live theaters for more than the past 14 years and has for more than the past five years been actively involved in the re-development of our New York properties.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,130 shares of Class B Stock. Ellen and Margaret Cotter are the Co-Executors of their father's (James J. Cotter, Sr.) estate and Co-Trustees of a trust (the "Living Trust") established for the benefit of his heirs. Together they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1.

James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for directors at the Annual Meeting.

The Company has elected to take the "controlled company" exception under applicable listing rules of The NASDAQ Capital Stock Market (the NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board comprised of at least a majority of independent directors, we are nevertheless nominating six independent directors for election to our Board. We have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") comprised entirely of independent directors. And, we have a four member Executive Committee comprised of our Chairperson and Vice-Chairperson and two independent directors (Messrs. Guy W. Adams and Edward L. Kane). Due to this structure, the concurrence of at least one independent member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. Six Directors on our Board are independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the lead director among our Independent Directors. In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chairperson of the Board and interim Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee, the Compensation Committee, and the Tax Oversight Committee, each having a separate independent chairperson. In connection with the Annual Meeting, we have established a Special Nominating Committee comprised of the chairs of our Executive, Audit and Compensation Committees.

Management Succession

James J. Cotter, Sr., our Company's controlling stockholder, Chairperson and Chief Executive Officer, resigned from all positions at our Company on August 7, 2014, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chairperson, Margaret Cotter, her sister, was appointed Vice Chairperson and James J. Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board has established an Executive Search Committee (the "Search Committee") comprised of our Chairperson, our Vice Chairperson and directors Adams, Gould and McEachern and has retained Korn Ferry to seek out candidates for the Chief Executive Officer position. The Search Committee will consider both internal and external candidates.

Board's Role in Risk Oversight

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee, the Compensation Committee and the Tax Oversight Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

"Controlled Company" Status

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of directors is held by an individual, a group or another company. Together, Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock. Based on advice of counsel, our Board has determined that therefore the Company is a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of certain exceptions from the NASDAQ Listing Rules afforded to our Company as a Controlled Company. In reliance on a "controlled company" exception, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board comprised of a majority of independent Directors and fully independent Audit and Compensation Committees, and has no present intention to vary from that structure. For purposes of selecting nominees for our 2015 Annual Meeting, the Board formed a Special Nominating Committee comprised of the Chairs of our Executive, Audit and Compensation Committees (Messrs. Adams, McEachern and Kane, respectively), and delegated to that committee authority to recommend nominees to the Board for the Board's approval and nomination. Proposal 1 is comprised of the nominees recommended by the Special Nominating Committee and approved and nominated by our Board.

Board Committees

Our Board has a standing Executive Committee, Audit Committee, Compensation Committee, and Tax Oversight Committee. These committees are discussed in greater detail below.

Executive Committee. The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently comprised of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held no meetings during 2014.

Audit Committee. The Audit Committee operates pursuant to Charter adopted by our Board that is available on our website at www.readingrdi.com. Our Board has determined that the Audit Committee is comprised entirely of independent

Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently comprised of Mr. McEachern, who serves as Chair, and Mr. Kane. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Audit Committee throughout 2014. The Audit Committee held four meetings during 2014.

Compensation Committee. The Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Alfred Villaseñor, a former Director, served on our Compensation Committee during 2014 until his term expired at the time of our 2014 Annual Meeting. Mr. Storey served on our Compensation Committee throughout 2014. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer and Cotter family members and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2014.

Tax Oversight Committee. Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board informed about our Company's tax planning and such tax issues as may arise from time to time. This committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr. The Tax Oversight Committee held four meetings during 2014.

Consideration and Selection of the Board's Director Nominees

The Company has elected to take the "controlled company" exception under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. However, in connection with the Annual Meeting, the Board established a Special Nominating Committee consisting of Mr. Guy W. Adams (the Chair of our Executive Committee), Mr. Edward L. Kane (the Chair of our Compensation Committee) and Mr. Doug McEachern (the Chair of our Audit Committee) and delegated to that committee authority to evaluate and recommend nominees to the full Board for the Board's consideration, approval and nomination. Proposal 1 (Election of Directors) sets forth the names of the nominees recommended by the Special Nominating Committee and approved and nominated by our full Board.

The Special Nominating Committee considered for nomination incumbent Directors and candidates proposed by Ellen M. Cotter, Margaret Cotter and Mr. James Cotter, Jr. As part of its deliberations, the Special Nominating Committee reviewed the qualifications of each candidate submitted and conducted interviews with certain of the candidates. Since Ellen M. Cotter and Margaret Cotter vote a majority of the Class B Stock, the Special Nominating Committee and the Board accordingly considered their views with respect to the 2015 Director nominees.

Following a review of the experience and overall qualifications of the Director candidates evaluated by the Special Nominating Committee, the Committee recommended that the full Board nominate, and the full Board resolved to nominate, each of the individuals named in Proposal 1 for election as Directors of the Company at our 2015 Annual Meeting of Stockholders.

The Special Nominating Committee reported to the Board that in reaching the decision to recommend the nomination of Mr. James J. Cotter, Jr. for re-election to the Board, the Special Nominating Committee had taken a number of factors into consideration. Without attempting to place any particular priority on any particular consideration or to enumerate all of the matters discussed, the Special Nominating Committee reported to the Board that it had considered, among other factors, Mr. Cotter Jr.'s pending litigation against certain of the other Directors and arbitration proceedings with the Company; the Board's recent determination to terminate Mr. Cotter, Jr. as the Company's Chief Executive Officer and President of the Company; the potential that this personnel action and resultant legal proceedings could contribute to discension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; and the fact that Ellen M. Cotter and Margaret Cotter had notified the Special Nominating Committee that, if Mr. Cotter, Jr. was not nominated by the Board, they intend to vote in their capacity as stockholders, as the Co-Executors of the Cotter Estate and as a majority of the Co-Trustees of the Trust, to nominate Mr. Cotter, Jr. from the floor and to vote the more than 70% of the voting stock that they collectively control for the election of Mr. Cotter, Jr. After considering these factors and their deliberations, the Special Nominating Committee recommended that Mr. Cotter, Jr. be nominated to serve another term as a Director of the Company.

The Board approved each of the nominees recommended by the Special Nominating Committee, with James J. Cotter, Jr. voting against each of the recommended nominees (including himself) and Dr. Codding abstaining (Mr. Wrotniak was not present for the meeting). Mr. Cotter, Jr. subsequently executed a consent to being named as a nominee in these materials and

has agreed to serve as a Director if he is elected. Director Cudding informed the Board that she abstained in view of the fact that she had just recently joined our Board. Director Wroniak was not present at the meeting, having only recently been appointed to the Board earlier in the day.

Code of Ethics

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website, www.readingrdi.com, under the "Investor Relations—Governance Documents" caption.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy" that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee has adopted a written policy for approval of transactions between the Company and its directors, director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this policy is available at www.readingrdi.com under the "Investor Relations" caption. The policy provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- The related person's interest in the transaction;
- The approximate dollar value of the amount involved in the transaction;
- The approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- Whether the transaction was undertaken in the ordinary course of business of the Company;
- Whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- The purpose of, and the potential benefits to the Company of, the transaction;
- Required public disclosure, if any; and
- Any other information regarding the transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

PROPOSAL 1: Election of Directors

Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2016 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
Ellen M. Cotter	49	Chairperson of the Board, Interim Chief Executive Officer and President, and Chief Operating Officer – Domestic Cinemas (1)
Guy W. Adams	84	Director(1) (2)
Judy Codding	70	Director
James J. Cotter, Jr.	46	Director(3)
Margaret Cotter	47	Vice Chairperson of the Board(1)
William D. Gould	76	Director(4)
Edward L. Kane	77	Director(1) (2) (3) (5)
Douglas J. McEachern	64	Director(5)
Michael Wrotniak	48	Director

(1) Member of the Executive Committee.

(2) Member of the Compensation and Stock Options Committee.

(3) Member of the Tax Oversight Committee.

(4) Lead independent Director.

(5) Member of the Audit and Conflicts Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013, was appointed Chairperson of our Board on August 7, 2014 and has served as our interim Chief Executive Officer and President since June 12, 2015. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. For more than the past ten years, Ms. Cotter has served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she has, among other things, been responsible for the acquisition and development, marketing and operation of our cinemas. Prior to her appointment as COO Domestic Cinemas, she spent one year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of her father's estate, which is the record owner of 423,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,763 shares of Class A Stock and 50,000 shares of Class B Stock and her positions as Co-Executor of her father's (James J. Cotter, Sr.) estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. He has held a variety of public company board positions, including lead director, audit committee chair and compensation committee chair. Mr. Adams provided investment advice to various family offices and invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and to various enterprises now owned by the James J. Cotter, Sr. Estate or the James J. Cotter, Sr. Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

Dr. Judy Codding. Dr. Judy Codding was elected to serve as a Director of the Company on October 8, 2015. Dr. Codding is a globally respected education leader. She is currently, and has since 2010 been, the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE:PSO), a leading education company providing education products and services to institutions, governments and direct to individual learners. Prior to that time, and for more than the past five years, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998 and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading educational organization offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate from University of Massachusetts at Amherst, and completed post-doctoral work and served as a teaching associate in Education at Harvard University. Dr. Codding serves on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012.

Dr. Codding brings to the Board her experience as an entrepreneur and as an adviser and researcher in the areas of leadership training and leadership decision making.

James J. Cotter, Jr. James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, serving as Vice Chairperson from June 2007 until he was succeeded by Margaret Cotter on August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015 and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a Director to Cecelia Packing Corporation from February 1996 to September 1997 and as a Director of Cash Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. is a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 646,089 shares of Class B Stock (representing 44.0% of such Class B Stock).

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 859,286 shares of our Company's Class A Common Stock and his position as Co-Trustee of the James J. Cotter, Sr. Trust, Mr. Cotter, Jr. is a significant stake holder in our Company. Further, depending on the outcome of ongoing litigation among members of the Cotter family, in the future Mr. Cotter, Jr. may be a controlling shareholder in the Company.

Margaret Cotter. Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. While she receives management fees through OBI, Ms. Cotter receives no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, manages the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James J. Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of her father's estate, which is the record owner of 472,808 shares of our Class B

Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees paid to Mr. Gould's law firm during 2014 were $41,642. Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chair of our Tax Oversight Committee and of our Compensation Committee. He also serves as a member of our Executive Committee and our Audit Committee. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the Board his many years as a tax attorney and law professor, which experience well-serves our Company in addressing tax matters. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a Director of our Company since May 17, 2012 and Chair of our Audit Committee since August 1, 2012. He has served as a member of the Board and of the Audit and Compensation Committee for William Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chair of the board of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since September 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the Board his more than 37 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Michael Wrotniak. Michael Wrotniak was elected to serve as a Director of the Company on October 12, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past five years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S.B.A (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to the Board his considerable experience in international business, including foreign exchange risk mitigation.

Attendance at Board and Committee Meetings

During the year ended December 31, 2014, our Board of Directors met seven times. The Audit Committee held four meetings and the Compensation Committee held three meetings, while the Tax Oversight Committee held four meetings. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

Indemnity Agreements

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to

which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

Compensation of Directors

During 2014, we paid our non-employee directors $35,000 per year. This amount was increased to $50,000 in 2015. We pay the Chairman of our Audit Committee an additional $7,000 per year, the Chairman of our Compensation Committee an additional $5,000 per year, the Chairman of our Tax Oversight Committee an additional $18,000 per year and the Lead Independent Director an additional $5,000 per year.

During 2014 we paid an additional one-time fee of $5,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $10,000 to Mr. Storey. Messrs. McEachern and Storey also each received an additional $6,000 for their additional committee work. In 2015 we paid an additional one-time fee of $25,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

Upon joining our Board, new Directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Initial grants to be made to Ms. Codding and Mr. Wrotniak, our recently appointed Directors, are being reviewed by our Compensation Committee. Commencing January 15, 2015, each of our non-employee Directors will receive an additional annual grant of stock options to purchase 2,000 shares of our Class A Stock. The award will be on January 15 of the applicable year, will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2014 for their services as Directors.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Margaret Cotter (1)				
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould				
Edward L. Kane	63,000	0	0	63,000

Douglas J. McEachern				
Tim Storey	51,000	0	21,088(3)	72,088
Alfred Villaseñor (4)				

(1) In addition to her Director's fees, Ms. Margaret Cotter receives a combination of fixed and incentive management fees under the CBS Management Agreement described under the caption "Certain Transactions and Related Party Transactions - CBS Management Agreement," below.

(2) Mr. Adams joined the Board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share. In accordance with SEC rules, the amount shown reflects the aggregate grant date fair value of the option award, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(3) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.

(4) Represents fees paid to Mr. Villaseñor prior to our 2014 Annual Meeting of Stockholders, when he declined to stand for re-nomination as a Director.

Vote Required

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

The Board has nominated each of the nominees discussed above to hold office until the 2015 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or unwilling to serve.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,288,788 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,988 shares are held of record by the Living Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust.

PROPOSAL 2: Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has selected Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2015, and the Board has ratified such appointment. The Board has directed that our management submit the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 for ratification by the stockholders at the Annual Meeting.

Grant Thornton LLP has audited our consolidated financial statements since 2011. Representatives of Grant Thornton LLP are expected to be at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 is not required by our Bylaws or otherwise. However, the Board has directed our management to submit this selection to the stockholders for ratification as a matter of good corporate practice. In the event the stockholders fail to ratify the selection of Grant Thornton LLP, the Audit Committee will not be required to replace Grant Thornton LLP as our independent registered public accounting firm. In the event of such a failure to ratify, the Audit Committee and the Board will reconsider whether or not to retain Grant Thornton LLP as our independent registered public accounting firm in future years. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if the Audit Committee determines that such a change would be in our and our stockholders' best interests.

Vote Required

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015.

REPORT OF THE AUDIT AND CONFLICTS COMMITTEE

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2014.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board of Directors. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2014 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chairman
Edward L. Kane
Tim Storey

BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on October 6, 2015 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

Except as noted, and except pursuant to applicable community property laws, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown. An asterisk (*) denotes beneficial ownership of less than 1%.

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
Directors and Named Executive Officers				
Ellen M. Cotter (2)(8)	3,146,965	14.0	1,171,888	69.8
James J. Cotter, Jr. (8)(9)				
Margaret Cotter (3)(8)				
Guy W. Adams	--	--	--	--
Judy Codding	--	--	--	--
William D. Gould (4)		*	--	--
Edward L. Kane (5)	17,500	*	100	*
Andrzej Matyczynski (12)		*	--	--
Douglas J. McEachern (6)	37,300	*	--	--
Michael Wrotniak	--	--	--	--
Robert F. Smerling (7)	43,750	*	--	--
Wayne Smith		*	--	--
5% or Greater Stockholders				
James J. Cotter Living Trust (8)				
Estate of James J. Cotter, Sr. (Deceased) (8)	326,800	1.5	427,808	25.5
Mark Cuban (10)	72,164	*	207,611	13.1
5424 Deloache Avenue				
Dallas, Texas 75220				
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (11)	--	--	97,500	6.2
875 Prospect Street, Suite 301				
La Jolla, California 92037				

All Directors and executive officers as a group (12 persons) (13)	5,315,993	23.7	1,209,088	71.9

(3) Percentage ownership is determined based on 22,425,056 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on October 6, 2015. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 192,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 287,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Living Trust"). See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,209,088 shares of Class B Stock.

(3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,398 shares held by the Cotter 2005 Grandchildren's Trust and and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 287,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Living Trust. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,209,088 shares of Class B Stock.

(4) The Class A Stock shown includes 17,000 shares subject to stock options.

(5) The Class A Stock shown includes 2,000 shares subject to stock options.

(6) The Class A Stock shown includes 27,000 shares subject to stock options.

(7) The Class A Stock shown consists of shares subject to stock options.

(8) On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Living Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decisions, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. to our Board and to take all actions to rotate the Chairmanship of our Board among the three of them. The 2014 Amendment states that James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Living Trust. On February 6, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2003 (Case No. BP158733). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter, Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,000 shares of Class B Stock shown in the table as being beneficially owned by the Living Trust are reflected on the Company's stock register as being held by the Living Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,000 shares of Class B Stock by the Living Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Living Trust.

(9) The Class A Stock shown includes 850,286 shares held directly. The Class A Stock shown also includes 289,398 shares held by the Cotter 2005 Grandchildren's Trust and 192,751 held by the Cotter Foundation. Ms. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Living Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). The Class A Stock shown includes 811,661 shares pledged as security for a margin loan.

(10) Based on Mr. Cotter's Form 4 filed with the SEC on July 18, 2011 and Schedule 13D filed on August 3, 2015.

(11) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on February 15, 2011.

(12) The Class A Stock shown includes 12,500 shares subject to stock options.

(13) The Class A Stock shown includes 139,250 shares subject to options.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission (the "SEC") and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transaction that occurred in 2014 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file three Forms 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Mr. Stacey failed to timely file one Form 4 with respect to one transaction in our common stock;
- The Estate of James Cotter, Sr. (Deceased) failed to timely file one Form 3 with respect to one transaction in our common stock; and
- The James J. Cotter Living Trust failed to timely file one Form 3 with respect to one transaction in our common stock.

All of the transactions involved were between the individual involved and our Company or related to certain inter-family or estate planning transfers, and did not involve transactions with the public. Insofar as we are aware, all required filings have now been made.

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

Name	Age	Title
Devasis Ghose	62	Chief Financial Officer
Robert F. Smerling	80	President - Domestic Cinemas
William D. Ellis	58	General Counsel and Secretary
Wayne D. Smith	57	Managing Director – Australia and New Zealand
James J. Cotter, Sr.		Former Chief Executive Officer (Deceased)
James J. Cotter, Jr.	46	Former Chief Executive Officer
Andrzej Matyczynski	63	Former Chief Financial Officer, Treasurer and Corporate Secretary

Devasis ("Dev") Ghose. Devasis Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles with three NYSE-listed companies: Skilled Healthcare Group (a health services company, now part of Genesis HealthCare) from 2008 to 2013, Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe, now part of Public Storage) from 2004 to 2006, and HCP, Inc. (which invests primarily in real estate serving the healthcare industry) from 1986 to 2003, and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe) from 2006 to 2007. Prior thereto, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the U.S. from 1975 to 1985, and KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 57 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our Company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer (handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, areas in which we have particular asset concentrations. Mr. Ellis graduated Phi Beta Kappa from Occidental College in 1979 with a Bachelor of Arts degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

Wayne D. Smith. Wayne D. Smith joined our Company in April 2004 as our Managing Director - Australia and New Zealand, after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing that company's Australian and New Zealand operations via an AUD$250 million expansion to more than 50 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

James J. Cotter Sr. James J. Cotter Sr. served as our Chairman and Chief Executive Officer during 2014 until his resignation on August 7, 2014.

James J. Cotter Jr. James J. Cotter Jr. served as our President during all of 2014 and was appointed our Chief Executive Officer on August 7, 2014. He served as our Vice Chairman during 2014 through August 7, 2014. Mr. Cotter's position as President and Chief Executive Officer continued until June 12, 2015.

Andrzej Matyczynski. Andrzej Matyczynski served as our Chief Financial Officer, Treasurer and Corporate Secretary during 2014. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our Board has established a standing Compensation Committee consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation.

The Compensation Committee recommends to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chairman and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

Throughout this proxy statement, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

CEO Compensation

The Compensation Committee recommends to our Board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant. The Compensation Committee has established three components of our Chief Executive Officer's compensation—a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element is to reasonably reward our Chief Executive Officer for his or her performance and leadership.

In 2007, our Board approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our Company and its predecessors. None of Mr. James J. Cotter, Jr., our former Chief Executive Officer, Ms. Ellen M. Cotter, our interim Chief Executive Officer, or any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

2014 CEO Compensation

The Compensation Committee engaged Towers Watson, formerly Towers Perrin, executive compensation consultants, in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analysis, Towers Watson, in consultation with our management, including James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description.

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Compensation Committee engaged Towers Watson to update its analysis of Mr. Cotter, Sr.'s compensation as compared to his peers, which updated report was received on February 26, 2014. The Company paid Towers Watson $11,461 for the updated report.

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (*i.e.*, total cash compensation plus expected value of long-term compensation) relative to a peer group of United States and Australian companies and published compensation survey data, and to our

Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 60th percentile of the peer group.

The peer group consisted of the following 18 companies:

Acadia Realty Trust	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

Towers Watson predicted 2014 pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of $360 million (*i.e.*, our Company's approximate annual revenues) for all companies, excluding financial services companies. Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits, except as Mr. Cotter, Sr.'s annual cash compensation may change.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, was above Mr. Cotter, Sr.'s pay levels in 2013. The peer group is partially comprised of companies that are larger than our Company, and the 60th percentile level tends to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson was below our Chief Executive Officer pay levels.

Towers Watson averaged the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s 2013 cash compensation and total direct compensation, which includes the expected value of long-term incentive compensation, was in line with the 60th percentile.

Because our Company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it was not necessary to separately adjust the peer group data based on the size of our Company.

The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our Board the following compensation for Mr. Cotter, Sr. for 2014 and on March 13, 2014, our Board accepted the Compensation Committee's recommendation without modification:

Salary: $750,000

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at its 2013 level of $750,000, which approximates the 75th percentile of the peer group.

Discretionary Cash Bonus Up to $750,000

In 2013, the Compensation Committee recommended and our Board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 60th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or

quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our Company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

At its meeting on August 14, 2014, the Compensation Committee determined that Mr. Cotter, Sr.'s successful completion of our sale of the Burwood property in Australia and other accomplishments in 2014 justified the award to Mr. Cotter, Sr. of the full $750,000 cash bonus, plus an additional cash bonus of $500,000. The Compensation Committee's determination to award the extraordinary cash bonus was based in part on the advice of Towers Watson.

Stock Bonus $1,200,000 (160,643 shares of Class A Stock).

At its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he was to receive 160,643 shares of our Company's Class A Stock: the number of shares of Class A nonvoting common stock equal to $1,200,000 divided by the closing price of the stock on February 27, 2104, the date the Committee approved the stock bonus. This compares to a similar stock bonus to Mr. Cotter, Sr. of $750,000 in 2013.

The stock bonus was paid to the Estate of Mr. Cotter, Sr. in February 2015.

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James J. Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014.

Total Direct Compensation

We and our Compensation Committee have no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

Compensation of Other Named Executive Officers

The compensation of the Cotter family members as executive officers of our Company is determined by the Compensation Committee based on the same compensation philosophy used to determined Mr. Cotter, Sr.'s 2014 compensation. The Cotter family members' respective compensation consists of a base cash salary, discretionary cash bonus and periodic discretionary grants of stock options.

Mr. Cotter, Sr. set the 2014 base salaries of our executive officers other than himself and members of his family. Mr. Cotter, Sr.'s decisions were not subject to approval by the Compensation Committee or our Board, but our Compensation Committee and our Board considered Mr. Cotter, Sr.'s decisions with respect to executive compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. informed us that he did not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor did he consult with compensation consultants on the matter. Mr. Cotter, Sr. also advised us that he considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:
    - attract and retain talented executives;
    - reward executives appropriately for their individual efforts and job performance; and
    - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.
2. In support of the foregoing, the total compensation paid to our named executive officers should be:
    - fair, both to our Company and to the named executive officers;
    - reasonable in nature and amount; and
    - competitive with market compensation rates.

Personal and Company performances were just two factors considered by Mr. Cotter, Sr. in establishing base salaries. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2014, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered by Mr. Cotter, Sr. in setting the base salaries may have included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we have awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our Board has delegated to our Chief Executive Officer the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives. Any discretionary annual bonuses to the Cotter family executive have historically been determined by our Board based upon the recommendation of our Compensation Committee.

No cash bonuses were awarded to Cotter family members other than Mr. Cotter, Sr. for 2014. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2016 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to approval by the Compensation Committee. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Capital Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

Andrzej Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April 15, 2016. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

Other than Mr. Cotter, Sr.'s and Mr. Cotter, Jr.'s roles as Chief Executive Officer in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

2014 Base Salaries and Target Bonuses

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals. Our Compensation Committee recommended and our Board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2014:

Name	2013 Base Salary ($)	2014 Base Salary ($)
James J. Cotter, Jr.	195,417	335,000
Ellen M. Cotter	335,000	335,000

The base salaries of our other named executive officers were established by Mr. Cotter, Sr. as shown in the following table:

Name	2013 Base Salary ($)	2014 Base Salary ($)
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	351,500	359,250

All named executive officers are eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service. Our Board reserves discretion to adjust bonuses for the Cotter family members based on its own evaluations of the recommendations of our Compensation Committee as it did in both 2013 and 2014 in Mr. Cotter, Sr.'s case.

We offer stock options and stock awards to our employees, including named executive officers, as the long-term incentive component of our compensation program. We sometimes grant equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we grant to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

Other Elements of Compensation

Retirement Plans

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Supplemental Executive Retirement Plan

In March 2007, our Board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. was to be entitled to receive from our Company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our Company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was

partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Mr. Matyczynski's DCP vested as follows:

December 31	Total Vested Amount at the End of Each Vesting Year
2013	$300,000
2014	$450,000

Mr. Matyczynski resigned his employment with the Company effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April, 2016. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

We currently maintain no other retirement plan for our named executive officers.

Key Person Insurance

Our Company maintains life insurance on certain individuals who we believe to be key to our management. In 2014, these individuals included James J. Cotter, Sr., James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, Director or independent contractor of our Company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers, the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits, although in the past we provided Mr. Cotter, Sr. the personal use of our West Hollywood, California, condominium, which was used as an executive meeting place and office and sold in February 2015, a Company-owned automobile and a health club membership. Historically, all of our other named executive officers also have received an automobile allowance. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Tax Gross-Ups

As a general rule, we do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation paid or provided by our Company. In 2014, however, we reimbursed Ms. Ellen M. Cotter $50,000 for income taxes she incurred as a result of her exercise of stock options that were deemed to be nonqualified stock options for income tax purposes, but which were intended by the Compensation Committee and her to be so-called incentive stock options, or "ISOs", when originally granted. Our Compensation Committee believed it was appropriate to reimburse Ms. Cotter because it was our Company's intention at the time of the issuance to give her the tax deferral feature applicable to ISOs. Due to the application of complex attribution rules, she did not in fact qualify for such tax deferral. Accordingly, upon exercise, she received less compensation than the Compensation Committee had intended.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. The Compensation Committee and our Board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the

discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

Nonqualified Deferred Compensation

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our Company's executive compensation. The Compensation Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K and, based on such review and discussions, has recommended to our Board that the foregoing "Compensation Discussion and Analysis" be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chair
Guy W. Adams
Tim Storey

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Compensation Committee throughout 2014. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2014. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Executive Compensation

This section discusses the material components of the compensation program for our executive officers named in the 2014 Summary Compensation Table below. In 2014, our named executive officers and their positions were as follows:

- James J. Cotter, Sr., former Chairman of the Board and former Chief Executive Officer.
- James J. Cotter, Jr., former Vice Chairman, Chief Executive Officer and President.
- Andrzej Matyczynski, former Chief Financial Officer, Treasurer and Corporate Secretary.
- Robert F. Smerling, President – Domestic Cinema Operations.
- Ellen M. Cotter, Chairperson of the Board, Interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC.
- Wayne Smith, Managing Director – Australia and New Zealand.

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through December 31, 2014, (iii) Mr. Andrzej Matyczynski, who served as our Chief Financial Officer through December 31, 2014, and (iv) the other three most highly compensated persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr.(2)	2014	432,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
Former Chairman of the Board and Chief Executive Officer	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
	2012	700,000	500,000	950,000	--	2,333,000 (3)	24,000 (4)	4,507,000

James J. Cotter, Jr.(5) Former President and Chief Executive Officer	2014	333,000	--	--	--	--	27,000 (7)	360,000
	2013	198,000	--	--	--	--	20,000 (7)	218,000
	2012	--					0	0
Andrzej Matyczynski (9) Former Chief Financial Officer, Treasurer and Corporate Secretary	2014	300,000			31,000	156,000 (6)	26,000 (7)	513,000
	2013	309,000	35,000	--	31,000	59,000 (6)	26,000 (7)	460,000
	2012	309,000	--	--	31,000	259,000 (6)	25,000 (7)	624,000
Robert F. Smerling President – Domestic Cinema Operations	2014	330,000	25,000	--	--	--	22,000 (7)	397,000
	2013	359,000	50,000	--	--	--	22,000 (7)	431,000
	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter (10) Interim President and Chief Executive Officer, Chief Operating Officer Domestic Cinemas	2014	333,000	--	--	--	--	78,000 (7) (8)	419,000
	2013	333,000	--	--	--	--	27,000 (7)	360,000
	2012	333,000	60,000	--	--	--	27,000 (7)	420,000
Wayne Smith Managing Director - Australia and New Zealand	2014	334,000	50,000	--	--	--	19,000 (7)	403,000
	2013	339,000	--	--	--	--	20,000 (7)	359,000
	2012	337,000	30,000	--	22,000	--	19,000 (7)	414,000

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 17, 2015.

(2) Mr. Cotter, Sr. resigned as our Chairman and Chief Executive Officer on August 2, 2014.

(3) Represents the present value of the vested benefits under Mr. Cotter, Sr.'s SERP. In October 2014, we began accruing monthly supplemental retirement benefits of $37,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries. Under the SERP, such payments are to continue for a 180-month period.

(4) Until February 25, 2015, we owned a condominium in West Hollywood, California, which we used as an executive meeting place and office. "All Other Compensation" includes the estimated incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., our matching contributions under our 401(k) plan, the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by our Company.

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 2, 2014 and served until June 12, 2015.

(6) Represents the increase in the vested benefit of the SCP for Mr. Matyczynski. Payment of the vested benefit under his SCP will be made in accordance with the terms of the SCP.

(7) Represents our matching contributions under our 401(k) plan, the cost of key person insurance, and any automobile allowances.

(8) Includes the $30,888 tax gross-up described in the "Tax Gross-Up" section of the Compensation Discussion and Analysis.

(9) Mr. Matyczynski resigned as our Corporate Secretary on October 28, 2014 and as our Chief Financial Officer and Treasurer on May 11, 2015.

(10) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 2015.

Grants of Plan-Based Awards

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2014:

Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards

Name	Threshold (t)	Level (l)	Maximum (h)	Threshold (t)	Level (l)	Maximum (h)

James J. Cotter, Sr.	12/31/2013	$ 1,200,000	$ 1,200,000	$ 1,200,000							
Wayne Smith (1)	12/31/2013				8,000	8,000	8,000				
William Ellis	10/20/2014							60,000	$ 856	171,487	

(1) The awards issued to Mr. Wayne Smith are related to his prior-year performance and will vest in equal installments in 2015 and 2016.

Employment Agreements

James J. Cotter, Jr. On June 3, 2013, we entered into an employment agreement with Mr. James J. Cotter, Jr. to serve as our President. The employment agreement provided Mr. Cotter, Jr. with an annual base salary of $335,000, with employee benefits in line with those received by our other senior executives. Mr. Cotter, Jr. also was granted a stock option to purchase 100,000 shares of our Class A Stock at an exercise price equal to the market price of our Class A Stock on the date of grant and which vested in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which is currently subject to arbitration.

Devasis Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Devasis Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of $350,000, with an annual target bonus of at least $60,000. Mr. Ellis also received a "sign-up" bonus of $10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for an annual base salary of $312,000 and other compensation. Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, but will continue as an employee until April 15, 2016 (the "Retirement Date") in order to assist in the transition of our new Chief Financial Officer, Mr. Glasse, whose information is set forth above. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan (the "Plan") at the annual meeting of stockholders in accordance with the recommendation of the Board of Directors of the Company. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, Directors, and consultants. The Plan permits issuance of a maximum of 1,250,000 shares of Class A Stock. The Plan expires automatically on March 11, 2020.

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Carter, Sr. Other stock grants are subject to Board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Capital Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

Certain Federal Income Tax Consequences

Nonqualified Stock Options. There will be no federal income tax consequences to either the Company or the participant upon the grant of a non-discounted nonqualified stock option. However, the participant will realize ordinary income on the exercise of the nonqualified stock option in an amount equal to the excess of the fair market value of the common stock acquired upon the exercise of such option over the exercise price, and the Company will receive a corresponding deduction. The gain, if any, realized upon the subsequent disposition by the participant of the common stock will constitute short-term or long-term capital gain, depending on the participant's holding period.

Incentive Stock Options. There will be no regular federal income tax consequences to either the Company or the participant upon the grant or exercise of an incentive stock option. If the participant does not dispose of the shares of common stock for two years after the date the option was granted and one year after the acquisition of such shares of common stock, the difference between the aggregate option price and the amount realized upon disposition of the shares of common stock will constitute long-term capital gain or loss, and the Company will not be entitled to a federal income tax deduction. If the shares of common stock are disposed of in a sale, exchange or other "disqualifying disposition" during these periods, the participant will realize taxable ordinary income in an amount equal to the excess of the fair market value of the common stock purchased at the time of exercise over the aggregate option price (adjusted for any loss of value at the time of disposition), and the Company will be entitled to a federal income tax deduction equal to such amount, subject to the limitations under Code Section 162(m).

While the exercise of an incentive stock option does not result in current taxable income, the excess of (1) the fair market value of the option shares at the time of exercise over (2) the exercise price, will be an item of adjustment for purposes of determining the participant's alternative minimum tax income.

SARs. A participant receiving an SAR will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When a participant exercises the SAR, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and will be allowed as a deduction for federal income tax purposes to the Company, subject to limitations under Code Section 162(m). In addition, the Board (or Committee), may at any time, in its discretion, declare any or all awards to be fully or partially exercisable and may

discriminate among participants or among awards in exercising such discretion.

Restricted Stock. Unless a participant makes an election to accelerate recognition of the income to the date of grant, a participant receiving a restricted stock award will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock, and the Company will be entitled to a corresponding tax deduction at that time, subject to the limitations under Code Section 162(m).

Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2014 under the Plan.

Outstanding Equity Awards At Year Ended December 31, 2014

		Option Awards				Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James J. Cotter, Sr.	B		--		09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A		--		01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A		--		02/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A				08/22/2023	--	--
Robert P. Smerling	A	43,750	--	10.24	09/05/2017	--	--

Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2014:

Option Awards	Stock Awards

Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	--	--		
Andrzej Matyczynski	35,180	180,063	--	--

Pension Benefits

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2014:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James J. Cotter, Sr.(1)	SERP		$	$--
Andrzej Matyczynski(2)	DCP	5	$ 450,000	$--

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2014, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders (1)	753,350	(2)	$ 7.61	1,625,050
Equity compensation plans not approved by security holders	160,643	(3)	--	--
Total	913,993		--	--

(1) These plans are the Company's 1999 Stock Option Plan and 2013 Stock Incentive Plan.
(2) Represents outstanding options only. The Company did not have any outstanding warrants and rights as of December 31, 2014.
(3) Represents the restricted stock to be issued in 2015.

Potential Payments Upon Termination of Employment or Change in Control

The following paragraphs provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2014.

Mr. Dyvasis Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. William Ellis – Termination without Cause. Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Mr. Wayne Smith—Termination of Employment for Failing to Meet Performance Standards. If Mr. Smith's employment is terminated by the Board for failing to meet the standards of his anticipated performance, Mr. Smith will be entitled to a severance payment of six months' base salary.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The members of our Audit and Conflicts Committee are Douglas McEachern, who serves as Chair, and Edward Kane. Management presents all potential related party transactions to the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company that is owned by Sutton Hill Associates, which was a 50/50 partnership between James J. Cotter, Sr. and Michael Forman. The Village East is the only cinema subject to this lease, and during 2014, 2013 and 2012 we paid rent to SHC in the amount of $590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at

any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 24% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

In February 2015, we and SHP entered into an amendment to the management agreement dated as of June 27, 2007 between us and SHC. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2 & 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2 & 3 over the average annual positive cash flow of the Cinemas over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations.

OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter, who is our Vice Chair and the sister of Ellen M. Cotter.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equaled to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2014, OBI Management earned $397,000, which was 20.6% of net cash flows for the year. In 2013, OBI Management earned $401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned $390,000, which was 19.7% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

Live Theater Show Investment

From time to time, our officers and Directors may invest in plays or other shows that lease our live theaters. The show STOMP has played in our Orpheum Theatre since prior to our acquisition of the theater in 2001. Mr. Cotter, Sr. owned an approximately 5% interest in that show.

Shadow View Land and Farming LLC

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California

and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our Company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is owned by the James J. Cotter, Sr. Living Trust, while Ellen M. Cotter and Margaret Cotter contend that such interest is owned by the Estate of James J. Cotter, Sr. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit Committee.

INDEPENDENT PUBLIC ACCOUNTANTS

Summary of Principal Accounting Fees for Professional Services Rendered

Our independent public accountants, Grant Thornton LLP, have audited our financial statements for the fiscal year ended December 31, 2014, and are expected to have a representative present at the Annual Meeting, who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Audit Fees

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2014 and 2013 were approximately $661,700 and $550,000, respectively.

Audit-Related Fees

Grant Thornton LLP did not provide us any audit related services for 2014 or 2013.

Tax Fees

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2014 or 2013.

All Other Fees

Grant Thornton LLP did not provide us any services for 2014 or 2013, other than as set forth above.

Pre-Approval Policies and Procedures

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any *de minimis* non-audit services. Non-audit services are considered *de minimis* if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2014 and 2013.

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is being provided with this Proxy Statement.

Stockholder Communications with Directors

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

Stockholder Proposals and Director Nominations

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2016 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than June 22, 2016 to be considered timely. If our 2016 Annual Meeting is not within 30 days of the anniversary of our 2015 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2016 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2016 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

October 16, 2015

PROXY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.
We encourage you to take advantage of Internet or telephone voting.
Both are available 24 hours a day, 7 days a week.
Internet and telephone voting is available through 11:59 p.m. PT, on November 9, 2015.

VOTE BY INTERNET	**WWW.PROXYVOTE.COM**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. PT on November 9, 2015. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

VOTE BY TELEPHONE	**1-800-353-7685**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. PT on November 9, 2015. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to Proxy Vote Inc., P.O. Box 3672, Port Jervis Beach, FL 32924-9911.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBER

If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing.

READING INTERNATIONAL ANNUAL MEETING PROXY CARD
BOARD OF DIRECTORS - The Board of Directors recommends a vote FOR all nominees listed.
Proposal 1

(01) Ellen M. Cotter (02) Guy W. Adams (03) Judy Codding (04) James J. Cotter, Jr. (05) Margaret Cotter
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. McEachern (09) Michael Wrotniak

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

To withhold your vote for any individual nominee(s), mark "For All Except" box and write the number(s) of the nominees(s) on the line below.

	FOR	AGAINST	ABSTAIN
Proposal 2 Ratification of the Appointment of Our Independent Auditors, Grant Thornton LLP, for fiscal year 2015- The Board of Directors recommends a vote FOR approval of the appointment of our Grant Thornton LLP.	☐	☐	☐
Proposal 3 Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.			

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Signature

Signature (Joint Owners)

Date

Note: Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by authorized officer, giving full title as such. If a partnership, please sign in partnership name by authorized person, giving full title as such.

SIGN, DATE AND MAIL YOUR PROXY TODAY.
UNLESS YOU HAVE VOTED BY INTERNET OR TELEPHONE.

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015.
TO BE INCLUDED IN THE VOTING RESULTS, ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015 WILL BE VOTED.

SEE REVERSE SIDE

If submitting a proxy by mail, please sign and date the card on reverse and fold and detach card at perforation before mailing.

READING INTERNATIONAL

ANNUAL MEETING OF STOCKHOLDERS

November 10, 2015, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Ritz-Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina del Rey, California 90292, on Tuesday, November 10, 2015 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

The undersigned hereby ratifies and confirms all that the attorneys and proxies, or any of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the Annual Meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

SEE REVERSE SIDE

000066

EXHIBIT 5

EXHIBIT 5

2016
Proxy

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☑
Filed by a party other than the Registrant ☐

Check the appropriate box:
☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☑ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

EXH 176
DATE 5-13-16
WIT M. Colfer
PATRICIA HUBBARD

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 15, 2014

TO THE STOCKHOLDERS:

The 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders;

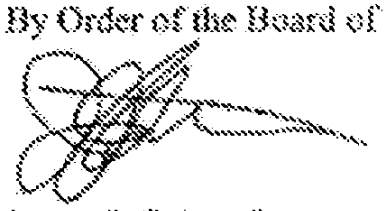
2. To act on an advisory vote on executive compensation; and

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is enclosed. Only holders of our class B voting common stock at the close of business on April 17, 2014 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors



James J. Cotter, Sr.
Chairman

April 25, 2014

PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

PROXY STATEMENT

Annual Meeting of Stockholders
Thursday, May 15, 2014

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 15, 2014, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about April 25, 2014.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders, (2) act on an advisory vote on executive compensation, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 17, 2014, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,123,888 shares of our Class B Stock on the Record Date, which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 15, 2014 – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Information."

VOTING AND PROXIES

Am I eligible to vote?

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you own Class B Stock and did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240. Your shares of Class B Stock are entitled to one vote per share.

What if I own Class A Nonvoting Common Stock?

If you do not own any class B Stock, then you have received this proxy statement only for your information. You and other holders of our class A nonvoting common stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

How will my shares be voted if I am a stockholder of record?

If you are a stockholder of record and do not vote via the Internet, by telephone or by returning a signed proxy card, your shares will not be voted unless you attend the Annual Meeting and vote your shares or designate some other person to vote on your behalf by issuance to such person of a valid proxy and such person attends the meeting and votes such shares on your behalf.

If you vote via the Internet or telephone and do not specify contrary voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals. Similarly, if you sign and submit your proxy card with no instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals.

If I am a beneficial owner of shares, can my brokerage firm vote my shares?

If you are a beneficial owner and do not vote via the Internet, by telephone or by returning a signed voting instruction card to your broker, your shares may be voted only with respect to so-called routine matters where your broker has discretionary voting authority over your shares. Brokers will have no such discretionary authority to vote on any of the Proposals. We encourage you, therefore, to provide instructions to your brokerage firm by returning the voting instruction card provided by that broker.

How do I vote in person?

If you are a stockholder of record, you may vote in person by attending the 2014 Annual Meeting.

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. Accordingly, if you want to vote in person, you will need to bring that proxy with you to evidence your rights to vote such shares. If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

If I plan to attend the Annual Meeting, should I still submit a proxy?

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

What if I want to revoke my proxy?

You have the right to revoke your proxy at any time before it is voted on your behalf by:

- submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;
- submitting a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting in person.

Proxy Solicitation and Expenses

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

Quorum and Vote Required

The presence in person or by proxy of the holders of a majority of our outstanding shares of Class B Stock will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder to one vote on all matters to come before the Annual Meeting.

The following voting rights are associated with respect to the Proposals:

- As to Proposal 1 regarding the election of Directors, you may vote "FOR" or "WITHHOLD" with respect to all or any of the nominees.
- As to Proposal 2 regarding the approval, by non-binding vote, of the compensation of our named executive officers as disclosed in this proxy statement, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to abstain, it will have the same effect as an "AGAINST" vote.

An automated system administered by our transfer agent will tabulate votes cast by proxy at the Annual Meeting, and the inspector of elections for the Annual Meeting will tabulate votes cast in person at the Annual Meeting.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties except as may be necessary to meet legal requirements.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2015 or until their successors are elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
James J. Cotter, Sr.	76	Chairman of the Board and Chief Executive Officer (1)
James J. Cotter, Jr.	44	Vice Chairman of the Board(2)
Ellen M. Cotter	48	Director
Margaret Cotter	46	Director
Guy W. Adams	63	Director
William D. Gould	75	Director (3)
Edward L. Kane	76	Director (1)(2)(4)(5)
Douglas J. McEachern	62	Director (4)
Tim Storey	56	Director (4)(5)

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(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead Independent Director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation Committee.

James J. Cotter, Sr.

James J. Cotter, Sr. has been a Director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a Director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a Director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several Boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his

interests are generally aligned with those of the other stockholders of the Company, which enhances his value as a Director. In those situations where there may be a conflict of interest, such matters are referred to our Audit and Conflicts Committee comprised entirely of independent Directors.

James J. Cotter, Jr.

James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, and was appointed Vice Chairman of the Board in 2007. The Board of Directors appointed Mr. James J. Cotter, Jr. to serve as the Company's President, beginning June 1, 2013. He had been Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) since July 2004. Mr. Cotter, Jr. served as a Director to Cecelia Packing Corporation from February 1996 to September 1997 and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the son of James J. Cotter, Sr. and the brother of Margaret Cotter and Ellen M. Cotter.

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney. In addition, with his direct ownership of approximately 671,000 shares of our Company's Class A Common Stock, Mr. Cotter, Jr. is a significant stake holder in our Company. Mr Cotter Jr. also holds options to acquire an additional 22,500 shares of Class A Common Stock.

Ellen M. Cotter

Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the Board her 15 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 12 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. With her direct ownership of approximately 674,000 shares of Class A Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 95,000 shares of Class A Common Stock and 50,000 shares of Class B Voting Common Stock.

Ms. Cotter is a senior executive officer of our Company and, accordingly, will not be paid for her services as a Director, but has been granted the 20,000 stock options customarily granted to all new Directors.

Margaret Cotter

Margaret Cotter has been a Director of the Company since September 27, 2002. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, the subsidiary through which we own our live theaters. Ms. Cotter manages the real estate which houses each of the four live theaters (without compensation). Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of the properties as well as heads the day to day pre-development process and transition of our properties from live theatre operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates which subsequently sold the business to Reading with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a Board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New

York, graduated from Georgetown University Law Center. She is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 15 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of approximately 655,000 shares of our Company's Class A Common Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 27,500 shares of Class A Common Stock and 35,100 shares of Class B Voting Common Stock.

Guy W. Adams

Guy W. Adams is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past ten years, Mr. Adams has served as an independent Director on the Boards of Directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead Director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this Mr. Adams provided investment advice to various family offices as well as investing his own capital in public and private equity transactions.

Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent Director on public company Boards, and in investing and providing financial advice in making investments in public companies.

William D. Gould

William D. Gould has been a Director of the Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice.

As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the Board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our Board to provide oversight in such matters.

Edward L. Kane

Edward L. Kane has been a Director of the Company since October 15, 2004. Mr. Kane was also a Director of the Company from 1988 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chairman of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's Law Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the Board his many years as a tax attorney and law professor. Mr. Kane's tax law experience has served the Company in its recent tax litigation and his expertise and guidance in such complex matters continue to be invaluable to the Company. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the Boards of Directors of several publicly held corporations.

Douglas J. McEachern

Douglas J. McEachern has been a Director of the Company since May 17, 2012 and Chairman of our Audit and Conflicts Committee since August 1, 2012. He has served as a member of the Board of Directors and of the Audit and Compensation Committee for Willdan Group, a NASDAQ listed engineering company, since 2009. Mr. McEachern is also the Chairman of the Board of Directors of Community Bank in Pasadena, California and a member of its Audit Committee. He also is a member of the Finance Committee of the Methodist Hospital of Arcadia. Since July 2009, Mr. McEachern has also served as an instructor of auditing and accountancy at Claremont McKenna College and of accounting at California State Polytechnic University at Pomona. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm, Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank Board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm, Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the Board his more than 36 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the Boards of Directors of a variety of public reporting companies and as a Board member himself for various companies and not-for-profit organizations.

Tim Storey

Tim Storey has been a Director of the Company since December 28, 2011. Mr. Storey has served as the sole outside Director of the Company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a Director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chairman of the Board of that company on July 1, 2009. From 2011 to 2012, Mr. Storey was a Director of NZ Farming Systems Uruguay, also a New Zealand listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chairman of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities. Prolex Advisory has provided consulting services primarily with respect to fund management and commercial property/project transactions across a range of industries including health care, community housing, student accommodations and agriculture.

Mr. Storey brings to the Board many years of experience in New Zealand corporate law and commercial real estate matters. He serves as a Director of our New Zealand subsidiary.

Attendance at Board and Committee Meetings

During the year ended December 31, 2013, our Board of Directors met five times. The Audit and Conflicts Committee and the Compensation Committee each held six meetings, while the Tax Oversight Committee held five meetings.

Each Director attended at least 75% of these Board Meetings and at least 75% of the meetings of all committees on which he or she served.

Code of Ethics

We have adopted a Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and Company employees, which is available on our website at www.readingrdi.com.

Indemnity Agreements

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer employee, agent or fiduciary of the Company.

Compensation of Directors

During 2013, all of our Directors, except those who are working executives, received an annual fee of $35,000 for their services, including attendance at meetings of the Board and Board committees. In addition, each Director received a one-time payment of $3,000. For 2013, the Chairman of our Audit and Conflicts Committee received an additional $7,000, the Chairman of our Compensation Committee received an additional $5,000, and the Chairman of our Tax Oversight Committee received an additional $18,000.

Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received $59,000 for his services as Director and Vice Chairman of the Board in 2013.

In addition, upon joining the Board, new Directors receive immediately vested options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Our Directors are from time to time granted additional stock options as a part of their continuing compensation for their ongoing participation on our Board of Directors. These awards are based upon the recommendations of our Chairman and principal shareholder, James J. Cotter, Sr., which recommendations are reviewed and acted upon by our entire Board of Directors. Typically, in such cases, each sitting Director (other than Mr. Cotter, Sr., who does not participate in such awards) is awarded the same number of options, and such options are granted on the same terms. Historically, we have granted our officers and Directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration. Such awards have in each case been recommended by Mr. Cotter, Sr. to our Compensation Committee for the committee's consideration.

Director Compensation Table

The following table summarizes the Director compensation for the year ended December 31, 2013:

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr. (1)	$ --	$ --	$ --	$ --
James J. Cotter, Jr. (1)	$ 59,000	$ --	$ --	$ 59,000
Ellen M. Cotter (1)	$ --	$ 35,000 (4)	$ --	$ 35,000
Margaret Cotter (2)	$ 38,000	$ 10,000 (5)	$ --	$ 48,000
Guy W. Adams (3)	$ --	$ --	$ --	$ --
William D. Gould	$ 38,000	$ 10,000 (5)	$ --	$ 48,000
Edward L. Kane	$ 61,000	$ 10,000 (5)	$ --	$ 71,000
Douglas J. McEachern	$ 45,000	$ 10,000 (5)	$ --	$ 55,000
Tim Storey	$ 38,000	$ 10,000 (5)	$ 21,000 (6)	$ 69,000
Alfred Villasenor (7)	$ 38,000	$ 10,000 (5)	$ --	$ 48,000

(1) Mr. Cotter, Sr. and Ms. Ellen Cotter receive compensation only as executive officers of the Company and not in their capacities as Directors. Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received $59,000 for his services as Director and Vice Chairman of the Board in 2013.

(2) In addition to her Director's fees, Margaret Cotter receives a combination of fixed and incentive management fees under the OBI Management Agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.

(3) Mr. Adams joined the Board on January 14, 2014 and was granted 20,000 options on the same date.

(4) As a new Director, Ellen Cotter was granted 20,000 options on March 7, 2013.

(5) Each of these Directors was granted 5,000 options on June 21, 2013.

(6) This amount represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.

(7) Alfred Villasenor, who has been a Director of the Company since 1987, has decided not to put his name forward for re-election this year. Accordingly, his term will end and he will be retiring from our Board, effective upon election of his successor at our upcoming Annual Meeting.

Board Committees and Corporate Governance

Our Board of Directors has standing Executive, Audit and Conflicts, Compensation, and Tax Oversight Committees. These committees are discussed in greater detail below.

James J. Cotter, Sr. owns beneficially a majority of our Class B Stock and accordingly holds more than 50% of the voting power for the election of Directors of the Company. Therefore, our Board of Directors, has determined that our Company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our Board of Directors in 2009 unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our Company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our Directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to Mr. Cotter, Sr. as our controlling stockholder, in order to be elected. Mr. Cotter, Sr., as the holder of a majority of the voting power of our Company, is able to unilaterally elect candidates to our Board of Directors at our annual meeting or any other meeting where our Directors are to be elected or remove a Director from the

Board of Directors. Historically, Mr. Cotter, Sr. has identified and recommended nominees to our Board of Directors in consultation with our other incumbent Directors.

Our Board of Directors does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No stockholder has, in more than the past ten years, made any proposal or recommendation to the Board as to potential nominees, nor has Mr. Cotter, Sr. ever proposed, in the time he has been our principal or controlling stockholder, any nominee that our remaining Directors have found to be unacceptable. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board of Directors directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Rules and exempted from the requirements for an independent nominating process and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board of Directors believes there is no need for a formal policy with respect to Director nominations.

Our Board of Directors will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the immediately preceding annual meeting of our stockholders at which Directors are elected, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved forward. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board of Directors.

Our Directors have not adopted any formal criteria with respect to the qualifications required to be a Director or the particular skills that should be represented on our Board of Directors, other than the need to have at least one Director and member of our Audit and Conflicts Committee who qualifies as an "audit committee financial expert," and have not historically retained any third party to identify or evaluate or to assist in identifying or evaluating potential nominees. We have no policy of considering diversity in identifying Director nominees.

Five of the current nominees are long-standing incumbent Directors, and all nine nominees were originally recommended by Mr. Cotter, Sr. No other recommendations were received by us with respect to possible nominees to our Board of Director for consideration at our upcoming Annual Meeting of Stockholders.

James J. Cotter, Sr., serves as our Chief Executive Officer and as Chairman of the Board of Directors. We believe this leadership structure is appropriate because it is more efficient than having these roles divided, and, because the first-hand knowledge of our business operations that our Chairman possesses as Chief Executive Officer, better serves our entire Board in its decision making. In lieu of separating the Chief Executive Officer and Chairman functions, the Board has designated William D. Gould to serve as our Lead Independent Director, to chair meetings of the independent Directors, and to act as liaison between our Chairman and our independent Directors.

Our Board of Directors oversees risk by remaining well-informed through regular meetings with management and our Chairman's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Vice-Chairman chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board of Directors is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent Directors.

We encourage, but do not require, our Board members to attend our annual meeting of stockholders. Six of our nine then-incumbent Directors attended last year's annual meeting.

Executive Committee

A standing Executive Committee, comprised of Mr. Cotter, Sr., Mr. Kane and Mr. Villaseñor, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full Board of Directors. In recent years, this committee has not been used to take any action on corporate matters. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation Committee, all matters requiring Board approval have been considered by the entire Board of Directors.

Audit and Conflicts Committee

Our Board of Directors maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by the Board of Directors, and is available on our website at www.readingrdi.com. Our Board of Directors has determined that the Audit Committee is comprised entirely of independent Directors, (as defined in section 4605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chairman of our Audit Committee, is qualified as an Audit Committee Financial Expert. With respect to our fiscal year ended December 31, 2013, our Audit and Conflicts Committee was comprised of Messrs. McEachern, Kane, and Storey.

Audit Committee Report

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2013.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board of Directors. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton, LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton, LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton, LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements." In addition, Grant Thornton, LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton, LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton, LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2013 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee,

Douglas J. McEachern, Chairman
Edward L. Kaufe
Tim Storey

Compensation Committee

Our Board of Directors has a standing Compensation Committee comprised entirely of independent Directors. The current members of this committee are Alfred Villasenor, Tim Storey and Edward L. Kane, who serves as Chairman.

The Compensation Committee evaluates and makes recommendations to the full Board of Directors regarding the compensation of our Chief Executive Officer, James J. Cotter, Sr. and of any Cotter family member, provides from time to time advice to James J. Cotter, Sr. regarding the compensation of other executives, as requested by Mr. Cotter, Sr., and performs other compensation related functions as delegated. The Compensation Committee Report is shown below under the heading, "Compensation Committee Report."

Tax Oversight Committee

Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board abreast of and informed about the Company's tax planning and such tax issues as may emerge from time to time. This committee is comprised of Messrs. Edward L. Kane and James J. Cotter, Jr. Mr. Kane serves as the Chairman of the committee.

Vote Required

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

Mr. Cotter, Sr. has advised us that he intends to vote his shares of Class B Stock in favor of each of our nominees. Since Mr. Cotter, Sr. owned a majority of the outstanding shares of Class B Stock on the Record Date, if he votes all of his shares as he has advised, each of the nominees will be elected regardless of the vote of our other stockholders.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") mandates that our stockholders vote whether to approve, on an advisory or non-binding basis, the compensation of our "named executive officers" as disclosed in this proxy statement. Currently, our named executive officers are Messrs. James J. Cotter, Sr., Ellen M. Cotter, Andrzej Matyczynski, Robert F. Smerling, and Wayne D. Smith. A description of the compensation paid to these individuals is set out below under the heading, "Executive Compensation."

This vote is advisory in nature and therefore not binding on us, our Compensation Committee, or our Board of Directors. Furthermore, this vote is not intended to address any specific item of compensation, but rather the overall compensation of these executive officers and our general compensation policies and practices.

Vote Required

The affirmative vote of a majority of the shares of our Class B Stock present in person or represented by proxy and entitled to be voted on the proposal at the Annual Meeting is required for advisory approval of this proposal.

Mr. Cotter has indicated that he intends to vote his approximately 70% of the outstanding shares of our Class B Stock in accordance with the Board of Directors' recommendation and "for" such approval, and if he does, Proposal 2 will be approved.

Recommendation of the Board

OUR BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on the Record Date by:

- each of our incumbent Directors and Director nominees;
- each of our named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and executive officers as a group.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown.

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
James J. Cotter, Sr. (2)	3,024,097	13.7%	1,123,888	70.4%
James J. Cotter, Jr. (3)	718,232	3.3%	--	--
Ellen M. Cotter (4)	768,766	3.5%	50,000	3.2%
Margaret Cotter (5)	682,870	3.1%	35,100	2.3%
Guy Adams (6)	20,000	*	--	--
William D. Gould (7)	84,840	*	--	--
Edward L. Kane (7)	65,000	*	100	*
Douglas J. McEachern (8)	29,800	*	--	--
Tim Storey (8)	25,000	*	--	--
Alfred Villaseñor (9)	34,300	*	--	--
Andrzej Matyczynski (10)	73,244	*	--	--
Robert F. Smerling (11)	43,750	*	--	--
Wayne Smith	--	--	--	--

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
Mark Cuban (12) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.9%
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (13) 875 Prospect Street, Suite 301 La Jolla, California 92037	N/A	N/A	97,500	6.5%
All Directors and Executive Officers as a Group (12 persons)(14)	5,534,799	24.7%	1,209,088	71.9%

(1) Percentage ownership is determined based on 22,015,738 shares of Class A Stock and 1,495,490 shares of Class B Stock outstanding on the Record Date. Beneficial ownership is determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of the Record Date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person. An asterisk (*) denotes beneficial ownership of less than 1%.

(2) The Class B Stock shown includes 100,000 shares subject to stock options and 1,023,888 shares owned by the James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee. The shares of Class A Stock shown include 1,602,226 shares owned by the James J. Cotter Living Trust, 29,730 shares held in a pension fund in Mr. Cotter, Sr.'s name, 1,000,000 shares held by Cotter Enterprises, LLC, of which Mr. Cotter, Sr. is the sole voting member, 289,390 shares held by a trust for Mr. Cotter, Sr.'s grandchildren, of which Mr. Cotter, Sr. is the trustee, and 102,791 held by the James J. Cotter Foundation, of which Mr. Cotter, Sr. is the trustee. Mr. Cotter, Sr. has no pecuniary interest in the shares held by his grandchildren's trust or the James J. Cotter Foundation. Mr. Cotter, Sr.'s pecuniary interest in the shares held by Cotter Enterprises, LLC is limited to 10,000 of the shares held by Cotter Enterprises, LLC, representing his 1% interest in that entity. The Cotter 2005 Children's Trust U/D/T dated December 31, 2005 (the "Cotter Children's Trust") holds a 99% non-voting interest in Cotter Enterprises, LLC.

(3) The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. It also includes 25,000 shares subject to stock options exercisable on June 3, 2014.

(4) The Class A Stock shown includes 95,000 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(5) The Class A Stock shown includes 27,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(6) Includes 20,000 shares subject to stock options.

(7) Includes 47,500 shares subject to stock options.

(8) Includes 25,000 shares subject to stock options.

(9) Includes 22,500 shares subject to stock options.

(10)Includes 47,600 shares subject to stock options.

(11)Includes 43,750 shares subject to stock options.

(12)Based on Mr. Cuban's Form 4 filed on July 18, 2011 and Schedule 13-G filed on February 14, 2012.

(13)Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13-G filed on February 15, 2011.

(14)The Class A Stock shown includes 423,850 shares subject to stock options and the Class B Stock shown includes 185,100 shares subject to stock options.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and Directors and persons who own more than 10% of either class of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The SEC rules also require such reporting persons to furnish us with a copy of all Section 16(a) forms they file.

Based solely on a review of the copies of the forms we have received and on written representations from certain reporting persons, during 2013, it appears that certain Section 16(a) filings were not timely made. Mr. James J. Cotter, Sr. filed four late reports on Form 4 covering five transactions. M. James J. Cotter, Jr. filed one late report on From 4 and one late report on Form 5 covering two transactions. Ellen M. Cotter filed two late reports on Form 4, pertaining to five transactions. Ms. Margaret Cotter filed one late filing on Form 4 and one late filing on Form 5 pertaining to two transactions. Messrs. William Gould, Edward L. Kane, Douglas J. McEachern and Alfred Villaseñor each filed one late Form 4 relating to the grant of Director stock option to them on June 21, 2013. Mr. Andrzej J. Matyczynski make three late filings on form 4 relating to three transactions. Mr. Wayne Smith filed one late filing on from 4, relating to a single transaction. Generally speaking, these late filing related to the granting or exercise of stock options or stock grants or, in the case of the members of the Cotter family, transfers between affiliates of such Cotter Family Members and did not involve open market transactions.

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than James J. Cotter, Sr., James J. Cotter, Jr., and Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

Name	Age	Title
Andrzej Matyczynski	61	Chief Financial Officer and Treasurer
Robert F. Smerling	79	President - Domestic Cinemas
Wayne Smith	56	Managing Director – Australia and New Zealand

Andrzej Matyczynski has served as our Chief Financial Officer and Treasurer of our Company since November 1999. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Masters Degree in Business Administration from the University of Southern California.

Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 56 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

Wayne D. Smith joined the Company in April 2004 after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing the company's Australian and New Zealand operations via an AUD$250 million expansion to more than 80 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a Director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

The Board of Directors of our Company has established a standing Compensation Committee, which we refer to in this section as the "Committee," consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the general authority delegated to the Committee by our Board of Directors.

The Compensation Committee recommends to the full Board of Directors the compensation of our Chief Executive Officer and of any Cotter family members. Our Board of Directors, with Directors James J. Cotter, Sr., Ellen M. Cotter, Margaret Cotter, and James J. Cotter, Jr. abstaining, typically accepts the recommendation of the Compensation Committee without modification, but reserves the right to modify the recommendations or take other action. James J. Cotter, Sr., as our Chairman and Chief Executive Officer, has been delegated responsibility by our Board to determine the compensation of our executive officers other than Cotter family members. In his discretion, however, Mr. Cotter, Sr., may seek the advice of the Compensation Committee on matters related to the compensation of other named executive officers. The Board of Directors exercises oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our Company's Chief Executive Officer, and from time to time performs other compensation-related functions.

Throughout this proxy section, the individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

CEO Compensation

The Compensation Committee recommends to the Board of Directors the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant who reports directly to the Compensation Committee. Consistent with the above program, the Compensation Committee utilizes three elements -- a base salary cash component, a discretionary annual cash bonus component, and a fixed stock grant component -- with respect to our Chief Executive Officer's compensation. The objective of each element is to reasonably reward Mr. Cotter, Sr. for his performance and leadership.

In 2012, the Compensation Committee engaged Towers Watson, executive compensation consultants, to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analyses, Towers Watson, in consultation with our management, including Mr. James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description. The Committee relied upon the Towers Watson 2012 analysis in determining our Chief Executive Officer's compensation for 2013.

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In 2007, our Board of Directors approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr., supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. The SERP is described in greater detail below under the caption "Supplemental Executive Retirement Plan." As this plan was adopted as a reward for past services and as the amounts to be paid under that plan are determined by application of an already agreed to formula, the Compensation Committee does not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect an actuarial analysis of any increase in the present value of the SERP benefit and reflects the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the plan is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the plan are tied only to the cash portion of his compensation, and not to compensation in the form of stock options or stock grants.

2013 CEO Compensation

For purposes of establishing our Chief Executive Officer's 2013 Compensation, Towers Watson in December 2012 provided the Committee an updated written assessment of Mr. Cotter Sr.'s total direct compensation compared to the following peer group of companies:

Acadia Realty Trust
Amalgamated Holdings Ltd.
Associated Estates Realty Corp.
Bluegreen Corp.
Carmike Cinemas Inc.
Cedar Shopping Centers Inc.
Cinemark Holdings Inc.
Entertainment Properties Trust
Ollimcher Realty Trust
IMAX Corporation
Inland Real Estate Corp.
Kite Realty Group Trust
LTC Properties Inc.
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties Trust
Regal Entertainment Group
The Marcus Corporation
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

The 2012 Towers Watson analysis predicted pay levels of the peer group for 2013 using regression analysis to adjust pay data based on estimated annual revenues of $230 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s overall compensation was in line with the 66th percentile among the peer companies. The Compensation Committee, however, does not target Mr. Cotter Sr.'s compensation to any particular percentile of compensation among the peer companies.

The Company paid Towers Watson a fee of $24,000 for its services in preparing the 2012 analysis.

Based on the above 2012 Towers Watson analysis, on January 15, 2013, the Compensation Committee recommended to the Board, and the Board subsequently accepted, the following compensation program for our Chief Executive Officer for 2013.

Salary: *$750,000*

The Compensation Committee determined to increase Mr. Cotter, Sr.'s 2013 annual base salary from $700,000 in 2012 to $750,000, or approximately 7%. According to Tower Watson's advice, most of the peer group companies were considering increases in the range of 3%. In deciding to recommend an increase in Mr. Cotter, Sr.'s annual base salary, the Compensation Committee decided to maintain Mr. Cotter Sr.'s overall total compensation increase from 2012 to within the 3% range, but make the adjustment fully on the base salary. The Compensation Committee also considered the fact that the increase would necessarily result in an increase in Mr. Cotter, Sr.'s SERP, but this did not affect the Compensation Committee's recommendation.

since the SERP is fully vested and, except for changes in benefits resulting from changes in Mr. Cotter, Sr.'s annual cash compensation, Mr. Cotter, Sr. is no longer accruing additional benefits under the SERP.

Discretionary Cash Bonus: Up to $500,000.

The Compensation Committee determined to maintain the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2013 at the 2012 level. No benchmarks, formulas or quantitative or qualitative measurements of any kind were specified for use in determining the amount of cash bonus to be awarded within this range. In its annual compensation review, the Compensation Committee recommends to the Board the actual amount of the cash bonus, within such range, at its discretion and based solely on its subjective evaluation of our Chief Executive Officer's performance. As it typically has done in the past, in December 2013 the Compensation Committee recommended that the full amount of the discretionary cash bonus be awarded to Mr. Cotter, Sr. for 2013. The Compensation Committee reserved the right to increase the $500,000 upper range of discretionary cash bonus amount based upon parameters discussed with Mr. Cotter, Sr.

At its January 15, 2013 meeting, the Compensation Committee also determined to recommend to the Board of Directors an additional 2013 cash bonus to Mr. Cotter, Sr. of up to $500,000 based on the achievement of specified criteria relating to the progress of the Company's proposed Cinemas and Union Square developments in New York City.

In subsequent informal discussions among the Compensation Committee members later in 2013, they discussed the progress of the Company's development, which had been delayed temporarily by subway and landmarking issues, as well as the continued importance to the Company of the proposed development and estimated appreciation in the value of the proposed development. The Compensation Committee members also considered the diversion of Mr. Cotter, Sr.'s time and attention by other business of the Company, including the successful sale of the Company's Moonee Ponds Property for AU$523 million, which the Compensation Committee had not considered in recommending the additional $500,000 bonus for 2013.

As a result of the above, at a meeting of the Board of Directors on January 14, 2014, the Chairman of the Compensation Committee summarized the discussions among the Compensation Committee members and reported that there was a consensus among the members that Mr. Cotter, Sr. should be awarded the full additional $500,000 bonus for 2013 despite the Company's failure to meet certain criteria originally established by the Compensation Committee in January 2013 as the basis for the payment of the additional $500,000 bonus for 2013. Based on the Compensation Committee's report and recommendations, the Board of Directors, with Mr. Cotter, Sr. and Mr. Cotter, Jr. and Ellen Cotter abstaining, approved the payment to Mr. Cotter, Sr., of the full $500,000 additional bonus for 2013.

Stock Bonus: $750,000 (125,209 shares of Class A Stock).

In its meeting on January 15, 2013, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company was not terminated prior to December 31, 2013 other than as a result of his death or disability, he was to receive 125,209 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to $750,000 divided by the closing price of the stock on January 15, 2013, the date the Committee approved the stock bonus. These shares were issued on April 8, 2014.

None of our executive officers plays a role in determining the compensation of our Chief Executive Officer. When invited by the Compensation Committee, Mr. Cotter, Sr. attends meetings of the Compensation Committee. In 2013, he attended one such meeting. Before recommending any changes to our Chief Executive Officer's compensation, the Compensation Committee typically discusses the proposed changes with Mr. Cotter, Sr. and Andrzej Matyczynski, our Chief Financial Officer, occasionally attends Compensation Committee meetings as he did in 2013 to provide information as requested by the Committee.

2014 CEO Compensation

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Company engaged Towers Watson to generate an updated report, which the Company received on February 26, 2014.

The Company paid Towers Watson $7,455 for the updated report.

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to, with one exception, the same peer group of 19 United States and Australian companies and published compensation survey data, and to the Company's compensation philosophy. The excepted former peer group company was Bluegreen Corp., which was acquired in 2013.

Towers Watson again predicted pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of $260 million (i.e., the Company's approximate annual revenues) for all companies, excluding financial services companies. The published survey data was updated to January 1, 2014 using an annual update factor of 3%, which reflects the projected 2013 salary budget increase for the arts, entertainment and recreation industry. As in its prior reports to the Company, Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits except as Mr. Cotter, Sr.'s annual cash compensation changes.

The Towers Watson analysis indicated that Mr. Cotter, Sr.'s total direct compensation for 2013, including the $300,000 additional cash bonus to Mr. Cotter, Sr., was in line with the 66th percentile of the peer group.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, is above Mr. Cotter, Sr.'s annual base salary as it was in 2012 even after the 7% increase in Mr. Cotter, Sr.'s salary implemented in 2013. The peer group is partially comprised of companies that are larger than Reading and the 66th percentile level tend to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the Company's peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson is below the Company's pay levels.

Towers Watson combined the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s cash compensation is in line with the 66th percentile while the total direct compensation, which includes the expected value of long-term incentive compensation, would have been below the 66th percentile, without the additional $300,000 cash bonus paid to Mr. Cotter, Sr. for 2013.

Because our Company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it is not necessary to separately adjust the peer group data based on the size of our Company, since the peer group was selected based on the acceptable revenue range. The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our Board of Directors the following compensation for our Chief Executive Officer for 2014. The Board met on March 13, 2014 and accepted this recommendation without change.

Salary: *$750,000*

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at $750,000, its 2013 level.

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Discretionary Cash Bonus: *Up to $750,000.*

The Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2014 from the 2013 level of $500,000 to $750,000. The bonus is subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment is terminated earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in the past, the Compensation Committee reserves the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of the Company or Mr. Cotter, Sr.'s exceptional performance as determined in the Compensation Committee's discretion

Stock Bonus: *$1,200,000 (160,643 shares of Class A Stock).*

In its meeting on February 27, 2014, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2014 other than as a result of his death or disability, he is to receive 160,643 shares of our Company's Class A Stock; the number of shares of Class A nonvoting common stock equal to $1,200,000 divided by the closing price of the stock on February 27, 2104, the date the Committee approved the stock bonus.

Compensation of Other Named Executive Officers

Mr. Cotter Sr., our Chairman and Chief Executive Officer, sets the compensation of our executive officers other than himself and the members of his family. Mr. Cotter, Sr.'s decisions are not subject to approval by the Compensation Committee or the Board of Directors, but our Compensation Committee and our Board consider Mr. Cotter, Sr.'s decisions with respect to Executive Compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. has informed the Company that he does not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor does he consult with compensation consultants on the matter. Mr. Cotter, Sr. has advised the Company that he considers the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   - attract and retain talented executives;
   - reward executives appropriately for their individual efforts and job performance; and
   - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board of Directors.

2. In support of the foregoing, the total compensation paid to our named executive officers should be:

   - fair both to our Company and to the named executive officers;
   - reasonable in nature and amount; and
   - competitive with market compensation rates.

Personal and Company performances are just two factors considered by Mr. Cotter, Sr. in establishing base salaries and awarding discretionary compensation. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2013, a majority of total compensation to our named executive officers was in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. These elements are discussed further below.

Salary: Annual base salary is intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors that may be considered by Mr. Cotter, Sr. in setting the base salaries include (i) the negotiated terms of each executive's employment agreement or the original terms of employment; (ii) the individual's position and level of responsibility with our Company; (iii) periodic review of the executive's compensation, both individually and relative to other named executive officers and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Cash bonuses may supplement the base salaries of our named executive officers and are entirely discretionary on the part of Mr. Cotter, Sr. Factors that may be considered by Mr. Cotter, Sr. in awarding cash bonuses are (i) the level of the executive's responsibilities; (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision; and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, are entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board Approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

If awarded, it is generally our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Capital Market on the date the award is approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock is granted as bonus compensation for a particular transaction, the award may be based on the market price on a date calculated from the closing date of the relevant transaction. Awards may also be subject to vesting and limitations on voting or other rights.

Andrzej Matyczynski, our Chief Financial Officer, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation as described elsewhere in this proxy statement.

Other than Mr. Cotter, Sr.'s role in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

Key Person Insurance

Our Company maintains key person life insurance on certain individuals who we believe to be key to our management. These individuals include certain of our current officers, Directors and independent contractors. If such individual ceases to be an employee, Director or independent contractor of our Company, as the case may be, he or she is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premiums for both the insurance as to which our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Retirement Benefits

We provide all of our employees, including Mr. Cotter, Sr. and our other named executive officers, a retirement savings plan qualified under Internal Revenue Code section 401(k). To be eligible to participate, employees must have completed four months of employment, and must be over 21 years of age. Employees choosing to participate can make contributions to their plan account on a pre-tax basis up to the maximum

annual amount permitted by IRS rulings. The Company usually matches employee contributions dollar-for-dollar up to 3% of employee wages, then 50 cents per dollar between 3% and 5% of employee wages.

Supplemental Executive Retirement Plan

In March 2007, our Board of Directors approved a Supplemental Executive Retirement Plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. will be entitled to receive from our Company for the remainder of his life (with a guaranteed minimum of 180 monthly payments) a monthly payment of the greater of (i) 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us or (ii) $25,000. The beneficiaries under the SERP may be designated by Mr. Cotter, Sr. or by his beneficiary following his death. The benefits under the SERP are fully vested.

The SERP is unfunded and, as such, the SERP benefits are unsecured, general obligations of our Company. We may choose in the future to establish one or more grantor trusts from which to pay the SERP benefits. The SERP is administered by the Compensation Committee.

Other Retirement Plans

John Hunter, our former Chief Operating Officer, left the company in June 2013, and in accordance with the provisions of his employment agreement, the Company paid the vested pension benefit of $400,000 on February 3, 2014, without interest.

During 2012, Mr. Matyczynski was granted an unfunded deferred compensation plan ("DCP") that is partially vested and will vest further, assuming he remains in our continuous employ. If Mr. Matyczynski is terminated for cause, then the total vested amount reduces to zero. The incremental amount vested each year is subject to review and approval by our Board of Directors (with the concurrence of our Chairman). Assuming no changes in the incremental vesting amount by our Board of Directors, Mr. Matyczynski's DCP will vest as follows:

December 31	Total Vested Amount at the End of Each Vesting Year
2013	$ 300,000
2014	$ 375,000
2015	$ 450,000
2016	$ 525,000
2017	$ 625,000
2018	$ 750,000
2019	$ 1,000,000

Payment of the vested benefit is to be made in three equal annual payments, starting six months after he ceases to be employed by our Company.

We currently maintain no other retirement plan for our named executive officers.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. The Compensation Committee and our Board of Directors consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

Nonqualified Deferred Compensation

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay and Say When Pay

At our Company's Annual Meeting of Stockholders held on May 19, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. Our stockholders voted in favor of our Company's executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. The Committee reviewed the results of the advisory vote on executive compensation in 2012 and did not make any changes to our compensation based on the results of the vote. The Committee will review the results of the upcoming advisory vote on executive compensation and decide whether any changes should be made going forward.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our Board of Directors that the foregoing "Compensation Discussion and Analysis" be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chairman
Tim Storey
Alfred Villaseñor

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Summary Compensation Table

The following table presents summary information concerning all compensation payable to our named executive officers for services rendered in all capacities during the past three completed fiscal years:

	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Jr.	2013	750,000	1,000,000	735,000 (1)	--	1,455,000 (2)	23,000 (3)	3,963,000
Chairman of the Board	2012	700,000	600,000	500,000	--	2,400,000	24,000	4,067,000
and Chief Executive Officer	2011	500,000	500,000	750,000	--	--	25,000	1,775,000
Andrzej Matyczynski	2013	300,000	35,000	--	33,000	50,000 (5)	28,000 (4)	446,000
Chief Financial Officer	2012	300,000	--	--	30,000	250,000	25,000	617,000
and Treasurer	2011	300,000	--	--	31,000	--	22,000	362,000
Robert F. Smerling	2013	350,000	50,000	--	--	--	22,000 (4)	422,000
President - Domestic	2012	350,000	50,000	--	--	--	22,000	422,000
Cinema Operations	2011	350,000	25,000	--	--	--	18,000	393,000
Ellen M. Cotter	2013	335,000	--	--	--	--	23,000 (4)	358,000
Chief Operating Officer	2012	335,000	50,000	--	--	--	23,000	420,000
Domestic Cinemas	2011	215,000	--	--	--	--	24,000	299,000
Wayne Smith	2013	339,000	--	--	--	--	20,000 (4)	359,000
Managing Director -	2012	357,000	18,000	--	22,000	--	19,000	416,000
Australia and New Zealand	2011	353,000	28,000	--	33,000	--	18,000	432,000

(1) Based on closing price of our Class A Nonvoting Common Stock on January 15, 2013.

(2) Represents an increase in the actuarial value of Mr. Cotter, Sr.'s SERP at December 31, 2013, as estimated by Towers Watson in January 2014. As the SERP is unfunded, this does not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the present value of the formula benefits provided for in the SERP, and reflects items such as the timing of cash compensation payments made to Mr. Cotter, Sr., and interest rates from time to time. No change has been made to the SERP benefits since its inception in 2007.

(3) We own a condominium in West Hollywood, California, which is used as an executive meeting place and office. "All Other Compensation" includes our matching contributions under our 401(k) plan, the incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by the Company.

(4) Represents our employer's matching contributions under our 401(k) plan, key person insurance, and any car allowances.

(5) Represents increases in the value of the DCP for Mr. Matyczynski at December 31, 2013. As this DCP is unfunded, these amounts do not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the value of the benefits provided for by the DCP.

Grants of Plan-Based Awards

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2013:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
James J. Cotter, Sr.	1/15/2013	125,209 (1)	$750,000

(1) Represents the value, determined by reference to the closing price of our Class A Stock on January 15, 2013, of shares issued to Mr. Cotter in satisfaction of the stock bonus portion of his compensation package for 2013. This valuation does not reflect any discount for the fact that these shares are restricted and cannot be sold for five years.

Outstanding Equity Awards

The following table contains information concerning the outstanding option and stock awards of our named executive officers as of December 31, 2013:

		Option Awards				Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James J. Cotter, Sr.	B	100,000	--	$ 10.24	5/9/2017	--	--
Ellen M. Cotter	A	20,000	--	$ 5.55	3/16/2018	--	--
Ellen M. Cotter	B	30,000	--	$ 10.24	5/9/2017	--	--
Andrzej Matyczynski	A	35,100	--	$ 5.13	9/12/2020	--	--
Andrzej Matyczynski	A	12,500	37,500	$ 6.02	8/22/2022	--	--
Robert F. Smerling	A	43,750	--	$ 10.24	5/9/2017	--	--

Option Exercises and Stock Vested

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2013:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	--	$ --	123,209	$ 937,838
Ellen M. Cotter	75,000	$ 300,750	--	$ --
Wayne Smith	50,000	$ 200,500	--	$ --

Pension Benefits

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2013:

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James J. Cotter, Sr.	SERP	26	$ 7,398,000	$ --
Andrzej Matyczynski	CFO DCP	4	$ 300,000	$ --

Payments Upon Termination or Change in Control

We have entered into the following termination arrangements with the following named executive officer:

Andrzej Matyczynski. Pursuant to his employment agreement, Mr. Matyczynski is entitled to a severance payment equal to six months' salary in the event his employment is involuntarily terminated.

Wayne Smith. Pursuant to his employment agreement, Mr. Smith is entitled to a severance payment equal to six months' salary if the Reading Board terminates his employment for not meeting the standards of anticipated performance.

No other named executive officers have termination benefits in their employment agreements. None of our employment agreements with our named executive officers have provisions relating to change in control.

Compensation Committee Interlocks and Insider Participation

The current members of our Compensation Committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman. There are no "interlocks," as defined by the SEC, with respect to any member of our Compensation Committee.

CERTAIN TRANSACTIONS AND RELATED PARTY TRANSACTIONS

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chairman. Management presents all potential related party transactions to

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the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by James J. Cotter and a third party and of which Mr. Cotter is the managing member. The Village East is the only cinema that remains subject to this lease and during 2013, 2012, and 2011, we paid rent to SHC for this cinema in the amount of $590,000 annually.

On June 29, 2016, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2026. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. We are advised by SHC that they intend to exercise their put option this year. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their $3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP. We manage this cinema property for a management fee equal to 5% of its gross income.

In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their $3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP.

OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of James J. Cotter and a member of our Board of Directors.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex

in Chicago on a fee basis based on theater cash flow. In 2013, OBI Management earned $401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned $390,000, which was 19.7% of net cash flows for the year. In 2011, OBI Management earned $398,000, which was 19.4% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

Live Theater Play Investment

From time to time, our officers and Directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. Messrs. James J. Cotter and Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater.

Shadow View Land and Farming LLC

During 2012, Mr. James J. Cotter, our Chairman, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, in which Mr. Cotter owns a 50% interest. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by the Audit and Conflicts Committee of our Board of Directors.

Certain Family Relationships

Mr. Cotter, Sr., our controlling stockholder, has advised the Board of Directors that he considers his holdings in our Company to be long-term investments to be passed onto his heirs. The Directors believe that it is in the best interests of our Company and our stockholders for his heirs to become experienced in our operations and affairs. Accordingly, all of Mr. Cotter, Sr.'s children are currently involved with our Company and all serve on our Board of Directors.

Certain Miscellaneous Transactions

We have loaned Mr. Robert Smerling, the President of our domestic cinema operations, $70,000 pursuant to an interest-free demand loan that antedated the effective date of the Sarbanes-Oxley prohibition on loans to Directors and officers.

INDEPENDENT PUBLIC ACCOUNTANTS

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2013, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Audit Fees

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2013 and 2012 were approximately $950,000 and $593,000, respectively.

Audit-Related Fees

Grant Thornton, LLP did not provide us any audit related services for both 2013 and 2012.

Tax Fees

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for both 2013 and 2012.

All Other Fees

Grant Thornton, LLP did not provide us any other services than as set forth above for both 2013 and 2012.

Pre-Approval Policies and Procedures

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its member(s) who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2013 and 2012.

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is being provided with this Proxy Statement.

Stockholder Communications with Directors

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

Stockholder Proposals and Director Nominations

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2015 Annual Meeting of

Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than January 6, 2015 to be considered timely. If our 2015 Annual Meeting is not within 30 days of the anniversary of our 2014 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2015 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2015 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

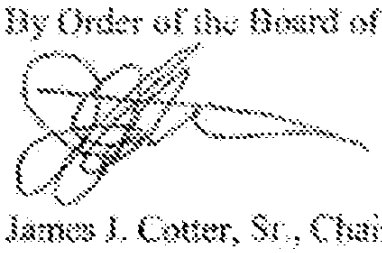
DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,



James J. Cotter, Sr., Chairman
Dated: April 25, 2014

000099

RDI-A07376

PROXY CARD

READING INTERNATIONAL

Electronic Voting Instructions
You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.
Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 15, 2014.
Vote by Internet
Log on to the Internet and go to
www.investorvote.com/RDI
Follow the steps outlined on the secured website.
Vote by telephone
Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
Follow the instructions provided by the recorded message.

Annual Meeting Proxy Card
IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A. Proposals

1. Election of Directors – The Board of Directors recommends a vote FOR all the nominees listed.

Nominees	For	Withhold		For	Withhold		For	Withhold
01 – James J. Cotter, Sr.	☐	☐	02 – James J. Cotter, Jr.	☐	☐	03 – Ellen M. Cotter	☐	☐
04 – Margaret Cotter	☐	☐	05 – Guy W. Adams	☐	☐	06 – William D. Gould	☐	☐
07 – Edward L. Kane	☐	☐	08 – Douglas J. McEachern	☐	☐	09 – Tim Storey	☐	☐

2. Advisory vote on executive officer compensation – The Board of Directors recommends a vote FOR approval of the advisory and non-binding vote on the Company's named executive officer compensation.

For	Against	Withhold
☐	☐	☐

3. Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

B. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustees, etc., should give their full titles.

Date (mm/dd/yyyy) – Please print date below.	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.

000100

Proxy - READING INTERNATIONAL, INC.

PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS - TO BE HELD MAY 15, 2014
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints James J. Cotter, Sr. and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the offices of Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

The undersigned hereby ratifies and confirms all that the attorneys and proxies, or any of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the Annual Meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

PLEASE SIGN AND DATE ON REVERSE SIDE

C. **Non-Voting Items**

Change of Address – Please print new address below.

Meeting Attendance
Mark the box to the right if you plan to attend the Annual Meeting. ☐

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.

000101

RDI-A07378

EXHIBIT 6

EXHIBIT 6

From: nelle1438@gmail.com
Sent: Friday, May 29, 2015 11:50 PM
To: tara.king@readingrdi.com
Subject: Fwd: Confidential Settlement Proposal--Subjec to R. 408
Attachments: 3722935_1.pdf; ATT89789.htm

Will u print. Im in the conf room

Thanks,
Ellen Cotter

Begin forwarded message:

From: Harry Susman <HSUSMAN@SusmanGodfrey.com>
Date: May 28, 2015 at 9:56:56 AM PDT
To: "Adam F. Streisand (astreisand@sheppardmullin.com)" <astreisand@sheppardmullin.com>
Cc: Meg Lodise <mlodise@trustlitigation.la>
Subject: FW: Confidential Settlement Proposal--Subjec to R. 408

Adam: I neglected to mention that this offer is good only until 9AM, PST, May 29, 2015.

From: Harry Susman
Sent: Wednesday, May 27, 2015 5:40 PM
To: Adam F. Streisand (astreisand@sheppardmullin.com)
Cc: Meg Lodise
Subject: Confidential Settlement Proposal--Subjec to R. 408

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

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RDI-A07380

Timestamp: 5/27/2015 3:49 PM CDT

Confidential Settlement Memo of Understanding

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

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

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

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of this changes)	JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below: *Executive Committee Structure* The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows: • Members: EMC, AMC, JJC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: (i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of $1 million; and (iii) Review and approval of annual Budget and Business Plan. Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would

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RDI-A07381

	endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO. Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC. The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JR. EMC will be appointed President of the US Cinema division. Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JJC, AMC, SCT and WE). It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.
Reading Voting Stock – Class B	JJC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee. Margaret Cotter will be the Sole Voting Trustee of the Voting Stock. JJC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation; JJC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JR wish to serve as Chair.
Immediate Release and Waiver signed by JJC with respect to all litigation, including any matters covered by the specified litigation	1. California Superior Court case 2. Nevada case filed by JJC 3. All threats against Directors 4. All threats of Company Derivative Action 5. Agreement that Reading International, Inc. can drop the Interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option 6. JJC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company
2014 Trust Amendment	Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.
Trustees of the Living Trust	JJC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive.
Specific Bequests	Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.

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RDI-A07382

Ownership of Agriculture Assets	Cotter Family Farms, LLC Agreement amended • Majority rule for decision-making by Co-Managers; • Remove restrictions on distributions or sale of assets; • JJC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JJC.
JJC's "Lead Director" Agreement with Cecelia - $200,000 per annum	JJC's "lead director" Agreement will be voided. JJC will relinquish any remaining rights in such Agreement.
$1.5 million Loan	As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JJC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable.
Release by EMC and AMC	EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the $1.5 million loan (in which case the parties will work to carve out such claims).
2014 Gifts	JJC delivers EMC check for $28,000.
James J. Cotter Foundation	AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.

AGREED:

_____

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

_____

Ellen Cotter (individually and in all representative capacities)

_____

Margaret Cotter (individual and in all representative capacities)

Timestamp: 5/27/2015 3:49 PM CDT

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RDI-A07384

EXHIBIT 7

(Filed Separately Under Seal)

EXHIBIT 8

(Filed Separately Under Seal)

EXHIBIT 9

EXHIBIT 9

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	)	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

acquire Class B voting stock?

A. For their personal account? No.

Q. Did you have any conversations with anybody about that?

A. The comp committee talked about that.

Q. And the comp committee was you, Mr. Kane and Mr. Storey; right?

A. Tim Storey, yes.

Q. What was the comp committee discussion about that?

A. Whether they could do it, and we've done it -- I think Tim Storey's comment was we've done this in the past; he saw no reason why we shouldn't be able to do it.

Q. Did there come a time when you heard or learned or were told that either or both Ellen Cotter and Margaret Cotter sought to exercise a supposed option to acquire 100,000 shares of Class B voting stock?

A. In the estate or the trust? I mean, not for their personal account.

Q. Acting as -- sorry. I'll do a complete question that answers yours.

A. Okay.

Q. Did there come a time when you heard or

learned or were told that Ellen and/or Margaret, purporting to act as co-executors of the estate, sought to exercise a supposed option to acquire 100,000 shares of Class B voting stock?

A. Yes.

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

BY MR. KRUM:

Q. And what did you learn and when did you first learn it?

MR. TAYBACK: I will just -- if you learned it from an attorney in the course of giving or receiving legal advice, I'll instruct you not to answer. But otherwise you can answer the question.

THE WITNESS: I learned about it first from Ellen, saying she wanted to do that.

BY MR. KRUM:

Q. Did she call you?

A. I think I was in the office.

Q. What did she say to you about why she wanted to do that, if anything?

A. To exercise the options because they had a limited time life to them. The stock price was up and she felt that if the stock were to go down -- stock price were to go down, she would

breach her duties as a trustee for the estate by not monetizing that asset.

Q. And you're talking about the estate acquiring 100,000 shares of Class B voting stock?

A. Exercising the options on 100,000 shares, yes.

Q. Do you recall how she proposed to pay for that?

A. Her notion was they would use the nonvoting stock in the estate as the collateral to pay for it.

Q. Can you explain how it is that trading one class of stock for another is protecting some sort of economic investment?

MR. TAYBACK: Objection; calls for a legal opinion and lack of foundation, that it's not the opinion he expressed.

MR. KRUM: Understood. I'm asking if he understood -- if he can explain what she said, what his understanding of that is.

Q. Go ahead.

A. My understanding of her taking one class of stock to pay for another? One class of stock is nonvoting. You sell it; you get money. Money is fungible. You use that to pay for another class of

EXHIBIT 10

EXHIBIT 10

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	No. A-15-719860-B Coordinated with: P-14-082942-E

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

Job Number 291961

A. Well, it was proposed by the chair as the way in which the company would go forward.

Q. So as a practical matter, did the implementation of that executive committee diminish your participation in board-level decision making?

MR. RHOW: Objection. Vague.

THE WITNESS: I believe so.

MR. KRUM:

Q. And was the same true for Bill Gould, who was not on the executive committee?

MR. SEARCY: Objection. Vague. Lacks foundation.

THE WITNESS: That was my understanding.

MR. KRUM:

Q. And was the same true for Jim Cotter, Jr., who was also not on the executive committee?

A. Yes, that's my understanding.

Q. So what happened is that the three people who voted against the termination of Jim Cotter, Jr. as president and CEO -- or the two who did and the one who abstained were not put on the executive committee; correct?

MR. SEARCY: Objection. Argumentative.

THE WITNESS: Correct.

MR. KRUM: I'll ask the court reporter to mark as 27, a document bearing production TS 409.

EXHIBIT 11

EXHIBIT 11

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, VS. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E Case No. A-16-735305-B

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

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

Job No.: 323867

recollect that there was a search committee to be appointed.

BY MR. KRUM:

Q. And after the search committee was appointed, what, if anything, did you next hear about the CEO search?

A. Again, I don't, at this point, recollect specifically. But I think this point -- at this point, Jim Cotter, Jr. has been removed as CEO, and at this point, Ellen Cotter and others, basically, acted to the exclusion of me and I think Bill Gould, formed matters that were important to the company. So I imagine -- recollection I heard very little about it. I think there was a report at a subsequent meeting that Ellen had spoken to a couple of consultancy firms, and we were looking to appoint a consultancy firm to assist.

Q. By the time your tenure as a director of RDI ended in October of 2015, you had heard nothing further about the CEO search; correct?

MS. BANNETT: Objection. Misstates the testimony.

A. I don't recall. As I said, I don't recollect specifically.

BY MR. KRUM:

EXHIBIT 12

EXHIBIT 12

From: Tim Storey
To: 'Ellen Cotter (Ellen.Cotter@readingrdi.com)'
CC: margaret.cotter@readingrdi.com; James Cotter (private); 'William David Gould'; Kane; 'McEachern, Doug (US - Retired) (dmceachern@deloitte.com)'; 'Guy Adams (gadams@gwacap.com)'
Sent: 7/27/2015 9:17:42 AM
Subject: Reading - August board meeting

Some thoughts prior to the board meeting:

1. I look forward to receiving the board agenda and papers with adequate notice for review etc.

2. I think the agenda should be detailed enough so we clearly know what issues are coming up. I assume it will include the balance of the issues in the earlier agenda (May 21). We should also get a supporting paper for each material matter so we have sufficient detail to fully consider the matter. For example, if an executive committee is to be suggested then I would expect to see a paper setting out why it is required, how it is to be constituted and what powers it will have, and a draft charter.

3. It would be useful to have a paper setting out your thoughts for the future of the company, particularly around strategy, operational issues and the terms of appointment for a new CEO (whether external or internal). This will assist in determining the scope for the CEO search and the terms on which a CEO will be appointed. It could also deal with the NY property development issues and cashflow requirements, given proposed developments/redevelopments with the US circuit and the AUS property developments.

4. I recollect work was being done on finalising delegated authorities etc – has this been completed? Can a paper be distributed?

5. I assume the agenda will allow sufficient time to cover the significant governance issues before the company. While I understand the need to receive and review the operational reports (and by the sound of it in person reports from Wayne and Matthew), I think we should concentrate on the more pressing issues before the company.

6. I think it would be useful to have some idea of Jim Cotter's status as a director prior to the meeting. I have seen the response from Jim Cotter's lawyer; what is the company's view in response? Do we still say the contract requires resignation as a director? Have we withheld any payments on the basis on breach? I am concerned that we ensure the ongoing accuracy of the Form 8k filed June 12, 2015. Assuming Jim remains a director I have included him as cc.

7. The share price closed at 12.03 on Friday night (down from +14.00 a few days earlier) – and Shapiro is suggesting that there is unusual selling volume etc. Can we get a paper providing some detail of what is happening around the share price, why and who is selling etc. Also, it would useful to have a note on all director or company contact with shareholders etc and any feedback we have received, together with details of the "investor relations" steps the company has and is taking. For our understanding, can we have a schedule setting out the major shareholders (of both the A and B shares) and director and officer holdings (including options etc).

8. I have seen the note from Bill Ellis and comment from Craig re the interpleader action – can Bill to prepare a paper setting out the implications of this latest action, together with a view around when we may get some clarity around how/when shares may be voted etc. I recollect we are meant to have an annual shareholder meeting this calendar year (by November?) – can the note deal/throw some light on this too?

9. I still haven't seen any minutes for a number of previous meetings – some of which were months ago and dealt with very significant issues. Minutes – at least in draft - need to be available promptly for review. Otherwise we run the risk of not recollecting what was said and what in fact was agreed. We have already had some confusion as to what was resolved around the interim CEO position and the executive committee. We

even revisited the additional fees issue at the last telephonic meeting when that had been dealt with unanimously at the previous meeting. I would like a clear understanding that draft minutes will be distributed with a short time of each meeting – and give our current situation, I would even suggest within 48 hours or so.

I assume other material issues will be dealt with in the agenda and at the meeting – the Stomp litigation, status of officers, etc

I wonder whether it might be better to start the board meeting earlier on the Tuesday?

Apologies to set out a number of issues, but I haven't heard anything re agenda and I think it important that we as a board take proper steps to consider the issues before the board.

Tim Storey
Director

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

EXHIBIT 13

(Filed Separately Under Seal)

EXHIBIT 14

(Filed Separately Under Seal)

EXHIBIT 15

(Filed Separately Under Seal)

EXHIBIT 16

(Filed Separately Under Seal)

EXHIBIT 17

(Filed Separately Under Seal)

EXHIBIT 18

(Filed Separately Under Seal)

EXHIBIT 19

(Filed Separately Under Seal)

EXHIBIT 20

EXHIBIT 20

8-K 1 rdi-20150618x8k.htm 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): June 12, 2015

READING INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or Other Jurisdiction of Incorporation)

1-8625	95-3885184
(Commission File Number)	(I.R.S. Employer Identification No.)
6100 Center Drive Suite 900 Los Angeles, California	90045
(Address of Principal Executive Offices)	(Zip Code)

(213) 235-2240
(Registrant's Telephone Number, Including Area Code)

n/a
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

EXH 347
DATE 6-22-16
WIT
PATRICIA HUBBARD

000144

RDI-A07409

RDI-A07410

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On June 12, 2015, the board of directors (the "Board") of Reading International, Inc. ("we," "our," "us," "Reading" or the "company") terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, effective immediately. 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.

On June 12, 2015, our Board appointed Ellen Marie Cotter, 49, Chairperson of the Board and the Chief Operating Officer of our Domestic Cinemas Division, to serve as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer.

Ellen Cotter has been a member of the Board since March 7, 2013, and on August 7, 2014 was appointed as its Chairperson. Prior to joining our company in 1998, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. She is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Under Mr. Cotter, Jr.'s employment agreement with the company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000.

Under his employment agreement, Mr. Cotter, Jr. is required to tender his resignation as a director of our company immediately upon the termination of his employment. After a request to do so, Mr. Cotter, Jr. has not yet tendered his resignation. The company considers such refusal as a material breach of Mr. Cotter, Jr.'s employment agreement, and has given him thirty (30) days in which to resign. If he does not do so, the company will terminate further severance payments, as permitted under the employment agreement.

No new compensatory arrangements were entered into with Mr. Cotter, Jr. in connection with his termination.

ITEM 8.01 OTHER EVENTS

On June 12, 2015, Mr. Cotter, Jr. filed a lawsuit against us and each of our other directors in the District Court of the State of Nevada for Clark County, titled James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et. al. The lawsuit alleges, among other allegations, that the other directors breached their fiduciary duties in taking the actions to terminate Mr. Cotter, Jr. as President and Chief Executive Officer of the company and that

RDI-A07412

Margaret Cotter and Ellen Cotter aided and abetted the breach of such fiduciary duties of the other directors. The lawsuit seeks damages and other relief, including an injunctive order restraining and enjoining the defendants from taking further action to effectuate or implement the termination of Mr. Cotter, Jr. as President and Chief Executive Officer of the company and a determination that Mr. Cotter, Jr.'s termination as President and Chief Executive Officer is legally ineffectual and of no force or effect. The company believes that numerous of the factual allegations included in the complaint are inaccurate and untrue and intends to vigorously defend against the claims in this action. The company has been informed that the other directors intend to seek indemnification from the Company for any losses arising under the lawsuit, in which case the company will tender a claim under its director and officers liability insurance policy.

EX-99.1 2 rdi-20150618ex991400879.htm EX-99.1

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibit is included with this Report and incorporated herein by reference:

Exhibit No.	Description
99.1	Press release of Reading International, Inc. of June 15, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 18, 2015 READING INTERNATIONAL, INC.

By: /s/ William D. Ellis

William D. Ellis

General Counsel and Secretary

Exhibit 99.1

Reading International Announces Appointment of Ellen Cotter as Interim Chief Executive Officer

Los Angeles, California, (Business Wire) June 15, 2015 – Reading International, Inc. (NASDAQ:RDI) announced today that its Board of Directors has appointed Ellen M. Cotter as interim President and Chief Executive Officer, succeeding James J. Cotter, Jr. 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.

Ms. Cotter is the Chairman of the Board of Directors of the Company and has served as the senior operating officer of the Company's US cinemas operations for the past 14 years. In addition, Ms. Cotter is a significant stockholder in the Company.

Ms. Cotter commented, "James Cotter, Sr., who served as our Company's Chairman and Chief Executive Officer for over 20 years, grew Reading International, Inc. to a major international developer and operator of multiplex cinemas, live theaters and other commercial real estate assets. I look forward to continuing his vision and commitment to these businesses as we move forward to conduct our search for our next Chief Executive Officer. I will work diligently to ensure that this transition is seamless to all of our stakeholders."

The Company plans to report its second quarter financial results on or before August 10, 2015.

About Ellen Cotter
Ellen M. Cotter has been a member of our Company's Board of Directors since March 2013, and in August 2014 was appointed as Chairman of the Board. She joined Reading International, Inc. in 1998 and brings to the position her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 14 years, she has served as the senior operating officer of our Company's domestic cinema operations. Ms. Cotter is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter was a corporate attorney with the law firm of White & Case in New York, New York.

About Reading International, Inc.
Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning and operating real estate assets. Our business consists primarily of:

- the development, ownership and operation of multiplex cinemas in the United States, Australia and New Zealand; and

- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed retail centers ("ETRC") in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various different brands:

Exhibit 99.1

* in the United States, under the
  o Reading brand (http://www.readingcinemasus.com);
  o Angelika Film Center brand (http://www.angelikafilmcenter.com);
  o Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  o City Cinemas brand (http://www.citycinemas.com);
  o Beekman Theatre brand (http://www.beekmantheatre.com);
  o The Paris Theatre brand (http://www.theparistheatre.com);
  o Liberty Theatres brand (http://libertytheatresusa.com/); and
  o Village East Cinema brand (http://villageeastcinema.com)

* in Australia, under the
  o Reading brand (http://www.readingcinemas.com.au); and
  o Newmarket brand (http://readingnewmarket.com.au)
  o Red Yard Entertainment Centre (http://www.redyard.com.au)

* in New Zealand, under the
  o Reading brand (http://www.readingcinemas.co.nz);
  o Rialto brand (http://www.rialto.co.nz);
  o Reading Properties brand (http://readingproperties.co.nz);
  o Courtenay Central brand (http://www.readingcourtenay.co.nz);
  o Steer n' Beer restaurant brand (http://steernbeer.co.nz);

Media Contact:
Andrzej Matyczynski
Tel: 213-235-2240

EXHIBIT 21

EXHIBIT 21

2014
Proxy

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☑
Filed by a party other than the Registrant ☐

Check the appropriate box:
☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☑ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

EXH 176
DATE 5-13-16
WIT M. Cohen
PATRICIA HUBBARD

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 15, 2014

TO THE STOCKHOLDERS:

The 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014, at 11:30 a.m., local time, for the following purposes:

1. To elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders;

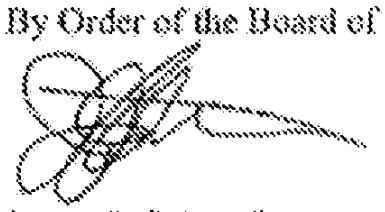
2. To act on an advisory vote on executive compensation; and

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is enclosed. Only holders of our class B voting common stock at the close of business on April 17, 2014 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors



James J. Cotter, Sr.
Chairman

April 25, 2014

PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

PROXY STATEMENT

Annual Meeting of Stockholders
Thursday, May 15, 2014

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 15, 2014, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about April 25, 2014.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders, (2) act on an advisory vote on executive compensation, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 17, 2014, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,123,888 shares of our Class B Stock on the Record Date, which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 15, 2014 – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Information."

VOTING AND PROXIES

Am I eligible to vote?

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you own Class B Stock and did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240. Your shares of Class B Stock are entitled to one vote per share.

What if I own Class A Nonvoting Common Stock?

If you do not own any class B Stock, then you have received this proxy statement only for your information. You and other holders of our class A nonvoting common stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

How will my shares be voted if I am a stockholder of record?

If you are a stockholder of record and do not vote via the Internet, by telephone or by returning a signed proxy card, your shares will not be voted unless you attend the Annual Meeting and vote your shares or designate some other person to vote on your behalf by issuance to such person of a valid proxy and such person attends the meeting and votes such shares on your behalf.

If you vote via the Internet or telephone and do not specify contrary voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals. Similarly, if you sign and submit your proxy card with no instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals.

If I am a beneficial owner of shares, can my brokerage firm vote my shares?

If you are a beneficial owner and do not vote via the Internet, by telephone or by returning a signed voting instruction card to your broker, your shares may be voted only with respect to so-called routine matters where your broker has discretionary voting authority over your shares. Brokers will have no such discretionary authority to vote on any of the Proposals. We encourage you, therefore, to provide instructions to your brokerage firm by returning the voting instruction card provided by that broker.

How do I vote in person?

If you are a stockholder of record, you may vote in person by attending the 2014 Annual Meeting.

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. Accordingly, if you want to vote in person, you will need to bring that proxy with you to evidence your rights to vote such shares. If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

If I plan to attend the Annual Meeting, should I still submit a proxy?

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

What if I want to revoke my proxy?

You have the right to revoke your proxy at any time before it is voted on your behalf by:

- submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;
- submitting a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting in person.

Proxy Solicitation and Expenses

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

Quorum and Vote Required

The presence in person or by proxy of the holders of a majority of our outstanding shares of Class B Stock will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder to one vote on all matters to come before the Annual Meeting.

The following voting rights are associated with respect to the Proposals:

- As to Proposal 1 regarding the election of Directors, you may vote "FOR" or "WITHHOLD" with respect to all or any of the nominees.
- As to Proposal 2 regarding the approval, by non-binding vote, of the compensation of our named executive officers as disclosed in this proxy statement, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to abstain, it will have the same effect as an "AGAINST" vote.

An automated system administered by our transfer agent will tabulate votes cast by proxy at the Annual Meeting, and the inspector of elections for the Annual Meeting will tabulate votes cast in person at the Annual Meeting.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties except as may be necessary to meet legal requirements.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2015 or until their successors are elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
James J. Cotter, Sr.	76	Chairman of the Board and Chief Executive Officer (1)
James J. Cotter, Jr.	44	Vice Chairman of the Board(2)
Ellen M. Cotter	48	Director
Margaret Cotter	46	Director
Guy W. Adams	63	Director
William D. Gould	73	Director (3)
Edward L. Kane	76	Director (1)(2)(4)(5)
Douglas J. McEachern	62	Director (4)
Tim Storey	56	Director (4)(5)

---

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead Independent Director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation Committee.

James J. Cotter, Sr.

James J. Cotter, Sr. has been a Director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a Director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a Director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several Boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his

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CLERK OF THE COURT

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3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
(702) 949-8200
(702) 949-8398 fax

Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL 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

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

PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 2) RE: THE ISSUE OF DIRECTOR INDEPENDENCE

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

2010586508_10

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Lewis Roca
ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

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Lewis Roca ROTHGERBER CHRISTIE

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

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Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to **INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 2) RE: THE ISSUE OF DIRECTOR INDEPENDENCE** filed by Reading International, Inc. (the "Motion"), as follows.

I. INTRODUCTION

This court should deny defendants' Motion for Partial Summary Judgment. Directorial independence is not a claim or an element of a claim. It is a factual question raised where, as here, directors seek to protect their conduct by invoking the business judgment rule. Thus, "[i]ndependence is a fact-specific determination made in the context of a particular case. The Court must make that determination by answering the inquiries: independent from whom and independent for what purpose?" *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1049-50 (Del. 2004); *see also Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003) ("Directors must not only be independent, [they also] must act independently."). For such reasons, MSJ No. 2 seeks relief that cannot be obtained pursuant to Rule 56 and, even if that were not the case, raises exactly the type of factual determination that is not properly made on a Rule 56 motion for summary judgment.

The actual questions the Court would need to answer are questions not raised in MSJ No. 2. Those questions concern whether, with respect to challenged actions the individual director defendants seek to excuse by invoking the business judgment rule, the director defendants can establish that the majority of those making the challenged decisions were independent generally and independent specifically with respect to the challenged decisions. These are not questions that are properly resolved by way of a Rule 56 motion for summary judgment.

II. FACTUAL CLARIFICATION

Kane Maintained a Close Quasi-Familial Relationship with JJC, Sr. for Five Decades

The Director Defendants claim that the "evidence establishes that any 'deep friendship' was between Kane and the deceased James J. Cotter, Sr.—not with his daughters Ellen and

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Margaret Cotter." (Defs.' MSJ No. 2 at 16:18–19; *see also id.* at 1:26–28 ("First, 'the deep friendship' of which Plaintiff complains with respect to director Kane was actually between Kane and the now-deceased James J. Cotter, Sr.—not between Kane and the Cotter sisters.")) This is *exactly* the point Plaintiff makes.

The evidence shows that (1) Kane generally lacked independence from EC and MC because, among other things, of his five-decade long *quasi-familial* relationship with their father and Kane's understanding that their father intended for MC alone, not MC together with Plaintiff, to be the trustee of the voting trust (which was a fundamental issue and dispute between plaintiff, on one hand, and MC and EC on the other hand) and (2) with respect to decisions to threaten with termination and to terminate plaintiff, Kane lacked disinterestedness because, among other things, it was his view that the wishes of his five-decade deceased friend, JJC, Sr., were that MC along, not MC and Plaintiff together, would be the trustee of the voting trust that controlled RDI, which was one of the points on which MC and EC—and Kane—insisted that Plaintiff accept as part of a global resolution of disputes between Plaintiff, on one hand, and MC and EC, on the other hand.

Kane was a close friend of JJC, Sr. for five decades. Kane and JJC Sr. had known each other since attending a L.L.M. program at the NYU Law School in 1963 and "became fast friends" and had a "very close relationship." (Appendix Ex. [1] (Kane 5/2/16 Dep. 29:8–23, 32:20–25).) Kane served as an officer of both Craig Corporation, an entity controlled by JJC, Sr., and as a director of RDI a number of different times in the 1980s and 1990s, most recently returning as an RDI board member in 2004. (Appendix Ex. [1] (Kane 5/2/16 Dep. Tr. 15–16).) Although they had disputes that prompted Kane to resign a number of times, the two were "too good friends to let [things] fester too long." (Appendix Ex. [1] (Kane 5/2/16 Dep. Tr. 25:1–2).)

Kane in deposition repeatedly claimed that "I think I knew better than anybody what [Sr.] would have wanted. I've known him for—I knew him for 50 years." (Appendix Ex. [2] (Kane 5/3/16 Dep. Tr.264:2–4).) Kane has known the Cotter children since their births; he testified that they address him as "Uncle Ed." (Appendix Ex. [1] (Kane 5/2/16 Dep. Tr. 37).) This exceptionally close and lengthy personal relationship rendered Kane unable to make decisions as an independent and disinterested member of RDI's Board of Directors regarding matters that

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touched upon disputes between MC and EC, on one hand, and Plaintiff, on the other, hand.

First, Kane was well aware of the fundamental disputes between MC and EC, on one hand, and Plaintiff, on the other, regarding who would be the trustee of the Voting Trust that would control apparently seventy percent of RDI's class B voting stock:

> Q.: When you refer to "all issues within the family," to what were you referring?
>
> Kane: I can't recall. I see "litigation" there. That was one thing. But I can't recall what the other issues were at the time.
>
> Q.: Well, one of the issues was the lack of agreement regarding whether Margaret or Jim and Margaret would be the trustees of the voting trust, correct?
>
> Kane: Well, that's litigation in my mind.

(Appendix Ex. [1] (Kane 5/2/16 Dep. Tr. 128:7–19); *see also id.* at 210:20—211:3 (confirming that Kane understood that "one of the issues in dispute was who would control the—the trust that held class B voting stock"); 211:5–18 (noting Kane's understanding that there were two outcomes: (1) either MC would sole trustee of the voting trust under the so-called 2013 Amendment or (2) JCJ and MC would be co-trustees of the voting trust under the so-called 2014 Amendment); *see also* Appendix Ex. [2] (Kane 5/3/16 Dep. Tr.276:15–20).)

Second, Kane has his own opinion about what JJC, Sr. intended in that regard. Kane's opinion was that it was JJC, Sr.'s wishes that MC alone be trustee of the voting trust.

> Q: Referring you, Mr. Kane, to your testimony about your understanding as to why in the 2013 amendment Margaret had been designated as trustee of the voting trust, how did you come to have that understanding?
>
> Kane: Mr. Cotter informed me. In one of our conversations he said he was making Margaret the trustee of the voting stock. And I asked him why. And he told me -- and it's right in my brain, it's imprinted on it -- that "that will force them to work together." That's a quote.
>
> Q: What else did you say or what else did he say in that conversation about either the trust documentation or [t]he Cotter children working together?
>
> Kane: Excuse me. Repeat that, please.
>
> Q.: What else did he say, if anything, during that conversation about the trust documentation?
>
> Kane: Nothing that I can recall.

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> Q.: What else, if anything, did he say during that conversation about prompting or forcing the three -- his three Cotter children to work together?
>
> Kane: *He didn't need to say anything. I knew what he was talking about.*
>
> Q.: What was your understanding at the time?
>
> Kane: Understanding was that their diverse personalities, and there had been some incidents -- I call incidents, nothing specific or difficult -- at board meetings that I thought it was a good idea to make Margaret, given the background -- I was surprised, *but I thought it was a good idea that he made Margaret the sole trustee.*

(Appendix Ex. [2] (Kane 5/3/16 Dep. Tr. 257:22–259:6 (emphasis supplied); *see also id.* at 264:5–11 ("We would have regular meetings in Laguna just the two of us, talk over strategy, talk over his children, talk over all issues. And it was reflected in his comment to me that he was giving Margaret the voting power to force them to work together. *So, I knew that's what he wanted.*") (emphasis supplied); Appendix Ex. [3] (Kane 6/9/16 Dep. Tr. 602:8–17).) Kane testified further at his deposition as follows:

> Q.: Were you about to tell me something about whether you thought the 2014 amendment reflected what you understand to be Jim Cotter, Sr.'s wishes?
>
> Kane: That's what the Court will decide. I don't -- I try to stay out of That. I have my own opinion, but I don't have all the facts.
>
> Q.: What's the basis for your opinion? The conversation that you described to us already?
> Kane: Yes.
>
> Q.: Anything else?
>
> Kane: 50 years of friendship. And so I think I knew him in some respects better than any member of his family.
>
> Q.: Okay. And your opinion is that based on the facts you have –
>
> Kane: Yes.
>
> Q.: and not considering the facts you acknowledge you do not have –
>
> Kane: I don't know if there are any.
>
> Q.: Right. But based on the facts you have, you think it's the 2013 amendment that reflects Jim Cotter, Sr.'s wishes?
>
> Kane: Yes.

(Appendix Ex. [2] (Kane 5/3/16 Dep. Tr. 277:2–278:4 (objection omitted).)

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Third, that is exactly what Kane acted to make happen, by sending emails to Plaintiff pressuring him to resolve his disputes with his sisters by acceding to their demands. On the evening of May 28th Kane wrote Plaintiff stating, "Ellen is going to present you with a global plan to end the litigation and move the Company forward. *If you agree to it*, you, Ellen and Margaret will work in a collaborative manner *and you will retain your title*." (Appendix Ex. [4] (Dep. Ex. 118 at EK 00000396 (emphasis supplied).) Kane further warned, "If it is a take-it-or-leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, even though I have not seen or heard the particulars." (Appendix Ex. [4] (Dep. Ex. 118 at EK 00000396).)

On May 29, 2015, the vote to terminate Plaintiff was not had, because Plaintiff appeared to have reached an agreement with MC and EC satisfactory to the two of them. (Appendix Ex. [1] (Kane 5/2/16 Dep. Tr. (191:6–24).)

When that tentative agreement did not come to fruition, Kane resumed his advocacy toward Plaintiff, including on June 11, 2015, stating: "I do believe that if you give up what you consider 'control' for now to work cooperatively with your sisters," Kane admonished, "you will find that you will have a lot more commonality than you think." (Appendix Ex. [5] (Kane Dep. Ex. 306 at p. EK 00001613).) "Otherwise," Kane threatened, "you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity." (*Id.*) Tellingly, Kane also wrote:

> "[F]or now I think you have to concede that Margaret will vote the B stock. As I said, you dad told me that giving Margaret the vote was his way of 'forcing' the three of you to work together. Asking to change that is a *nonstarter*."

(Appendix Ex. [5] (Kane Dep. Ex. 306 (emphasis original)).)

The termination vote went forward on June 12, 2015. (191:25–192:11). Kane voted to terminate Plaintiff:

> Kane: I—I said to him at one point, "Take it. You have nothing to lose. You're going to get terminated if you don't. If you can work it out with your sisters, it will go on and I will support you. I'll even make a motion to see if the company will reimburse the legal fees." I did not want him to go. And you, I'm sure, see emails in there to that effect. Even though I voted—was voting against him, I wanted him to stay as C.E.O.
>
> * * *

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> Q.: But that resolution did not come to pass because Jim Cotter, Jr., rejected it, correct?
>
> Kane: He rejected it, yes.
>
> Q.: And he got himself terminated, right?
>
> Kane: Yes.

(Appendix Ex. [1] (Kane 5/2/16 Dep. Tr.194–195 (objection omitted).)

The Director Defendants insist that "there is no evidence that Plaintiff's mother has chosen sides in the intra-family dispute, that she has related this choice to Codding, or that Codding would consider that view to be any way material to her exercise of her duties as an RDI director." (Defs.' MSJ No. 2 at 2:17–19.) In fact, Plaintiff's mother has chosen sides: EC lives with her mother. (JJC Dec. at ¶ 24.) Additionally, after the "civil war erupted" between the Cotter siblings, Mary Cotter reacted by constantly calling Director Kane for advice on how to react and what to do. (Appendix Ex. [6] (JJC 5/16/16 Dep. Tr. 105:15–23).)

Michael Wrotniak has nothing more to recommend him as an RDI director than his and his wife's close, personal relationship with MC, which make them beholden to her. MC has known Michael and Patricia Wrotniak since college, and MC describes Patricia Wrotniak as a "close" friend whom she sees on a regular basis in social settings. (Appendix Ex. [7] (MC 5/13/16 Dep. Tr. 322–323).) Patricia Wrotniak was one of a select few friends to whom MC sent a tribute email regarding her father's passing, inviting Patricia Wrotniak to the funeral and celebratory mass. (Appendix Ex. [8] (MC00006333).)

Trisha Wrotniak was MC's roommate in her freshman year of college at Georgetown University. (JJC Dec. at ¶ 23.) MC and Trisha Wrotniak have been life-long best friends starting with their first year in college together. (JJC Dec. at ¶ 23.) Michael Wrotniak also went to Georgetown University where he met his wife Trisha Wrotniak and also developed a very close friendship with MC. (JJC Dec. at ¶ 23.) Plaintiff believes that because MC has few friends, her relationship with Trisha and Michael Wrotniak is extremely important and close. (JJC Dec. at ¶ 23.) MC has spent a great deal of time with the Wrotniaks over the years, as they live in Bronxville just outside of New York City, close to MC. (JJC Dec. at ¶ 23.) MC became like an aunt to the Wrotniaks' children. (JJC Dec. at ¶ 23.) MC and the Cotter children's mother, Mary,

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know the Wrotniaks very well also, as they have all attended social events in New York, such as birthdays and cocktail parties MC has hosted at her apartment in New York City. (JJC Dec. at ¶ 23.) Plaintiff believes MC's oldest child refers to Trisha and Michael Wrotniak as aunt and uncle. (JJC Dec. at ¶ 23.) Michael Wrotniak's communication with Plaintiff has been very limited and guarded given his knowledge of this lawsuit and his close relationship with MC. (JJC Dec. at ¶ 23.)

The documents also bear out the compromising relationship: before and after JJC, Sr.'s passing, MC corresponded extensively with both Michael and Patricia Wrotniak regarding MC providing show tickets for the Wrotniaks and the women's respective vacation plans. (Appendix Ex. [9-13] (MC00000901, -1201, -3887, -6355, -7906,).) For example, Michael Wrotniak, whom the Director Defendants portray as a distant acquaintance of MC's, began an email to her, "Hi M, I hope you had nice Thanksgiving with your kiddies—I am sure this year was more difficult than most with the adults—but day by day," after which he asked for two tickets to STOMP. (*Id.* at MC00007906.)

Like Director Wrotniak, Judy Codding owes her role as director exclusively to the fact of her friendship with MC. For example, MC used her RDI computer (and assistant) to process invoices for Judy Codding's travel. (Appendix Ex. [14] (MC00004424, -4425.) Judy Codding also approached MC in an attempt to procure tickets to the musical *Hamilton*. (Appendix Ex. [15] (MC00013935.) EC first met Judy Codding at Mary Cotter's home in a social setting. (Appendix Ex. [16] (EC 5/19/16 Dep. Tr. 307:19–308).)

Judy Codding has a very close personal relationship with Plaintiff's mother, and over the more than thirty years she has known Plaintiff's mother, Ms. Codding has become close with EC and MC in turn. (JJC Dec. at ¶ 24.) On October 13, 2015, Plaintiff met Ms. Codding, and she expressed to Plaintiff that RDI is a family business and that the only people who should manage RDI should be one of the Cotters and that Ms. Codding would help make sure of that, whether it be Ellen or Plaintiff. (JJC Dec. at ¶ 24.)

Ms. Codding's reaction to the bid from Paul Heth reflected her unwavering loyalty to EC. (JJC Dec. at ¶ 24.) Before the board meeting at which the Board was going to discuss the bid, Ms.

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Codding asked Plaintiff's views on the bid and indicated that there was no way that the bid should even be considered (clearly having spoken to EC about it before the board meeting). (JJC Dec. at ¶ 24.)

There is no dispute that EC and MC lack independence, a fact they freely concede: "The Individual Defendants, for the purposes of this motion, do not contest the independence of Ellen and Margaret Cotter as RDI directors with respect to the transactions and/or corporate conduct at issue." (Defs.' MSJ No. 2 at p. 14 n.2.)

Similarly, the Director Defendants agree with Plaintiff's position regarding Adams: that he was financially dependent on MC and EC. "Adams' income from GWA Capital Partners and GWA Investments has been inconsistent and limited in recent years, and—outside some recent stock or asset sales—his compensation relating to RDI and/or the Cotter family entities has represented a noteworthy portion of his annual income." (Defs.' MSJ No. 2 at p. 25:15–17.)

Defendants do not dispute that at the time he acted to terminate Plaintiff, Adams—by his own admission—was financially dependent on the Cotter sisters: he received a majority of his income from entities controlled by them. First, Adams was to be paid, was paid, and is paid $1,000 per week pursuant to an agreement with through JC Farm Management Co. (Appendix Ex. [17] (GA 4/28/16 Tr. 41:16–42:25).) Adams testified that the "person who [initially] made the decision that [he] would be paid $52,000 a year" was JJC, Sr., and that the person that makes that decision today is "the estate," which he understands and agrees is controlled by MC and EC. (Appendix Ex. [17] GA 4/28/16 Tr. (28:12–29:2).)

Second, Adams helps manage four real estate developments around the country in which JJC, Sr. invested, for which Adams received a 5 percent interest in the ventures. (Appendix Ex. [17] GA 4/28/16 (41:16–42:25).) Adams already has received about $30,000 from one real estate venture, and stands to be paid significant additional compensation, potentially more than $100,000, which he will receive from the Estate. (Appendix Ex. [17] (Adams 4/28/16 Dep. Tr. 52:6–52:3, 54:3–55:4, 56:12–58:10).) It is EC and MC (as executors) who will approve these payouts. (*Id.*) Adams continues to report to the Cotter sisters in these Cotter business roles unrelated to RDI. (55:5–21, 56:12–58:10, 161:15–162:12).)

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To attempt to cover up these facts, Defendants' second summary judgment motion overemphasizes the importance of Adams's savings, claiming he "has a net worth of nearly $1 million," meaning in Defendants' judgment that "focusing on the importance of RDI and/or Cotter family entities to Adam's *yearly* income vastly overstates the materiality of such funds on his *overall* economic picture." (Defs.' MSJ No. 2 at 25:26–28, 26:2.) First, the proffered figure is inaccurate. Defendants themselves earlier report that Adams's net worth is "approximately $900,000," (*id.* at 8:28), which lower figure is consistent with Adams's own testimony, (Appendix Ex. [17] (Adams 4/28/16 Dep. Tr. 36:18–25). Second, such a statement discounts that Adams, at 65 years of age, is statistically likely to live at least 20 more years. *See, e.g.*, Social Security Administration, Calculators: Life Expectancy, https://ssa.gov/planners/lifeexpectancy.html (last visited Sept. 29, 2016) ("A man reaching age 65 today can expect to live, on average, until age 84.3."). In connection with his divorce, Adams submitted declarations related to his expenses, and they total, conservatively, about $63,222 per year or $5,268.50 per month. (*See* Appendix Ex. [18] (Adams Dep. Ex. 53 at JCOTTER014973).) Were Adams to spend money at even this conservative rate, he would not be able to support himself for the remainder of his expected lifespan. Furthermore, if Adams wishes to enjoy the standard of living to which he is accustomed and to provide for the future, he needs to earn additional money. Therefore, Adams cannot maintain a living without the Cotter income he has come to rely upon. His financial dependence on the Cotter sisters for his living deprived him of independence generally and it made him interested particularly with respect to Plaintiff's termination.

Similarly, the Director Defendants emphasize that "Adams, as advocated by director Gould, later voluntarily resigned as a member of RDI's Compensation Committee on May 14, 2016." (Defs.' MSJ No. 2 at p. 26 n.7.) If Adams lacked independence for purposes of Cotter income, he indisputably lacked independence for purposes of Cotter employment and status, whether terminating Plaintiff, making EC CEO, or making MC executive vice president of New York real estate development.

If Adams sincerely believed he had done nothing untoward, he would not have hid his dependence on Cotter family businesses on his D&O questionnaire—but he mentioned none of

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that. (Appendix Ex. [19] (Adams Dep. Ex. 55).) Defendant Gould became aware from Adams's deposition testimony that Adams depended upon "the Cotter family" for "a great percentage" of his "earnings." (App. Ex. [20] (WG 6/08/16 Dep. Tr. 32:1–5).) Consequently, Mr. Gould expressed to EC and to Craig Tompkins that Gould "did not believe [Adams] was independent for purposes of serving on the . . . compensation committee." (*Id.* at 33:14–18; *see also id.* at 36:2–7.) Gould reasoned that "clearly if Mr. Adams's income was substantially derived from Reading and the Cotter family, if his whole livelihood depended on them, he could not be independent in passing on the compensation of the Cotter family members." (*Id.* at 33:21–34:7.) Adams later resigned from the RDI compensation committee. (*Id.* at 36:8–10.) Gould agreed that Mr. Adams was a "vocal proponent in support of terminating" Plaintiff. (*Id.* 36:19–22.)

NASDAQ Independence Issue

Director Defendants repeatedly claim that Adams is independent under NASDAQ Rule 5605(a)(2). (*See, e.g.*, Defs.' Mot. Sum. J. No. 2 at 2:23, 7:23, 10:7, 26:9, and 26 n.7.) However, a board's determination that a director is independent for the purposes of listing standards does not mean that the director is independent as a matter of Delaware law. *Teamsters Union 25 Health Serv. & Ins. Plan v. Baiera*, 199 A.3d 44, 61 (Del. Ch. 2015); *Yucaipa Am. Alliance Fund II, L.P. v. Riggio*, 1 A.3d 310, 315 (Del. Ch. 2010) (declining to find that a director was independent as a matter of Delaware law even though he was independent under New York Stock Exchange rules because of investments made by a large stockholder of the company into the director's business and because of donations the stockholder made to candidates the director suggested in his capacity as a political operative). The issue of independence under NASDAQ standards is irrelevant to the question of independence under the substantive law that will decide this case.

III. ARGUMENT

A. Summary Judgment Standard

Where Plaintiff properly identifies additional facts necessary to oppose the motion and seeks additional time to conduct this discovery, summary judgment is improper. *Aviation Ventures, Inc. v. Joan Morris, Inc.*, 121 Nev. 113, 117-18, 110 P.3d 59, 62 (2005). Under NRCP 56(f), the party opposing a motion for summary judgment may request the denial or continuance

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of a motion for summary judgment to obtain additional affidavits or conduct further discovery. Rule 56(f) "requires that the party opposing summary judgment provide an affidavit stating the reasons why denial or continuance of the motion for summary judgment is necessary to allow the opposing party to obtain further affidavits or discovery." *Choy v. Ameristar Casinos*, 127 Nev. 265 P.3d 698, 700 (2011). Where it is "unclear whether genuine issues of material fact exist" a Rule 56(f) continuance allows for "proper development of the record." *Aviation Ventures,* 121 Nev. at 115, 110 P.3d at 60.

B. RDI Improperly Seeks Summary Judgment of Contested Factual Issues

RDI's motion seeks summary judgment "on the *issue* of director independence," not on any of their claims. *See* Motion at p. 1 (emphasis added). While NRCP 56 authorizes partial summary judgment on a particular claim, or even a dispositive element of that claim, RDI does not seek that relief. Instead, RDI inappropriately seeks determination of contested factual *issues*, *i.e.* director independence and interestedness. *See* Motion at pp. 14-15 (no citation to any claim in the Second Amended Complaint, and only addressing issue of director interestedness).

The Delaware Supreme Court has been clear that director "independence is a fact-specific determination made in the context of a particular case." *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004); *In re Facebook, Inc., IPO Sec. & Derivative Litig.*, 922 F. Supp. 2d 445, 468 (S.D.N.Y. 2013) (same); *In re Finisar Corp. Derivative Litig.*, 542 F. Supp. 2d 980, 988 (N.D. Cal. 2008) (same). "Delaware law does not contain bright-line tests for determining independence but instead engages in a case-by-case fact specific inquiry . . . ." *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, 119 A.3d 44, 61 (Del. Ch. 2015).

Defendants' argument that director independence is a question of law is unavailing. *See* Motion at pp.14-15, citing *In re MFW S'holders Litig.,* 67 A.3d 496, 509 (Del. Ch. 2013), *aff'd sub nom., Kahn v. M & F Worldwide,* 88 A.2d 635 (Del. 2014).[1] It ignores the clear teaching from

[1] *See, e.g., SEPTA v. Volgenau,* C.A. No. 6354-VCN, 2013 WL 4009193, at *12-21 (Del. Ch. Aug. 5, 2013) (same); *In re Transkaryotic Therapies, Inc.,* 954 A.2d 346, 369-70 (Del. Ch. 2008) (same); *In re Gaylord Container Corp. S'holders Litig.,* 753 A.2d 462, 465 (Del. Ch. 2000) (same).

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Delaware's highest court, the Delaware Supreme Court, and is contrary to a more recent Court of Chancery opinion. *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1049; *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, 119 A.3d 44, 61. In short, director independence is a factual determination which should not be determined on a motion for summary judgment.

Similarly, a director's disinterestedness is a clear-cut question of fact. *Gearhart Indus., Inc. v. Smith Int'l, Inc.*, 741 F.2d 707, 719 (5th Cir. 1984) ("Whether a director is 'interested' is a question of fact.") "Whether a director is 'interested' or 'independent' is generally regarded as a question of fact, depending on the circumstances of the case."*Drobbin v. Nicolet Instrument Corp.*, 631 F. Supp. 860, 880 (S.D.N.Y. 1986); *Patrick v. Allen*, 355 F. Supp. 2d 704, 712 (S.D.N.Y. 2005) (same).

In short, the Defendant directors' motives and intent that play into whether they were interested or independent, as well as their credibility about their reasons for acting as they did, are squarely questions of fact. These fact-specific inquiries cannot be resolved by summary judgment.

C. Legal Analysis Applicable Here

1. Director Defendants' Fiduciary Duties.

The power of directors to act on behalf of a corporation is governed by their fiduciary relationship to the corporation and to its shareholders. *Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1178 (Nev. 2006) (citations omitted). Generally, those duties are described as the duty of care and the duty of loyalty. *Id.* The duty of good faith may be viewed as implicit in the duties of care and loyalty, or as part of a "triumvirate" of fiduciary duties. *See In re BioClinica, Inc. Shareholder Litig.*, No. CV 8272-VCG, 2013 WL 5631233, at *5 (Del. Ch. Oct. 16, 2013); *Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998).

a. The Duty of Care

The duty of care typically is described as requiring directors to act on an informed basis. *Schoen*, 137 P.3d at 1178. Whether directors acted on an informed basis "turns on whether the directors have informed themselves "prior to making a business decision, of all material information reasonably available to them." *Smith v. Van Gorkom*, 488 A. 2d 858, 872 (Del. 1985)

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(*quoting Aronson v. Lewis*, 473 A. 2d 805, 812 (Del. 1984). Due care thus is a function of the decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises "[t]he question [of] whether the process employed [in making the challenged decision] was either rational or employed in a good faith effort to advance the corporate interests." *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R. 324, 339 (Bankr. D.D.C. 2006).

b. The Duty Of Loyalty

The director's duty of loyalty requires that directors "maintain, in good faith, the corporation's and its shareholders' best interests over anyone else's interests." *Schoen*, 137 P.3d at 1178 (citations omitted). The duty of loyalty was described in the seminal Delaware Supreme Court case of *Guth v. Loft* as follows:

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

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

The duty of loyalty is "unremitting." *See, e.g., Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). The duty of good faith, discussed elsewhere herein, is one element of the duty of loyalty. *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). The terms "loyalty" and "good faith," like the terms "independence" and "candor," are "words pregnant with obligation" and "[d]irectors should not take a seat at the board table prepared to offer only conditional loyalty, tolerable good faith, reasonable disinterest or formalistic candor." *In re Tyson Foods, Inc., Consol. Shareholder Litig.*, 2007 WL 2351071, at *4 (Del. Ch. Aug. 15, 2007).

c. The Duty of Good faith

The element of good faith requires the director to act with a "loyal state of mind."

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

d. The Duty of Disclosure

"Whenever directors communicate publicly or directly with shareholders about the corporation's affairs . . . directors have a fiduciary duty to shareholders to exercise due care, good faith and loyalty." *Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). "Shareholders are entitled to rely upon the truthfulness of all information disseminated to them by the directors [of the corporation]." *Id.* at 10-11. When directors communicate with stockholders, they must do so with "complete candor." *In Re Tyson Foods*, 2007 WL 2351071, at *3.

e. Directors' Fiduciary Duties Are Owed to All Shareholders, Not Just the Controlling Shareholder(s)

Directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *In re Trados Inc. S'Holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013). Under some circumstances, it is a breach of loyalty for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

2. The Business Judgment Rule Is a Rebuttable Presumption, Rebutted Here

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

The business judgment rule typically is articulated as consisting of four elements, namely, (i) a business decision, (ii) disinterestedness and independence, (iii) due care, and (iv) good faith. *Roselink Investors, L.L.C. v. Shenkman*, 386 F. Supp. 2d 209, 2016 (S.D.N.Y. 2004) (internal citations omitted). The presumptions of the business judgment rule are rebutted where it is shown that any of the four elements above was not present. *Id.* at 216-17. Here, at least each of the last three elements is absent.

As to MC and EC, there is no dispute that, as to at least any and all matters of disagreement between them and JJC, including but not limited to ultimate control of RDI by controlling the voting trust as trustee(s), immediate control of RDI, whether by removing JJC as CEO, constraining his authority as CEO and/or having a newly activated and repopulated executive committee, and matters involving the employment status, titles and compensation of MC and EC, among other things, MC and EC lack disinterestedness and lack independence. The Interested Director Defendants admit that in their summary judgment motions, including as follows:

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

[2] Due to the development of Delaware case law with respect to issues of corporate law, Nevada courts find Delaware case law persuasive authority. *See Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 26, 62 P.3d 720, 737 (2003) (noting that "the case law . . . [of] Delaware is persuasive authority" when interpreting Nevada's corporate law).

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

a. Individual Defendants' Lack of Disinterestedness

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

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

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

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

b. Individual Defendants' Lack of Independence

Independence, as used in the context of an element of the business judgment rule, requires that a director is able to engage, and in fact engages, in decision-making "based on the corporate

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

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merits of the subject before the board rather than extraneous considerations or influences." *Gilbert v. El Paso, Co.*, 575 A.2d 1131, 1147 (Del. 1990); *Rales*, 634 A.2d at 936. "Directors must not only be independent, [they also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003). Assessing directorial independence therefore "focus[es] on impartiality and objectiveness." *In Re Oracle Corp. Derivative Litig.*, 824 A.2d 917, 920, 938 (Del. Ch. 2003) (*quoting Parfi Holding AB v. Mirror Image Internet, Inc.*, 794 A.2d 1211, 1232 (Del. Ch. 2001), *rev'd in part on other grounds,* 817 A.2d 149 (Del. 2002), *cert. denied,* 538 U.S. 1032 (2003). *See, also, Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993) ("We have generally defined a director as being independent only when the director's decision is based entirely on the corporate merits of the transaction and is not influenced by personal or extraneous considerations.") *modified in part on other grounds,* 636 A.2d 956 (Del. 1994).

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

Independence is lacking in situations in which a corporate fiduciary "derives a benefit *from the transaction* that is not generally shared with the other shareholders. In situations in which the benefit is derived by another (e.g., by EC and MC from Plaintiff acceding to their demands to resolve trust and estate disputes on terms acceptable to the two of them), the issue is whether the [corporate fiduciary]'s decision (e.g., Adams and/or Kane) resulted from that director being *controlled* by another." *Orman v. Cullman*, 794 A.2d 5, 25 n.50 (Del. Ch. 2002) (explaining the distinction between interest and independence). Control may exist where a corporate fiduciary has close personal or financial ties to or is beholden to another. (*Id.*)

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

Similarly, a director who is financially beholden to another person, such as a controlling stockholder, is not independent of that person. *In re Emerging Commc'n, Inc. S'Holders Litig.*,

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

Here, the conduct of EC, MC, Kane and Adams to extort Plaintiff into resolving trust and estate disputes on terms dictated by EC and MC are squarely and unequivocally efforts to obtain personal benefits for EC and MC not shared with other RDI shareholders.

Kane's personal relationship with JJC, Sr., Kane's view that JJC, Sr. intended MC control the Voting Trust, and Kane's actions to make that happen, among other things, demonstrate his lack of independence.

As shown by his own sworn testimony in his Los Angeles Superior Court divorce proceeding and in this case, Adams as a general matter is not independent of EC and MC, because he is financially dependent upon income he receives from companies that EC and MC control.

For such reasons, among others, each of Kane and Adams (and MC and EC) lacked independence and therefore are not entitled to the presumptions of the business judgment rule.

3. Defendants Must and Cannot Satisfy the Entire Fairness Standard

"If the shareholder succeeds in rebutting the presumption of the business judgment rule, the burden shifts to the defendant directors to prove the 'entire fairness' of the transaction." *McMullin v. Brand,* 765 A.2d 910, 917 (Del. 2000). "[I]f the presumption is rebutted, the board's decision is reviewed through the lens of entire fairness, pursuant to which the directors lose the presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del.Ch. 1999). *Horwitz v. SW. Forest Indus., Inc.*, 604 F.Supp. 1130, 1134 (D. Nev. 1985), which defendants cite for the platitude that the business judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary and does not address circumstance of where, as here, the plaintiff has rebutted the presumptions of the business judgment rule.

Under the entire fairness test, "[d]irector defendants therefore are required to establish to

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the *court's* satisfaction that the transaction was the product of both fair dealing and fair price." *Cinerama, Inc.* v. *Technicolor,* 663 A.2d 1156, 1163 (Del. 1995) (*quoting Cede & Co. v. Technicolor,* 634 A.2d 345, 361 (Del. 1993). Thus, a test of entire fairness is a two-part inquiry into the fair-dealing, meaning the process leading to the challenged action and, separately, the end result. *In re Tele-Commc'ns Inc. Shareholders Litig.,* 2005 Del. Ch. LEXIS 206, at *235, 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

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

The entire fairness requirement entails "exacting scrutiny" to determine whether the challenged actions were entirely fair. *Paramount Commc'ns, Inc. v. QVC Network Inc.,* 637 A.2d 34, 42 n.9 (Del. 1994). Under the entire fairness standard, the challenged action itself must be objectively fair, independent of the beliefs of the director defendants. *Geoff v. II Cindus.Inc.,* 902 A.2d 1130, 1145 (Del. Ch. 2006) subsequent proceedings, 2006 (Del. Ch. LEXIS 161, 2000 WL 2521441 (Del. Ch. Aug. 22, 2006); *see also Venhill Ltd. P'ship v. Hilman*, 2008 WL 2270488, at *22 (Del. Ch. June 3, 2008).

"The fairness test therefore is "an inquiry designed to access whether a self-dealing transaction should be respected or set aside in equity." *Venhill*, 2008 WL 2270488 at *22.[4]

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

Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41 (Del. Ch. 2000) (the exculpatory statute does not apply to breaches duty of loyalty because "conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct"). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory

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Here, Defendants cannot carry their burden of proving the entire fairness of their action.

IV. CONCLUSION

In light of the forgoing, plaintiff requests that this court deny the Motion for Partial Summary Judgment (No. 2).

DATED this 13th day of October, 2016.

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provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. Sh. Litig.*, 1992 Del. Ch. LEXIS at *41 n.18, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty").

CERTIFICATE OF SERVICE

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

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

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CLERK OF THE COURT

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DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

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.

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

Coordinated with:

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

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

Jointly Administered

Business Court

APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 2) RE: THE ISSUE OF DIRECTOR INDEPENDENCE (Exhibits 4 and 19 filed under seal)

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APPENDIX OF EXHIBITS

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DATED this 17th day of October, 2016.

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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 2) RE: THE ISSUE OF DIRECTOR INDEPENDENCE (Exhibits 4 and 19 filed under seal)** to be electronically filed and served only via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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Exhibit 1

Exhibit 1

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

In 1987 at the request of James Cotter, Sr., I became president of Craig Corporation. And I remained president of Craig Corporation -- I can't -- don't know how long that was.

I -- at the same time but later on I became president of Reading, which was a separate company before it was merged into Craig Corporation.

From time to time I had -- I had resigned -- I must have resigned from Craig or Reading at least three or four times.

I took a position -- the first time I resigned I was offered a position as chairman and C.E.O. of an outpatient surgery center company, ASMG Outpatient Services. They had three outpatient centers in San Diego area. And while I was there I obtained a contract to do the outpatient services in a hospital in Palm Springs.

At the request of the company I sold that -- the shareholders, I sold that to a company that later became Health South.

I also became a -- tough to describe, but I was a non-director/director of an 800-person independent practice association, 800 physicians.

I say "non-director/director" because since I wasn't a physician, I couldn't be a director

of the company, but I was treated as such and paid as such and went to the weekly executive committee meetings and also monthly board meetings of that company. It was called Sharp Community Medical Group.

In 2000 -- god, I can't remember the date. I think it was 2004 Mr. Cotter called me and asked me to come back on the board of what was now Reading. And I did that.

I also during all this period of time taught tax, various tax courses, at local law schools here.

Starting probably around 1969 I taught -- taught some tax courses at University of San Diego. And then I taught almost every year at least one course at California Western School of Law, various tax courses, partnership tax, corporate tax, individual income tax. And thought about teaching full time, but I didn't.

And I also taught -- my most recent teaching position was at Thomas Jefferson School of Law. I taught income tax courses there for two years. And I think the last time was about three or four years ago.

Q. Are you done, sir?

We were too good friends to let that thing fester too long.

Q. Mr. Kane, does the name "Citadel" mean anything to you?

A. Oh, sure.

Q. Tell us --

A. Citadel, that was the holding company for Fidelity Federal Savings and loan.

Q. And did you have positions with Citadel, Fidelity or both?

A. Yes.

Q. How did that come to pass?

A. Well, Mr. Cotter had bought stock, and together -- I say "together," I shouldn't use that word.

But he had been introduced to it by a fellow named Fred Rovin who had a position in the -- in the company. And I think he persuaded Mr. Cotter to have Craig or Reading -- I forget who was involved at the time -- to take a position in it.

And so it got to the point where Mr. Cotter was -- and Mr. Rovin both had enough stock to appoint directors to the board. Mr. Rovin appointed his brother and a lawyer and Mr. Cotter got Ralph Perry, who was a lawyer, and myself on the

and it became in- -- difficult.

And so the regulators came down and they suggested that I leave, and I did.

Q. When did you first meet Jim Cotter, Sr.?

A. He was in the master's of tax program with me in 1963. So I met him in the fall of 1963.

Q. When did you and he become friends?

A. Very shortly thereafter. We found that we had similar backgrounds even though we don't -- didn't have similar religions.

But we were both middle class, lower middle class. We lived in that neighborhood. We didn't have any money when we went to college or law school.

And we just -- just became fast friends.

He was the first person I invited to my house for dinner.

I was married. I had gotten married in the summer of '63. And we started socializing with he and his, I guess, fiance, Mary Ellen Cotter, went to the World's Fair with them, because Mary was working for American Airlines, could get us free tickets.

And then I got the position with Donovan Leisure. And he joined the -- the IRS as a trial

And he called me up and said, "The partnership is over because Bill Foreman has offered me four times what I'm making here to come in."

And so I said "Okay."

And I left Gray, Cary and joined with these other guys who -- they were from back east and fine lawyers. It was a very small firm. But four of them became Superior Court judges and one of them became a Court of Appeals judge.

Q. Let me interject a question, Mr. Kane.

A. Sure.

Q. I thought you said something to the effect that he said the partnership was over.

To what were you referring there?

A. Our -- our dream of becoming partners in a law firm, he and I. That was over.

Q. Okay. I'm sorry. Please continue.

A. Sure. So I joined the firm as equal partner.

And I guess I've covered the rest of it except that Jim and I had a very close relationship, even then. And he called me up, and he had a tax problem at Pacific Theatres, a personal tax problem. And he said there are some -- "We have some theaters up in the Fresno area and we could -- maybe we

Q. Do your children know the three Cotter children?

A. I -- I think they do, yes. Yes.

Q. Do any of Ellen Cotter, Margaret Cotter or Jim Cotter call you Uncle Ed?

A. All of them, including their mother and their father.

Q. But for the three kids, has that been how they've addressed you since they were able to speak?

MR. SEARCY: Objection. Vague.

THE WITNESS: I think that's true. And they still do except for Mr. Cotter, Jr. He stopped calling me Uncle Ed when he was terminated.

BY MR. KRUM:

Q. In your decision-making with respect to any or all of the three Cotter children since the passing of Jim Cotter, Sr., have you attempted to do what you thought he would have wanted you to do?

MR. SEARCY: Objection. Vague and lacks foundation.

THE WITNESS: What I do does not take into account The Cotter children.

I'm a director of this company. And I do what I think is in the best interest of the

issues within the family are resolved and all litigation pending or proposed is terminated, there should be no Cotter increases."

You see that?

A. Yes.

Q. When you refer to "all issues within the family," to what were you referring?

A. I can't recall. I see "litigation" there. That was one thing. But I can't recall what the other issues were at the time.

Q. Well, one of the issues was the lack of agreement regarding whether Margaret or Jim and Margaret would be the trustees of the voting trust, correct?

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Well, that's litigation in my mind.

BY MR. KRUM:

Q. Okay. So let me ask a different question.

Were you referring to the disputes or, as the case may be, litigation involving the question of whether it would be Margaret Cotter,

lacks foundation.

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

BY MR. KRUM:

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

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

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

A. Correct, it was not had then.

Q. And do you recall that a week or ten

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

A. Yes.

MR. SEARCY: Objection. Vague, assumes facts.

THE WITNESS: I recall that, yes.

BY MR. KRUM:

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

MR. SEARCY: Objection. Argumentative.

THE WITNESS: I may have.

BY MR. KRUM:

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

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

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

I did not want him to go.

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

BY MR. KRUM:

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

A. Right.

Q. -- why did you vote against him?

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

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

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

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

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

MR. SEARCY: Objection. Vague.

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

After all they were the operating executives of this company.

BY MR. KRUM:

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

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

MR. SEARCY: Objection. Vague.

THE WITNESS: He rejected it, yes.

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

BY MR. KRUM:

Q. And he got himself terminated, right?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

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



PATRICIA L. HUBBARD, CSR #3400

Exhibit 2

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON MAY 3, 2016

VOLUME 2

Job no. 305191

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

So, directing your attention to the period of time from September 2015 through June -- excuse me. Let's start that again.

Directing your attention, Mr. Kane, to the period of time from September 2014 through June 2015, do you recall that you and some, if not all, of the other four non-Cotter directors devoted substantial time to attempting to enable or encourage the three Cotter siblings to work together professionally and politely?

A. Yes.

MR. SEARCY: Objection. Vague.

THE WITNESS: Oh, sorry.

MR. SEARCY: That's all right.

BY MR. KRUM:

Q. Is it correct to say in your view, Mr. Kane, that those efforts were largely unsuccessful?

A. Yes.

Q. With respect to your understanding as to the matters in dispute between Jim Cotter, Jr., on one hand and either or both Ellen and Margaret Cotter on the other hand, did you understand that one of the issues in dispute was who would control the -- the trust that held class B voting stock;

that is, RDI class B voting stock?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

BY MR. KRUM:

Q. You understood that there was a 2000 -- a so-called 2013 amendment to the trust documentation of James Cotter, Sr., that provided that Margaret Cotter would be the sole trustee of the trust that held and voted the class B RDI voting stock, right?

A. Correct.

Q. You also understood that the so-called 2014 amendment to the trust documentation of James Cotter, Sr., provided that Margaret Cotter and Jim Cotter, Jr., would in some manner, whether jointly or alternatively, vote the RDI class B voting stock, right?

A. Correct.

Q. Was there a point in time, Mr. Kane, when you concluded that that dispute needed to be resolved in order for the siblings, meaning Jim Cotter, Jr., on one hand and Ellen and Margaret Cotter on the other hand, to get along and work together?

MR. SEARCY: Objection. Vague.

foundation.

BY MR. KRUM:

Q. Was it your understanding that he did intend for Margaret to become an employee of RDI?

A. I had no understanding either way.

Q. Now, directing your attention, Mr. Kane, to your prior testimony regarding Margaret being the sole trustee of the voting trust under the 2013 amendment and something to the effect that that was part of Jim Cotter, Sr.'s plan to cause the Cotter children to work together, in that context, learning whatever you learned about the 2013 amendment, did you have any understanding as to what Jim Cotter, Sr.'s intentions regarding whether Margaret Cotter would become an employee of RDI?

MR. SEARCY: Objection. Vague.

THE WITNESS: I had no understanding.

BY MR. KRUM:

Q. Now, I'm not going to sum up again your prior testimony. I'm just going to refer you to the subject matter.

Referring you, Mr. Kane, to your testimony about your understanding as to why in the 2013 amendment Margaret had been designated as trustee of the voting trust, how did you come to

have that understanding?

A. Mr. Cotter informed me. In one of our conversations he said he was making Margaret the trustee of the voting stock.

And I asked him why. And he told me -- and it's right in my brain, it's imprinted on it -- that "that will force them to work together."

That's a quote.

Q. What else did you say or what else did he say in that conversation about either the trust documentation or The Cotter children working together?

A. Excuse me. Repeat that, please.

Q. What else did he say, if anything, during that conversation about the trust documentation?

A. Nothing that I can recall.

Q. What else, if anything, did he say during that conversation about prompting or forcing the three -- his three Cotter children to work together?

A. He didn't need to say anything. I knew what he was talking about.

Q. What was your understanding at the time?

A. Understanding was that their diverse

personalities, and there had been some incidents -- I call incidents, nothing specific or difficult -- at board meetings that I thought it was a good idea to make Margaret, given the background -- I was surprised, but I thought it was a good idea that he make Margaret the sole trustee.

Q. Were you present for what you have called incidents at board meetings?

A. Yes.

Q. To what are you referring?

A. When we had board meetings Mr. -- excuse me. Get a little water.

Margaret and Ellen Cotter would give reports. Jim Cotter, Jr., was not the president at that time, and he would always have questions for them. It appeared to me that he would have questions that he was seeking to embarrass them before the other directors.

And he asked questions that he knew the answer to, because he was being paid to run a weekly executive committee meeting.

But it was like brother/sister fighting. He knew the answer and there was no reason to ask those questions.

And that's about the only input he ever

have wanted?

A. I think I knew better than anybody what he would have wanted. I've known him for -- I knew him for 50 years.

We would have regular meetings in Laguna just the two of us, talk over strategy, talk over his children, talk over all issues.

And it was reflected in his comment to me that he was giving Margaret the voting power to force them to work together.

So, I knew that's what he wanted.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 111 a two-page document bearing production number 5488 and 89.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 111 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: (Indicating.)

MR. SEARCY: That's for the court reporter.

THE WITNESS: Oh.

BY MR. KRUM:

Q. Do you recognize Exhibit 111?

A. That and the fact that he made Margaret the trustee of the voting stock and told me it was to force them to work together.

Q. You understood, by the way, sir, that the 2014 amendment made Margaret and Jim, Jr., co-trustees of the voting trust, right?

A. It purports to do that, yes.

Q. When you say "it purports to do that," I'm not asking whether you agree with it. I'm asking if you understood what it provides by its terms --

A. I know --

Q. Let's not speak over each other. Let me ask the question and then you can respond.

You understand, Mr. Kane, that the so-called 2014 amendment by its terms makes Margaret Cotter and Jim Cotter, Jr., the co-trustees of the voting trust that would vote the RDI class B voting stock, right?

A. Yes.

Q. You also understand that that documentation provides that if they -- to the effect that if Margaret and Jim, Jr., cannot agree, they will each be the trustee in alternating years?

A. Yes.

Q. Now, we began to talk over each other. Were you about to tell me something about whether you thought the 2014 amendment reflected what you understand to be Jim Cotter, Sr.'s wishes?

MR. SEARCY: Objection. Vague.

THE WITNESS: That's what the Court will decide.

I don't -- I try to stay out of that. I have my own opinion, but I don't have all the facts.

BY MR. KRUM:

Q. What's the basis for your opinion? The conversation that you described to us already?

A. Yes.

Q. Anything else?

A. 50 years of friendship. And so I think I knew him in some respects better than any member of his family.

Q. Okay. And your opinion is that based on the facts you have --

A. Yes.

Q. -- and not considering the facts you acknowledge you do not have --

A. I don't know if there are any.

Q. Right. But based on the facts you have, you think it's the 2013 amendment that reflects Jim Cotter, Sr.'s wishes?

A. Yes.

Q. So, returning to your May 9, 2015 email that's part of Exhibit 111, it continues where we left off with the words, quote,

"Second, because it is in the best interest of the company," close quote.

You see that?

A. Yes.

Q. And are you referring there to what you've described earlier in terms of how important you thought it was Jim Cotter, Jr., succeed at repairing his relationship with Ellen and Margaret Cotter?

MR. SEARCY: Objection. Vague.

THE WITNESS: Of course it would be in the best interest of the company if they were working together.

BY MR. KRUM:

Q. Continuing on, Mr. Kane, the text in that same paragraph of Exhibit 111 says,

"Third, because it will safeguard

your May 22 email, part of Exhibit 112, quote,

"You might think about it on the drive down here," close quote.

Were you telling him he should reconsider his -- his rejection of the proposal described in your second sentence of that paragraph?

A. I don't know what I had in mind at that time. I don't even -- I know that there was a proposal made that he take the title of president and not C.E.O., but that was from Bill Gould.

Q. Margaret's proposal was an executive committee proposal, was it not?

MR. SEARCY: Objection. Vague as to time.

BY MR. KRUM:

Q. Well, here, let me -- go ahead, Mr. Kane.

A. That's not my recollection at this point.

Q. Well, let's go back to your second sentence, because it perhaps will refresh your recollection.

After the part about Margaret suggesting he take what the board offered, I'd focus your attention, please, Mr. Kane on the words and,

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

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



PATRICIA L. HUBBARD, CSR #3400

Exhibit 3

Exhibit 3

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON JUNE 9, 2016

VOLUME 3

Job No.: 315759

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

that Margaret be the sole trustee of the voting trust that held --

A. Yes.

Q. -- the class B voting stock?

A. Yes.

Q. Do you recall how you learned that?

A. I don't.

Q. And the next sentence reads, quote,

"As I said, your dad told me that giving Margaret the vote was his way of, sub quote, forcing, close sub quote, the three of you to work together," close quote.

Does that refer to discussions about which I believe you've already testified, Mr. Kane, you had with Jim Cotter, Sr.?

A. Yes.

Q. And the next sentence in paragraph numbered one in Exhibit 306 reads as follows, quote,

"Asking to change that is a nonstarter," close quote, with "nonstarter" being italicized.

Do you see that?

A. Yes.

Q. Why did you say that?

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

IN WITNESS WHEREOF, I have subscribed my name this 15th day of June, 2016.

PATRICIA L. HUBBARD, CSR #3400

EXHIBIT 4

(Filed Separately Under Seal)

Exhibit 5

Exhibit 5

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

This morning, without the wine I was drinking last night during and after talking with your mother, I'm thinking more about your call to me last night and our conversation. I can see that from your point of view having Guy in on the meetings with your sisters could be a problem and doesn't solve the need to be able to work with them cohesively going forward. If you explain that to them they may be willing to accommodate you.
But, the main question is what are you going to do to accommodate them?
1. For now, I think you have to concede that Margaret will vote the B stock. As I said, your dad told me that giving Margaret the vote was his way of "forcing" the three of you to work together. Asking to change that is a *nonstarter*. Again, you need to compromise your "wants" as they have been willing to do. If you can work together than it becomes a non-issue and eventually your and her kids will have the vote. What's wrong with that?
2. For now you need ASAP to agree on the nominees for the Board going forward. As I told you months ago, changes are necessary and you need some quality people with expertise in fields where it is needed and lacking. You also need to get rid of divisive persons.
3. I do believe that if you give up what you consider "control" for now to work cooperatively with your sisters, you will find that you will have a lot more commonality than you think. You all want the same things: a vibrant growing business. After trust is established you can all go back to where you want to be.
4. I think if you make the proper and needed concessions, they might well relent on having Guy in the meetings as they can easily see there is great animosity between the two of you.
5. Bottom line: recognize you are not dealing from strength right now and be willing to compromise as they are rational and reasonable people who have been hurt and demeaned and you need to help heal the family. Otherwise you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity.
6. I am willing to help but I'd much prefer that you bend a bit and work it out between you to build the trust that is necessary so that you don't lose control of the company, as you presently have.

EXH 301
DATE
WIT
PATRICIA HUBBARD

Exhibit 6

Exhibit 6

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.
Los Angeles, California
Monday, May 16, 2016
Volume I

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312188
Pages 1 - 297

also talked about the independence of --

BY MR. TAYBACK:

Q. Who's "we talked about"?

A. You and I.

Q. Okay.

A. Well, I've spoken about the process. I've -- and there's also the independence or lack of independence of the directors who made that decision.

And I do not believe that Mr. Adams could have made a proper decision to terminate the CEO given his absolute dependence on Ellen and Margaret for his livelihood. 12:17:15

And I do not believe that Mr. Kane, given his 47-year-long relationship with Ellen and Margaret, and the fact that he had been absolutely co-opted into the civil war that had erupted between my sister Ellen and Margaret on the one hand and me on the other hand, with my mother calling him up in tears and telling him what he should do, not do, that he was in a position to make an independent decision about whether a public company should terminate its CEO. 12:17:39 12:18:05

Q. Mr. McEachern is independent, made the same decision. 12:18:24

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 19th day of May, 2016.



JANICE SCHUTZMAN

CSR No. 9509

Exhibit 7

Exhibit 7

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 13, 2016

VOLUME II

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

Wrotniak, please.

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

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

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

MR. SEARCY: Objection. Vague.

THE WITNESS: I would consider her a close friend.

BY MR. KRUM:

Q. And describe your relationship with Michael Wrotniak.

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

Q. How often do you communicate with him?

A. Now?

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

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

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

A. I don't know.

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

THE REPORTER: Yes.

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

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

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

MR. KRUM: A what?

MR. FERRARIO: 158. There you go.

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

MR. FERRARIO: That's all right.

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

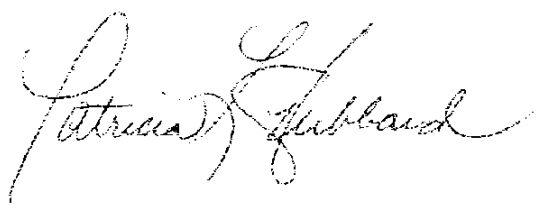
That prior to being examined, MARGARET COTTER was duly sworn or affirmed by me to testify the truth, the whole truth, and nothing but the truth;

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

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

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

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



PATRICIA L. HUBBARD, CSR #3400

Exhibit 8

Exhibit 8

From: Unger, Jill (US) <Jill.Unger@RalphLauren.com>
Sent: Wednesday, September 17, 2014 10:54 AM
To: Margaret Cotter
Subject: Re: News about my dad

So beautifully written.

You were so fortunate to have a dad like him.

Xoxoxoxoxoxoxoxoxoxoxo

----- Original Message -----
From: Margaret Cotter [mailto:margaret.cotter@readingrdi.com]
Sent: Wednesday, September 17, 2014 12:54 AM
To: Unger, Jill (US); Patricia Wrotniak <pwrotniak@hotmail.com>; Kim Fanning <kjcrew1@aol.com>; Jenny Kallenbach <JKallenbach@CATICACCESS.COM>; Michaela Burschinger <bkaela@mac.com>; Tiffany Sacks <tiffany@sackshome.com>; Patricia McLain <patricia_mclain@hotmail.com>
Subject: News about my dad

It is with the deepest sadness that we announce the passing of James J. Cotter, Sr.

Jim lost his battle to cancer on Saturday, September 13, 2014. As he did in life, Jim fought valiantly until the end. Our family is completely heartbroken over the loss of our father, mentor and friend. We hope you will join us in cherishing the colorful memories that this brilliant man bestowed upon us.

A Memorial Mass to celebrate his life will be held in Los Angeles at St Pauls the Apostle next Friday. See attachment.
Margaret Cotter
This message and any attached documents contain information which may be confidential, subject to privilege or exempt from disclosure under applicable law. These materials are intended only for the use of the intended recipient. If you are not the intended recipient of this transmission you are hereby notified that any distribution, disclosure, printing, copying, storage, modification or the taking of any action in reliance upon this transmission is strictly prohibited. Delivery of this message to any person other than the intended recipient shall not compromise or waive such confidentiality, privilege or exemption from disclosure as to this communication. If you have received this communication in error, please immediately notify the sender and delete the message from your system.

Exhibit 9

Exhibit 9

From: Patricia Wrotniak <pwrotniak@hotmail.com>
Sent: Wednesday, November 26, 2014 2:37 PM
To: Margaret Cotter
Subject: RE: Favor!!!

This is tough for you all....I am so sorry that you are going through this.Hopefully Thanksgiving Day will be a bit of a respite for you. It will be a nice dinner. Just try to relax and since the nanny is coming have a few cocktails!
By the way, we saw The Elephant Man on Friday evening with Bradley Cooper....just Michael and I.It was really good....he is an amazing actor....very versatile!
Thinking of you and thanks for checking on the tickets!Triciaxoxo

To: pwrotniak@hotmail.com
Subject: Re: Favor!!!
From: amcotter1@aol.com
Date: Tue, 25 Nov 2014 17:55:31 -0500

hi... had to come to ny sunday night. headed back thursday morning. im so sick of this! i am sure would be ok... let me find out tomorrow. have fun... going to bel air for thanksgiving with mom ellen kids and nanny. duffy is sick. ems called yesterday. he fell and ellen got worried. he asked the ems workers if they wanted to stay and play! im living in the twilight zone.

have good time.

MC00000901

045

RDI-A06637

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

From: Patricia Wrotniak <pwrotniak@hotmail.com>

To: Margaret Cotter <amcotter1@aol.com>

Sent: Tue, Nov 25, 2014 12:11 pm

Subject: Favor!!!

Hi there! Hope you are doing OK and not too stressed out!

How was your birthday? Margot's?? What are you doing for Thanksgiving?

I will call you tomorrow! We are going to The Mohonk House for my in-laws 50th wedding anniversary.

3 nights....I am looking forward to the break! and no cooking!!

MC00000902

046

RDI-A06638

Mary really wants to see It's Only a Play with Rupert Grint (the guy who was Ron in Harry Potter).

Do you have any pull to get us 4 tickets for Saturday, January, 3rd....2pm matinee? Let me know when you have a chance....if you can't get them I'll have Michael's asst. try through ticketmaster! It is at the Schoenfeld Theater. I think it might be a tough ticket....so many big names....Nathan Lane, Mathew Broderick. I don't want to pay $250 a ticket through a box office!!

Thanks and I'll call tomorrow when I am on the rode!!

Love,

T

MC00000903

047

RDI-A06639

Exhibit 10

Exhibit 10

From: Margaret Cotter <amcotter1@aol.com>
Sent: Wednesday, February 26, 2014 8:15 PM
To: Patricia Wrotniak
Subject: Re:

Is the a mat on Wednesday? Usually we don't have one. Yes in la. So busy. Will call u later today picking up dog for my mom in any 2 hrs.she will have a heart attack but I want to be her for the first few days with the dog

Sent from my iPhone

On Feb 26, 2014, at 11:23 AM, Patricia Wrotniak <pwrotniak@hotmail.com> wrote:

> Hi there! Sent you a text yesterday! I am home from Florida and just playing catch up!
> Are you still good to get us 4 tickets to STOMP for the GSP kids? Any interest in treating them to a casual dinner that evening too??? Something inexpensive in the neighborhood?? I hope you don't think I am asking too much....you know I am not pushy....just trying to get other alums involved in their week so they don't spend too much of their own money...they really don't have much but are such nice guys and so grateful to be spending the week with us. Even if there is a fun, cheap, famous pizza place near the theatre. I was thinking maybe a Wednesday matinee for the show....that would be March 12th. Let me know what you think!
>
> Are you back yet? Hope you are all doing well! Still can't get over that beautiful picture of Margot!
> By the way, we should grab dinner together one night and go see "Beautiful" together....that Carol King Broadway show. Could you swing a sitter one night? Or even a Saturday matinee and then an early dinner!
> Hugs and Kisses to the children!!!!
> T

MC00001201

048

RDI-A06641

Exhibit 11

Exhibit 11

From: Margaret Cotter
Sent: Wednesday, November 19, 2014 10:37 PM
To: Michael Wrotniak
Subject: RE: Stomp tickets

The dates are fine... get me the name and we will set it up....thanks!

From: Michael Wrotniak [mailto:m.wrotniak@aminco.biz]
Sent: Wednesday, November 19, 2014 2:30 PM
To: Margaret Cotter
Subject: RE: Stomp tickets

Hi Margaret,

Hope you are ok...

The winner of the Stomp tickets came forward to claim her prize.

The woman suggested two dates – Dec 3 or Dec 4 with a preference for the 3rd.

I will get her last name once you work out the dates.

Thank you.

Michael

From: Margaret Cotter [mailto:margaret.cotter@readingrdi.com]
Sent: Thursday, November 13, 2014 7:55 PM
To: Michael Wrotniak
Subject:

I need the ticket request lennon for little sisters

Margaret Cotter
Liberty Theatres LLC
189 Second Ave Suite 3N I New York, New York 10003
o. 212.871.6834 I c. 917.705.4458

MC00013887

049

RDI-A06643

Exhibit 12

Exhibit 12

To: Kelley Anderson
Subject: FW:

From: Michael Wrotniak [mailto:m.wrotniak@aminco.biz]
Sent: Friday, November 14, 2014 8:43 AM
To: Margaret Cotter
Subject: RE:

Hello Margaret –

Bday coming up right – Happy Birthday to you.

Thanks for the reminder about the Lennon tix

Dec 6 – two tickets for the evening show under the name:

Mr. Francois Chaillou

Thanks again for your contribution to the Little Sisters.

Michael

PS How is Lennon doing ?

From: Margaret Cotter [mailto:margaret.cotter@readingrdi.com]
Sent: Thursday, November 13, 2014 7:55 PM
To: Michael Wrotniak
Subject:

I need the ticket request lennon for little sisters

Margaret Cotter
Liberty Theatres LLC
189 Second Ave Suite 3N I New York, New York 10003
o. 212.871.6834 I c. 917.705.4458

MC00006355

050

RDI-A06645

Exhibit 13

Exhibit 13

From: Kelley Anderson
Sent: Tuesday, December 02, 2014 8:44 PM
To: Margaret Cotter
Subject: RE: Stomp tickets

I did and I confirmed with him- it is all set!

From: Margaret Cotter
Sent: Tuesday, December 02, 2014 3:43 PM
To: Kelley Anderson
Subject: FW: Stomp tickets

Did you handle this? and email Michael?

From: Margaret Cotter
Sent: Monday, December 01, 2014 9:41 AM
To: Kelley Anderson
Subject: Fwd: Stomp tickets

Can u set these up

Margaret Cotter
Liberty Theatres, LLC | 189 Second AvenueSuite 3N
New York , New York 10003 | p.212.871.6834
Sent from my iPhone

Begin forwarded message:

> **From:** Michael Wrotniak <m.wrotniak@aminco.biz>
> **Date:** December 1, 2014, 7:59:20 AM PST
> **To:** Margaret Cotter <margaret.cotter@readingrdi.com>
> **Subject: RE: Stomp tickets**
>
> Hi M,
>
> I hope you had a nice Thanksgiving with your kiddies – I am sure this year was more difficult than most with the adults – but day by day....
>
> Regarding Stomp, for Dec 3 – can you hold two house tickets under the name Judy Rudderow. It is the 8 pm show on Wed Dec 3 correct?
>
> Thanks again Margaret.
>
> Kind regards
>
> Michael
>
> PS Tricia and I sat in the second row for Elephant Man a week ago – very good show. Cooper is a good actor

From: Margaret Cotter [mailto:margaret.cotter@readingrdi.com]
Sent: Wednesday, November 19, 2014 5:37 PM
To: Michael Wrotniak
Subject: RE: Stomp tickets

The dates are fine... get me the name and we will set it up....thanks!

From: Michael Wrotniak [mailto:m.wrotniak@aminco.biz]
Sent: Wednesday, November 19, 2014 2:30 PM
To: Margaret Cotter
Subject: RE: Stomp tickets

Hi Margaret,

Hope you are ok...

The winner of the Stomp tickets came forward to claim her prize.

The woman suggested two dates – Dec 3 or Dec 4 with a preference for the 3rd.

I will get her last name once you work out the dates.

Thank you.

Michael

From: Margaret Cotter [mailto:margaret.cotter@readingrdi.com]
Sent: Thursday, November 13, 2014 7:55 PM
To: Michael Wrotniak
Subject:

I need the ticket request lennon for little sisters

Margaret Cotter
Liberty Theatres LLC
189 Second Ave Suite 3N I New York, New York 10003
o. 212.871.6834 I c. 917.705.4458

MC00007907

052

RDI-A06648

Exhibit 14

Exhibit 14

From: Kelley Anderson
Sent: Monday, June 09, 2014 4:46 PM
To: 'Mary Cotter'
Subject: RE: Please do me a favor -

This is in the mail and all set! Let me know if you need anything else!

Kelley

From: Mary Cotter [mailto:marytimely@yahoo.com]
Sent: Sunday, June 08, 2014 11:04 AM
To: Kelley Anderson
Subject: Please do me a favor -

Kelley: I would so appreciate if you could fedex to Judy Codding some invoices - my computer does not connect to Margaret printer. Her address is Judy Codding 2266 Canyon Back Road Los Angeles Ca. 90049 tel 310 476 1854. Do it overnite. Thanks and I will email you again with the nbr of invoices. Thanks and call me at Margaret if you need any info. Much appreciated.

Mary E. Cotter
Designer Travel, Inc.
13245 Riverside Dr. Suite 560
Sherman Oaks CA 91423
t. 310-559-0581
f. 310-425-8841

MC00004424

053

RDI-A06650

From: Kelley Anderson
Sent: Monday, June 09, 2014 8:15 PM
To: 'Mary Cotter'
Subject: RE: Please do me a favor -

Yes! Fedex overnight- they should have it around 9:30am tomorrow.

Thanks!
Kelley

From: Mary Cotter [mailto:marytimely@yahoo.com]
Sent: Monday, June 09, 2014 4:16 PM
To: Kelley Anderson
Subject: Re: Please do me a favor -

Kelley: Do you do FEDEX - THANKS.

Mary E. Cotter
Designer Travel, Inc.
13245 Riverside Dr. Suite 560
Sherman Oaks CA 91423
t. 310-559-0581
f. 310-425-8841

On Monday, June 9, 2014 9:48 AM, Kelley Anderson <Kelley.Anderson@readingrdi.com> wrote:

This is in the mail and all set! Let me know if you need anything else!

Kelley

From: Mary Cotter [mailto:marytimely@yahoo.com]
Sent: Sunday, June 08, 2014 11:04 AM
To: Kelley Anderson
Subject: Please do me a favor -

Kelley: I would so appreciate if you could fedex to Judy Codding some invoices - my computer does not connect to Margaret printer. Her address is Judy Codding 2266 Canyon Back Road Los Angeles Ca. 90049 tel 310 476 1854. Do it overnite. Thanks and I will email you again with the nbr of invoices. Thanks and call me at Margaret if you need any info. Much appreciated.

Mary E. Cotter
Designer Travel, Inc.
13245 Riverside Dr. Suite 560
Sherman Oaks CA 91423
t. 310-559-0581
f. 310-425-8841

MC00004426

055

RDI-A06652

Exhibit 15

Exhibit 15

From: amcotter1@aol.com
Sent: Tuesday, October 06, 2015 9:26 PM
To: kingsherry@gmail.com; judycodding@gmail.com
Subject: Re: Hamilton????

Hi.. yes I am back in my "new" routine and in the kindergarten interviewing frenzy. Being in LA was so nice having my mother as a fall back. I know she was not so quietly counting the days to our departure!!!

You picked the most popular show but I can try. Shows have producer seats available for purchase. They are full price tickets without the service charges and no broker mark ups. Usually show's house seat book opens a month prior to performance month so we are a little behind. Can you call or email me a credit card#, expiration, security code , billing zip, and cellphone to reach you so I can submit the order?

Margaret
9177054458

-----Original Message-----
From: Sherry King <kingsherry@gmail.com>
To: margaret <amcotter1@aol.com>; Judy Codding <judycodding@gmail.com>
Sent: Sun, Oct 4, 2015 7:08 pm
Subject: Hamilton????

Hi Margaret. I hear you're back and into the NY routine.....I'm sure it's as hectic here as ever with those adorable kids!

Judy Codding has to be in New York the week-end of Oct. 24-25. Is there any way you might be able to get us tickets to Hamilton for Sunday the 25? We absolutely would pay, but as you know, they're close to impossible to get. I have no idea if that's feasible for you. I know from my ancient days hanging out with the general manager of the Public Theater, that there were generally house seats like that if you were lucky enough to know someone.

Exhibit 16

Exhibit 16

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER

TAKEN ON MAY 19, 2016

VOLUME II

Job Number 308469

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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

A. I don't recall the conversations.

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

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

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

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

BY MR. KRUM:

Q. How have you known -- how had you known of Ms. Codding for years?

A. I had known of her reputation.

Q. Had you ever met her?

A. Yes.

Q. On how many occasions?

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

Q. Can you estimate?

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

Q. Over what period of time?

A. Probably the last 15 years.

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

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

Q. Where else had you met her?

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

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

A. I don't recall.

Q. Who are Peggy and Harvey Saferstein?

A. They are family friends.

Q. Cotter family friends?

A. Cotter family friends.

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

A. Yes.

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

IN WITNESS WHEREOF, I have subscribed my name this 24th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

Exhibit 17

Exhibit 17

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	)	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

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

You can answer the question.

THE WITNESS: I don't think I thought of him as my boss, no. He was -- I think of him more like a partner. If he needed help doing something, I told him I would do it and he said he would remunerate me for it.

BY MR. KRUM:

Q. Let me ask you a more precise question.

A. Okay.

Q. So the person who made the decision that you would be paid $52,000 a year by Cotter Family Farms was Jim Cotter Senior; correct?

A. Correct.

Q. And who is the person or who were the persons who make the decision today as to whether you will continue to be paid 52,000 a year by Cotter Family Farms?

A. I presume the estate that controls Cotter Family Farms.

Q. And by "the estate," you're referring to the estate of Jim Cotter Senior; right?

A. Yes.

Q. And the co-executors of the estate are

Margaret Cotter and Ellen Cotter; correct?

A. To my understanding, yes.

Q. Have you had any communications with them about continuing or not continuing the work you've been doing for which you're paid $52,000 a year by Cotter Family Farms?

A. No.

Q. Have you ever had any conversations with either both Margaret and/or Ellen Cotter about any work you did for any Cotter Family owned or controlled entities, whether Cotter Family Farms or some other entity?

A. Yes.

Q. And give me the list of entities to start, please.

A. Well, the -- there's, within the -- not the Cotter estate but outside of the Cotter estate are these captive insurance companies that are owned by -- my understanding, they're owned by a trust. And Margaret is president of that. Those insurance -- captive insurance companies, I'm CFO. There's filing, reporting, things that need to be done and administered, so I talk to Margaret about that.

Q. What are the -- well, first of all, how

A. Roughly?

Q. Yes.

MR. TAYBACK: I'm going to designate this as confidential private information under the protective order.

MR. KRUM: That's fine.

THE WITNESS: I just want to reiterate to you, I'm not comfortable with this. I will answer it.

BY MR. KRUM:

Q. Here is what we're doing. Mr. Tayback has designated your testimony about your --

MR. TAYBACK: Personal finances.

BY MR. KRUM:

Q. -- personal finances as confidential. That means we handle it in a different way. It's not going to be floating around in public so you don't have to worry about that.

A. Approximately $900,000.

Q. And in May of last year, May of 2015, what was your approximate net worth?

A. Approximately $900,000.

Q. Okay. And is it correct --

A. Maybe -- maybe it was a little more.

Q. I understand. It's approximate.

A. Yeah.

$4 million, something like that.

Q. So somewhere in or around 2008, Mr. Cotter also took his money out of your fund?

A. Oh, no. His money was in for a short period of time. I was working on a couple things that he thought were interesting. He got in and when those things were sold, he said, When can I get my money out?

I said, You can take your money out at the end of the quarter. So I would say he wasn't in not even a year. It was a very fortuitous investment. It worked out. For a fund starting out, the first year is important and that was a good investment for me. And Mr. Cotter asked for his money out and I redeemed him.

Q. Okay. So what other business dealings, if any, have you ever had with Jim Cotter Senior?

A. He's bought some real estate and that's part of the farm management payment as well, is to look after these real estate investments he made. And when he hired me and brought me aboard, he had already made -- he had already made three of them with a man named Tom Riley in Orange County. He's a developer.

Mr. Cotter told me about the real estate

investments. I told him they sounded interesting and he says, I need your help with them to oversee them. I said, I'm not a real estate guy. This isn't what I -- my strong suit, I'm sorry. He knew that. He said, I don't care. I want you to help me with them. And he said, You'll learn something. It will be fun.

And candidly, working with Mr. Cotter, even if I didn't know it, I'd learn about it along the way.

But the point is that there were real estate investments that Mr. Cotter made and three of them were made before I got there, or maybe one of them was made the week I walked in the door. I had no involvement in it. And then one was made approximately a year later.

Q. So how were you paid or what was the compensation arrangement, if any, for you to do what you did with respect to these four real estate investments?

A. Mr. Cotter included the thousand dollars a week from Family Farms and he said, I'm going to make you my partner, a 5 percent partner on my real estate ventures. I didn't bargain. I didn't debate. I just said, Yes, thank you.

2019 before the first -- according to the pro forma, before the first -- first you have to pay out Stern. And after he's paid out, then the subordinated loan can get paid out, and I think that's a 2019 economic event before that happens.

Q. So just for the purposes of understanding how you would be paid, I'm not arguing about when it might occur.

A. Okay.

Q. Let me pose the question this way.

A. Okay.

Q. So if it were today instead of 2019 or later, the money would be paid to the entity that is owned by Mr. Cotter and Mr. Riley --

A. Yes.

Q. -- and then through that entity, money would go to Mr. Cotter, today his estate?

A. Yes.

Q. And then to you through the estate?

A. Yes.

Q. What was his investment in that, by the way?

A. One point --

MR. TAYBACK: Objection; foundation; calls for speculation.

Q. What was that period of time?

A. 2013, 2014 or 2014, 2015.

Q. But are there still pieces remaining to be sold?

A. There are not but there is a clause in the agreement that says -- it's called a bonus payment. And if the developer can sell his homes, when he pro formas the sale, if he can meet his pro forma, then he's good. If he can sell the homes at a higher value, we get a lookback for a quote, bonus payment, and that's to be determined upon lookback.

Q. Which will be when?

A. I'm hoping the end of the year, that calculation will be made, or the first part of next year the calculation will be made. If any, if there is a bonus payment.

Q. And the monies that you received from this investment totaled to date -- totaled approximately how much?

A. A little under $30,000, maybe 29, 28, something like that.

Q. And how did those monies flow to you?

A. I believe I asked for a check to put in GWA Advisors.

Q. Who wrote the check?

A. I think maybe the first check, a Cotter entity did. The second check, the Tom and Jim LLC did.

Q. With whom did you interact to --

A. Ellen and Margaret.

Q. I didn't finish the question.

So Ellen and Margaret were the persons with whom you interacted to see to it that you received your 5 percent?

A. Yes.

Q. Was that informally or did they have some particular capacity, such as co-executors of the estate?

MR. SWANIS: Objection; form.

MR. TAYBACK: Join.

THE WITNESS: Well, it was formulated that there was a calculation. I mean, there's closing costs of each section and all that in the calculation. Informally, they -- they authorized it.

BY MR. KRUM:

Q. Okay. What's the fourth piece of real estate?

A. It's called Leander Holdings,

L-e-a-n-d-e-r. It's also in Austin, Texas and it's on the west side, the desirable side of Austin.

Q. What's the status of that?

A. It's being developed and we have buyers for the first part of it and it's the same sort of takedown. Developers agree to take down certain parts of it. So Tom Riley builds it, puts the gutters and power all in. They buy it and then Tom has to get the second phase ready for them. Leander, unlike Sorento, will go down in two phases and there is no lookback, no bonus payment.

Q. How much money did Mr. Cotter invest in Leander Holdings?

MR. TAYBACK: Objection; foundation.

You can answer.

THE WITNESS: He invested approximately $2.4 million.

BY MR. KRUM:

Q. And so when do you expect the -- that's not right.

Have any payouts been made yet?

A. No.

Q. When do you anticipate the first payout to occur?

A. Fourth quarter of this year, fourth

quarter next year, if there are no delays with building, et cetera, putting the roads in.

Q. Those are the two payments, first and second, that you anticipate in the fourth quarter --

A. I'm -- I'm not being completely accurate there. There's more one developer that's buying these lots and they're not all doing it the same day, but they're within like two months of each other. So I'd say the fourth quarter -- there's three developers. The three developers are going to close their lots. Tom has to get other lots ready for the next closing from these three guys, and their spacing isn't all in one month. It's spread out. So fourth quarter is -- kind of captures when the flow of funds would happen.

Q. And how will those funds flow to you?

A. I don't know. I presume just like before, I would -- we would get the closing statement, we'd look at the analysis, we'd carefully check all the numbers and make the calculation and I'd show them to Ellen and Margaret Cotter of the estate and say, How would you like the money wired in?

Q. How much money do you anticipate

receiving from the Leander development?

MR. TAYBACK: Objection; vague as to the "you." Mr. Adams personally?

MR. KRUM: Yes, thank you.

THE WITNESS: Honestly, I don't know. I can think for a minute about it. We think about two -- maybe two, so five -- in two payments, 100,000. Both payments, 50,000 each.

BY MR. KRUM:

Q. Okay. Thanks.

Have you done any other business beyond what you've described today with or for Mr. Cotter Senior?

A. None that I can think of at this time.

Q. Have you done any other business with or for either both Ellen Cotter and/or Margaret Cotter, whether as individuals, as co-executors of the estate or in any other capacity?

MR. TAYBACK: Other than what he's already mentioned?

BY MR. KRUM:

Q. Other than what you've already mentioned, yeah.

A. Other than what I already mentioned, thank you.

Q. Did you vote Margaret president as well?

A. Yes, I did.

Q. Jim Junior did not participate; correct?

A. My recollection is he chose not to participate.

Q. And what did they say to you at this lunch in Beverly Hills, if anything, with regard to your ongoing interest in these real estate projects?

A. They didn't say anything.

Q. What else, if anything, was discussed at this lunch in Beverly Hills in August of 2014?

A. My recollection is those were the two issues we talked about.

Q. Other than what you've already described, Mr. Adams, in terms of your communications with Ellen and/or Margaret Cotter regarding your interest in these four real estate projects and payment of monies to you, have you had any other communications with either Ellen or Margaret Cotter about either the real estate projects generally, or particularly payments of money to you from them?

A. I go to Austin, Texas, generally once a year and review the project and where we are and find out how the economics are, and I talk to them

about that occasionally.

Q. Okay. Does that include talking about when -- when proceeds from the project could be expected by the Cotter estate or entity and the estate, as the case may be, and you?

A. They have asked me that question, when the proceeds from these developments will come about. My recollection is I gave them a schedule.

Q. A written schedule?

A. Yeah.

Q. When was that?

A. Maybe 2014. Late 2014.

Q. Have you ever had any other conversations with them beyond what you've already told us about the real estate, those four real estate ventures or payment of monies to the Cotter estate and/or you?

A. No, none that I recall.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 58, a two-page document bearing production numbers GA00001613 and 14.

(Exhibit 58 was marked for identification.)

BY MR. KRUM:

Q. Mr. Adams, do you recognize Exhibit 58?

A. Yes, I do.

CERTIFICATE OF REPORTER

STATE OF CALIFORNIA)
)SS:
COUNTY OF LOS ANGELES)

I, Lori Raye, a duly commissioned and licensed court reporter for the State of California, do hereby certify:

That I reported the taking of the deposition of the witness, GUY ADAMS, commencing on Thursday, April 28,2016, at 10:13 a.m.;

That prior to being examined, the witness was, by me, placed under oath to testify to the truth; that said deposition was taken down by me stenographically and thereafter transcribed; that said deposition is a complete, true and accurate transcription of said stenographic notes.

I further certify that I am not a relative or an employee of any party to said action, nor in anywise interested in the outcome thereof; that a request has been made to review the transcript.

In witness whereof, I have hereunto subscribed my name this 2nd day of May 2016.

LORI RAYE
CSR No. 7052

Exhibit 18

Exhibit 18

ORIGINAL

FL-150

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): William P. Glavin, Esq., SBN: 109132 Law Offices of William P. Glavin 841 Apollo Street, Suite 450 El Segundo, CA 90245 TELEPHONE NO.: (310) 882-0000 E-MAIL ADDRESS (Optional): ATTORNEY FOR (Name): Petitioner, Guy W. Adams	FOR COURT USE ONLY **FILED** Superior Court of California County of Los Angeles OCT 09 2013 John A. Clarke, Executive Officer/Clerk By. K. Sep, Deputy
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles STREET ADDRESS: 111 North Hill Street MAILING ADDRESS: 111 North Hill Street CITY AND ZIP CODE: Los Angeles, CA 90012 BRANCH NAME: Central District	
PETITIONER/PLAINTIFF: Guy W. Adams RESPONDENT/DEFENDANT: Lois M. Kwasigroch OTHER PARENT/CLAIMANT:	
INCOME AND EXPENSE DECLARATION	CASE NUMBER: 3D500509

1. *Employment* (Give information on your current job or, if you're unemployed, your most recent job.)

Attach copies of your pay stubs for last two months (black out social security numbers).

a. Employer: GWA Advisors, LLC
b. Employer's address: 433 No. Camden Drive, Suite 810, Beverly Hills, CA 90210
c. Employer's phone number: (310) 285- 1951
d. Occupation: Investment Advisor
e. Date job started: November 2002
f. If unemployed, date job ended:
g. I work about 25 - 40 hours per week.
h. I get paid $ 5,000 gross (before taxes) [X] per month [ ] per week [ ] per hour.

(If you have more than one job, attach an 8½-by-11-inch sheet of paper and list the same information as above for your other jobs. Write "Question 1—Other Jobs" at the top.)

2. *Age and education*
   a. My age is (specify): 62
   b. I have completed high school or the equivalent: [X] Yes [ ] No If no, highest grade completed (specify):
   c. Number of years of college completed (specify): 4 [X] Degree(s) obtained (specify):
   d. Number of years of graduate school completed (specify): 2 [X] Degree(s) obtained (specify):
   e. I have: [ ] professional/occupational license(s) (specify):
      [ ] vocational training (specify):

3. *Tax information*
   a. [X] I last filed taxes for tax year (specify year): 2012
   b. My tax filing status is [ ] single [ ] head of household [ ] married, filing separately
      [X] married, filing jointly with (specify name): Lois M. Kwasigroch
   c. I file state tax returns in: [X] California [ ] other (specify state):
   d. I claim the following number of exemptions (including myself) on my taxes (specify): 1

4. *Other party's income*: I estimate the gross monthly income (before taxes) of the other party in this case is (specify): $61,836/mo.
   This estimate is based on (explain): W-2 for 2012 shows $742,035

(If you need more space to answer any questions on this form, attach an 8½-by-11-inch sheet of paper and write the question number before your answer.) Number of pages attached: _____

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

Date: October 7, 2013

Guy W. Adams
(TYPE OR PRINT NAME) ▶ (SIGNATURE OF DECLARANT)

FL-150

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, state bar number, and address): William P. Glavin, Esq., SBN: 138132 Law Offices of William P. Glavin 841 Apollo Street, Suite 450 El Segundo, CA 90245 TELEPHONE NO.: (310) 882-0000 E-MAIL ADDRESS (Optional): ATTORNEY FOR (Name): Petitioner, Guy W. Adams	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles STREET ADDRESS: 111 North Hill Street MAILING ADDRESS: 111 North Hill Street CITY AND ZIP CODE: Los Angeles, CA 90012 BRANCH NAME: Central District	
PETITIONER/PLAINTIFF: Guy W. Adams RESPONDENT/DEFENDANT: Lois M. Kwasigroch OTHER PARENT/CLAIMANT:	
INCOME AND EXPENSE DECLARATION	CASE NUMBER:

1. *Employment (Give information on your current job or, if you're unemployed, your most recent job.)*

Attach copies of your pay stubs for last two months (black out social security numbers).

a. Employer: GWA Advisors, LLC
b. Employer's address: 433 No. Camden Drive, Suite 810, Beverly Hills, CA 90210
c. Employer's phone number: (310) 385- 1951
d. Occupation: Investment Advisor
e. Date job started: November 2002
f. If unemployed, date job ended:
g. I work about 25 - 40 hours per week.
h. I get paid $ 5,000 gross (before taxes) [X] per month [ ] per week [ ] per hour.

(If you have more than one job, attach an 8½-by-11-inch sheet of paper and list the same information as shown for your other jobs. Write "Question 1—Other Jobs" at the top.)

2. Age and education
   a. My age is (specify): 62
   b. I have completed high school or the equivalent: [X] Yes [ ] No If no, highest grade completed (specify):
   c. Number of years of college completed (specify): 4 [X] Degree(s) obtained (specify):
   d. Number of years of graduate school completed (specify): 2 [X] Degree(s) obtained (specify):
   e. I have: [ ] professional/occupational license(s) (specify):
      [ ] vocational training (specify):

3. Tax information
   a. [X] I last filed taxes for tax year (specify year): 2012
   b. My tax filing status is [ ] single [ ] head of household [ ] married, filing separately
      [X] married, filing jointly with (specify name): Lois M. Kwasigroch
   c. I file state tax returns in [X] California [ ] other (specify state):
   d. I claim the following number of exemptions (including myself) on my taxes (specify): 1

4. Other party's income. I estimate the gross monthly income (before taxes) of the other party in this case at (specify): $ 61,836/mo.
   This estimate is based on (explain): W-2 for 2012 shows $742,035

(If you need more space to answer any questions on this form, attach an 8½-by-11-inch sheet of paper and write the question number before your answer.) Number of pages attached: _____

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

Date: October 7, 2013

Guy W. Adams
(TYPE OR PRINT NAME)

(SIGNATURE OF DECLARANT)

FL-150

PETITIONER/PLAINTIFF: Guy W. Adams RESPONDENT/DEFENDANT: Lois M. Kwasigroch OTHER PARENT/CLAIMANT:	CASE NUMBER:

Attach copies of your pay stubs for the last two months and proof of any other income. Take a copy of your latest federal tax return to the court hearing. ***(Black out your social security number on the pay stub and tax return.)***

5. **Income** *(For average monthly, add up all the income you received in each category in the last 12 months and divide the total by 12.)*

	Last month	Average monthly
a. Salary or wages (gross, before taxes)	$	8,472*
b. Overtime (gross, before taxes)	$ 0	0
c. Commissions or bonuses	$	2,083*
d. Public assistance (for example: TANF, SSI, GA/GR) ☐ currently receiving	$ 0	0
e. Spousal support ☐ from this marriage ☐ from a different marriage	$ 0	0
f. Partner support ☐ from this domestic partnership ☐ from a different domestic partnership	$ 0	0
g. Pension/retirement fund payments	$ 0	0
h. Social security retirement (not SSI)	$ 0	0
i. Disability: ☐ Social security (not SSI) ☐ State disability (SDI) ☐ Private insurance	$ 0	0
j. Unemployment compensation	$ 0	0
k. Workers' compensation	$ 0	0
l. Other (military BAQ, royalty payments, etc.) *(specify)*:	$ 0	0

6. **Investment Income** *(Attach a schedule showing gross receipts less cash expenses for each piece of property.)*

a. Dividends/interest	$ 0	0
b. Rental property income	$ 0	0
c. Trust income	$ 0	0
d. Other *(specify)*:	$ 0	0

(*) See Attachment 9

7. **Income from self-employment, after business expenses for all businesses** $ 4,667 2,011*

I am the ☒ owner/sole proprietor ☐ business partner ☐ other *(specify)*:

Number of years in this business *(specify)*: 11

Name of business *(specify)*: GWA Capital Partners, LLC and GWA Advisors, LLC

Type of business *(specify)*: Investment Manger and Investment Advisor

Attach a profit and loss statement for the last two years or a Schedule C from your last federal tax return. Black out your social security number. If you have more than one business, provide the information above for each of your businesses.

See Attached Exhibit 1

8. ☐ **Additional income.** I received one-time money (lottery winnings, inheritance, etc.) in the last 12 months *(specify source and amount)*:

9. ☒ **Change in income.** My financial situation has changed significantly over the last 12 months because *(specify)*:

See Attachment 9 (Exhibit 2)

10. **Deductions**

	Last month
a. Required union dues	$ 0
b. Required retirement payments (not social security, FICA, 401(k), or IRA)	$ 0
c. Medical, hospital, dental, and other health insurance premiums *(total monthly amount)*	$
d. Child support that I pay for children from other relationships	$ 0
e. Spousal support that I pay by court order from a different marriage	$ 0
f. Partner support that I pay by court order from a different domestic partnership	$ 0
g. Necessary job-related expenses not reimbursed by my employer *(attach explanation labeled "Question 10g")*	$ 0

11. **Assets**

		Total
a. Cash and checking accounts, savings, credit union, money market, and other deposit accounts	Approx.	$ 96,000
b. Stocks, bonds, and other assets I could easily sell	Approx.	$ 243,000
c. All other property, ☒ real and ☒ personal *(estimate fair market value minus the debts you owe)*		$ 2,802,798

PETITIONER/PLAINTIFF: Guy W. Adams RESPONDENT/DEFENDANT: Lois M. Kwasigroch OTHER PARENT/CLAIMANT:	CASE NUMBER:

12. The following people live with me: During Marriage

Name	Age	How the person is related to me? (ex: son)	That person's gross monthly income	Pays some of the household expenses?
a. Lois M. Kwasigroch		Wife	61,836	[X] Yes [ ] No
b.				[ ] Yes [ ] No
c.				[ ] Yes [ ] No
d.				[ ] Yes [ ] No
e.				[ ] Yes [ ] No

See Exhibit 3 (Combined Expenses/Spending)

13. Average monthly expenses [ ] Estimated expenses [ ] Actual expenses [ ] Proposed needs

a. Home:
   (1) [ ] Rent or [ ] mortgage . . . $ _____
   If mortgage:
   (a) average principal: $ _____
   (b) average interest: $ _____
   (2) Real property taxes . . . $ _____
   (3) Homeowner's or renter's insurance (if not included above) . . . $ _____
   (4) Maintenance and repair . . . $ _____
b. Health-care costs not paid by insurance . . . $ _____
c. Child care . . . $ _____
d. Groceries and household supplies . . . $ _____
e. Eating out . . . $ _____
f. Utilities (gas, electric, water, trash) . . . $ _____
g. Telephone, cell phone, and e-mail . . . $ _____
h. Laundry and cleaning . . . $ _____
i. Clothes . . . $ _____
j. Education . . . $ _____
k. Entertainment, gifts, and vacation . . . $ _____
l. Auto expenses and transportation (insurance, gas, repairs, bus, etc.) . . . $ _____
m. Insurance (life, accident, etc.; do not include auto, home, or health insurance) . . . $ _____
n. Savings and investments . . . $ _____
o. Charitable contributions . . . $ _____
p. Monthly payments listed in item 14 (itemize below in 14 and insert total here) . . . $ _____
q. Other (specify): . . . $ _____
r. **TOTAL EXPENSES** (a–q) (do not add in the amounts in a(1)(a) and (b)) $ _____
s. Amount of expenses paid by others $ _____

14. Installment payments and debts not listed above

Paid to	For	Amount	Balance	Date of last payment
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	

15. Attorney fees (This is required if either party is requesting attorney fees.)
   a. To date, I have paid my attorney this amount for fees and costs (specify): $ 10,000
   b. The source of this money was (specify): Savings account
   c. I still owe the following fees and costs to my attorney (specify total owed): $ 0
   d. My attorney's hourly rate is (specify): $ $450/hr

I confirm this fee arrangement.

Date: October 7, 2013

William P. Glavin
(TYPE OR PRINT NAME OF ATTORNEY)

▶ _____
(SIGNATURE OF ATTORNEY)

LexisNexis® Automated California Judicial Council Forms

PETITIONER/PLAINTIFF: Guy W. Adams RESPONDENT/DEFENDANT: Lois M. Kwasigroch OTHER PARENT/CLAIMANT:	CASE NUMBER:

CHILD SUPPORT INFORMATION

(NOTE: Fill out this page only if your case involves child support.)

16. Number of children
    a. I have *(specify number)*: 3 children under the age of 18 with the other parent in this case.
    b. The children spend percent of their time with me and percent of their time with the other parent.
    (If you're not sure about percentage or it has not been agreed on, please describe your parenting schedule here.)

17. Children's health-care expenses
    a. ☐ I do ☐ I do not have health insurance available to me for the children through my job.
    b. Name of insurance company:
    c. Address of insurance company:

    d. The monthly cost for the children's health insurance is or would be *(specify)*: $
    (Do not include the amount your employer pays.)

18. Additional expenses for the children in this case — Amount per month
    a. Child care so I can work or get job training . . . . . $
    b. Children's health care not covered by insurance . . . . . $
    c. Travel expenses for visitation . . . . . $
    d. Children's educational or other special needs *(specify below)* . . . . . $

19. Special hardships. I ask this court to consider the following special financial circumstances *(attach documentation of any item listed here, including court orders)*:

	Amount per month	For how many months?
a. Extraordinary health expenses not included in 18b	$	
b. Major losses not covered by insurance (examples: fire, theft, other insured loss)	$	
c. (1) Expenses for my minor children who are from other relationships and are living with me	$	
(2) Names and ages of those children *(specify)*:		
(3) Child support I receive for those children	$	

The expenses listed in a, b, and c create an extreme financial hardship because *(explain)*:

20. Other information I want the court to know concerning support in my case *(specify)*:
Moving into my rental apartment and furnishing it, I spent over $15,000.

Exhibit 1

Attachment No. 9 and GWA Consulting Income Schedule
(Exhibit 1)

The attached schedule reflects my change in income. I no longer receive an income from Mercer (Column C) and included in my average monthly income Line 5(a), page 2. is a one time fee that I will not receive in the future and is not indicative of my regular/average income.

9. Change In Income.

Column A - is "at will" on a monthly basis

Column B - Is "at will" and is on a short-term basis that can end abruptly

Column C - This income ended May 31, 2013

Column D - This income was a one-time fee. No further compensation is expected from this source.

GWA Consulting Income
9/1/2012 through 8/31/2013

	Column A	Column B	Column C	Column D	TOTAL
	WC Farms	Tiedeman	Mercer	Captive Inv.	Amount
TOTAL INCOME	$48,000	$8,000	$45,667	$25,000	$126,667
Per Month	4,000	667	3,806	2,083	10,556

Total Expenses LTM	Capital Pkrs		$ 73,752
Total Expenses LTM	Advisors		$ 28,787
TOTAL BUSINESS EXPENSES	9/1/12 - 8/31/13		$ 102,538
		Per Mo	$ 8,545
LTM Net Income			$ 24,128
		Per Mo	$ 2,011

JCOTTER014861

RDI-A06685

Exhibit 2

GWA Advisors, LLC

	2011 Jan - Dec 11	
Income		
GWA Capital	$(84,285.11)	Note 1
Consulting Fee Income	84,500.00	
Mercer Stock	101,640.00	Note 2
Total Income	71,854.89	
Total Expense	0000.00	
Net Income	$ 71,854.89	

	2012 Jan - Dec 12	
Income		
GWA Capital	$(70,273.86)	Note 1
Consulting Fee Income	00,500.00	
Mercer Stock	29,850.00	Note 2
Total Income	29,076.14	
Expense	00000.00	
Net Income	$ 29,076.14	

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

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

GWA CAPITAL PARTNERS, LLC

Profit & Loss	2012
January through December 2012	Accrual Basis
Gain on Capital Account	
GWA Investments	$(7,191.72)
Other Income	3.29
Total Income	$(7,188.43)
Moving Expense	$5,861.82
Bank Service Charge	39.00
Data Service	7,520.95
Depreciation	393.69
Dues and Subscriptions	743.39
Equipment Purchases	1,746.07
Licenses and Permits	1,047.00
Marketing and Sales	58.33
Meals and Entertainment	6,332.47
Miscellaneous	162.80
Office Supplies	1,518.71
Parking	2,183.39
Postage and Delivery	266.87
Accounting	5,657.00
Legal	460.00
Other Professional Services	412.95
Total Professional Fees 6,529.95	
Rent - Office	9,380.00
Rent - Other	3,925.00
Repairs and Maintenance	1,504.64
Software	328.74
Income Tax	1,600.00
Taxes - Other	800.00
Total Taxes 2,400.00	
Telephone	4,308.81
Airfare	2,560.02
Lodging	2,680.72
Other	428.77
Taxi	350.00
Transportation	156.74
Total Travel 6,271.25	
Total Expense	$ 63,089.12
Net Income	$(70,273.55)

GWA CAPITAL PARTNERS, LLC

Profit & Loss	2011
January through December 2011	Accrual Basis
Gain on Capital Account	
GWA Investments	$(10,528.59)
Total Income	$(10,528.59)
Bank Service Charge	49.00
Data Service	18,246.08
Depreciation	539.00
Dues and Subscriptions	1,379.48
Equipment Purchases	4,714.43
Licenses and Permits	1,469.00
Marketing and Sales	64.90
Meals and Entertainment	4,718.31
Miscellaneous	9.99
Office Supplies	1,508.99
Parking	1,976.03
Postage and Delivery	206.92
Accounting	5,455.00
Other Professional Services	737.63
Total Professional Fees 6,192.63	
Rent - Other	3,968.00
Repairs and Maintenance	5,641.25
Software	1,130.38
Taxes	3,954.00
Telephone	5,117.29
Airfare	3,372.46
Lodging	9,411.07
Other	74.24
Taxi	245.00
Transportation	308.40
Total Travel	13,411.17
Total Expenses	$74,296.85
Interest Income	1.33
Net Income	$(84,824.11)

GWA Assets and Liabilities

(As Of August 31, 2013)

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

* Defined Contribution Plan from past employment in 1994.

Exhibit 3

Average Combined Spending by Category

1/1/2011 through 12/31/2012 Category	Annual Expenses	
Auto Lease- LMK	$ 6,600	*
Auto:Fuel	4,800	
Auto:Fuel-LMK	2,400	*
Auto:Insurance-Guy	763	
Auto:Insurance-LMK	1,650	*
Auto:License - Fees	158	
Auto:Service	1,944	
Apartment Rent - Guy	36,000	*
Bank Charge	121	
Charitable	1,097	
Christmas + Gifts	2,638	
Christmas + Gifts-LMK	3,000	*
College Fees - LMK	30,000	*
Clothing-Guy	2,400	
Clothing-LMK	4,000	*
Dependent Support - LMK	6,000	*
Entertainment - Guy	2,676	
Entertainment-LMK	2,400	*
Groceries:Fast Foods	868	
Groceries:Food Store	8,222	
Groceries:Food Store-LMK	4,000	*
Household:Gardener	5,100	Avg 425/ mo
Household:Maintenance	95	
Household:Maintenance-LMK	4,800	*
Housing:Expenses (Wells)	3,460	
Housing:Expense (HB)	1,016	
Housing: Interest-LMK-Wells	61,126	
Housing Interest-LMK-58	32,850	

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

*Estimate

Exhibit 4

13 g. Other Miscellaneous Expenses (Monthly):

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

DECLARATION OF GUY W. ADAMS

I, Guy W. Adams, declare as follows:

1. I am the Petitioner in the instant matter. I make and submit this declaration in support of my Request for Order Re Spousal Support and Attorneys Fees and Costs. The facts stated herein are known to me personally, and if called upon as a witness, I could and would competently testify thereto.

2. I offer this Declaration in lieu of personal testimony, pursuant to §§2009 and 2015.5 of the *California Code of Civil Procedure*, Rule 5.118(f) of *California Rules of Court*, and pursuant to the authority of *Reifler vs. Superior Court* (1974) 39 Cal. App.3d 479, and *Marriage of Stevenot* (1984) 154 Cal.App.3d 1051.

3. Respondent, Lois M. Kwasigroch (hereinafter "Lois") and I married on September 29, 2007 and separated on September 1, 2013, a period of 5 years and 11 months. We do not have any children together, however, Lois has a daughter, Annelise Alexander, age 20, from a prior marriage. Lois and I did not sign a prenuptial agreement prior to our marriage.

SPOUSAL SUPPORT

4. Prior to our marriage, I owned and operated two businesses: GWA Capital Partners, an investment management company, and GWA Advisors, a investment consulting firm. At that time, GWA Capital Partners had four employees. Prior to our marriage, both of my businesses were prospering, but the 2007-08 market meltdown resulted in significant investment losses for both companies. By the end 2008, most of my investors had pulled out, and my businesses' combined value had declined by approximately 70%. At that time, I had to lay off all of my employees. Since that time, I have worked to rebuild my businesses. I am currently devoting most of my time to advisory assignments.

5. Lois is an attorney specializing in biotech patent litigation. She started working at her current employer, Amgen, a few months prior to our marriage in 2007.

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

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

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

ATTORNEYS FEES AND COSTS

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

9. In addition to her liquid assets, Lois has a residence that is primarily her separate property. During our marriage, Lois and I primarily resided in a house which Lois acquired in 1998, prior to our marriage. Although the residence is Lois' separate property, we made significant improvements to the property during our marriage using our community property. Additionally, Lois refinanced the property twice during our marriage, and we paid the mortgage from our community property earnings. Since our separation, Lois has continued to reside in the property.

10. On May 25, 2012, Lois and I purchased a second home in Montecito, California for $1,211,927. The down payment for this purchase came predominately from Lois' bonus payment received in March of that year. Since our purchase of this property, the residence has increased in value. Since our separation, Lois has had exclusive use and occupancy of the Montecito property.

11 Since our separation, I have incurred significant expenses locating, leasing and furnishing an apartment while Lois has remained living in both of our family residences.

12. Additionally, I have paid $10,000 to retain an attorney to represent me in this litigation. Based on Lois' statements to me regarding support and division of our assets, I anticipate that I will incur significant legal fees before our dissolution matter is resolved.

RELIEF REQUESTED

13. I respectfully request that Lois be ordered to pay me $22,377 per month as and for spousal support.

14. I further respectfully request that Lois be ordered to make a $25,000 contribution to my attorneys fees and costs forthwith.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 7th day of October 2013, at El Segundo, California.

Guy W. Adams

EXHIBIT 19

(Filed Separately Under Seal)

Exhibit 20

Exhibit 20

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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

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

A. RDI.

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

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

Q. Who asked you that?

A. Craig Tompkins and Ellen Cotter.

Q. What was your response?

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

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

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

MR. SWANIS: Let me finish.

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

might be not independent for that type of transaction.

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

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

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

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

MR. HELPERN: Objection. Form.

MR. SWANIS: Join. Foundation.

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

///

BY MR. KRUM:

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

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

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

A. Yes.

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

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

BY MR. KRUM:

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

MR. SWANIS: Objection to form.

THE WITNESS: Yes.

MR. HELPERN: Join.

MR. RHOW: I'm --

///

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

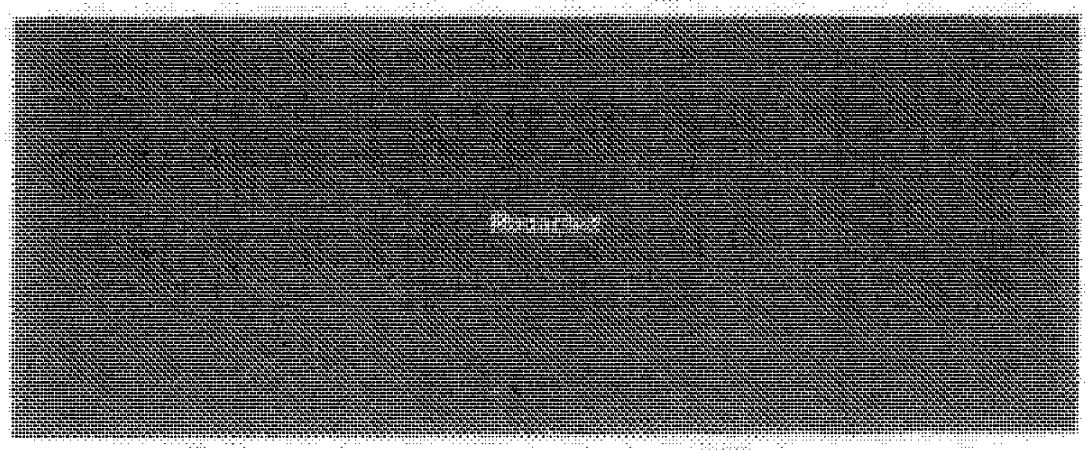
IN WITNESS WHEREOF, I have subscribed my name this 13th day of June, 2016.



PATRICIA L. HUBBARD, CSR #3400

Exhibit 21

Exhibit 21



From: Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
Sent: Wednesday, May 27, 2015 2:39 PM
To: Adam Siegart
Cc: Meg Locke
Subject: Confidential Settlement Proposal--Subject to F. 408

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

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

EXHIBIT
8-27-15
CSR, INC

JCOTTRAU3362

RDI-A06708

Confidential Settlement Memo of Understanding

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

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

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

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of this changes)	JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below: *Executive Committee Structure* The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows: • Members: EMC, AMC, JJC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: (i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of $1 million; and (iii) Review and approval of annual Budget and Business Plan. Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would

COTTE0002663

RDI-A06709

	endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO. Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC. The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JR. EMC will be appointed President of the US Cinema division. Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JC, AMC, SCT and WE). It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.
Reading Voting Stock – Class B	JC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee. Margaret Cotter will be the Sole Voting Trustee of the Voting Stock. JC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between JR's expressed intent that AMC serve as Chair and another provision that says JR intended for rotation; JC, EMC and AMC will agree that JR intended for AMC to serve as Chair and that neither EMC nor JR wish to serve as Chair.
Immediate Release and Waiver signed by JC with respect to all litigation, including any matters covered by the specified litigation	1. California Superior Court case 2. Nevada case filed by JC 3. All threats against Directors 4. All threats of Company Derivative Action 5. Agreement that Reading International, Inc. can drop the interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option 6. JC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company
2014 Trust Amendment	Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.
Trustees of the Living Trust	JC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive.
Specific Bequests	Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.

Ownership of Agriculture Assets	Cotter Family Farms, LLC Agreement amended • Majority rule for decision-making by Co-Managers; • Remove restrictions on distributions or sale of assets; • JC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JC.
JC's "Lead Director" Agreement with Cecelia - $200,000 per annum	JC's "lead director" Agreement will be voided. JC will relinquish any remaining rights in such Agreement.
$1.5 million Loan	As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JC will sign an acknowledgment that this is appropriate and reasonable.
Release by EMC and AMC	EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the $1.5 million loan (in which case the parties will work to carve out such claims).
2014 Gifts	JC delivers EMC check for $28,000.
James J. Cotter Foundation	AMC, EMC and JC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.

AGREED:

_____

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

_____

Ellen Cotter (individually and in all representative capacities)

_____

Margaret Cotter (individual and in all representative capacities)

JCOTTE0002369

Exhibit 22

Exhibit 22

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

Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL 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,

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

DECLARATION OF PLAINTIFF JAMES J. COTTER, JR. IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT *(AND GOULD JOINDERS)*

[Business Court Requested: [EDCR 1.61]

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

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

I, James J. Cotter, Jr. hereby declare, under the penalty of perjury and the laws of Nevada, as follows:

1. I am over eighteen (18) years of age. I have personal knowledge of the facts contained in this declaration, except on those matters stated upon information and belief, and as to those matters, I believe them to be true. If called upon to testify as to the contents of this declaration, I am legally competent to do so in a court of law.

2. I am the Plaintiff in the above-captioned action. I am, and at all times relevant hereto was, a shareholder of RDI. I have been a director of RDI since on or about March 21, 2002. I have been involved in RDI management since mid-2005, I was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. I was appointed CEO by the RDI Board on or about August 7, 2014, immediately after James J. Cotter, Sr. (JJC, Sr.) resigned from that position. I am the son of the late JJC, Sr., and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC"). I presently own approximately 560,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock. I am also the 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 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

3. I submit this declaration in support of the oppositions to all of the motions for summary judgment filed by one or more of the individual defendants in this action.

4. Nominal defendant Reading International, Inc. (RDI or Company) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange

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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 me, EC or 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 the one hand, and me, 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.

5. I signed a verification of a Second Amended Verified Complaint (the "SAC") in this action. I stand by the substantive allegations of the SAC and incorporate them herein by reference.

The Position of CEO at RDI

6. Certain of the motions for summary judgment brought by the individual defendants in this action suggest that I was appointed CEO of RDI in August 2014 after what amounted to no deliberation by the Board of Directors. That is absolutely false. In fact, as early as 2006, James J Cotter, Sr. ("JJC, Sr."), then the CEO and controlling shareholder of RDI, had communicated to the RDI board of directors his proposed succession plan for the positions of President and CEO. That plan was for me to work under the direction of JJC, Sr. to learn the businesses of RDI, including by functioning in a senior executive role.

7. Since 2005, I was involved in most RDI executive management meetings and privy to most significant internal senior management memos. As mentioned above, I was appointed Vice Chairman of the RDI board in 2007. The RDI Board appointed me President of

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RDI on or about June 1, 2013, and I filled those responsibilities without objection by the RDI board of directors.

8. Soon after I became CEO, my sisters, Ellen, who was an executive at RDI in the domestic cinema segment of the Company's business, and Margaret, who managed RDI's limited live theater operations as a third-party consultant, both communicated to me and to members of the RDI Board of Directors that they did not want to report to me as CEO. In fact, neither of them previously while working for or with the Company effectively had ever reported to anyone other than our father, JJC, Sr. Margaret in particular resisted and effectively refused to report to me until she no longer needed to do so, following my (purported) termination as President and CEO of the Company. They also co-opted at least one employee, Linda Pham, who claimed at some point in 2014 that I had created a hostile work environment for her, which accusation was not well-taken and, in any event, moot with the passage of time by Spring 2015, as director Kane acknowledged at the time.

Disputes With My Sisters

9. My sisters and I had certain disputes with respect to matters of our father's estate. The most significant and contentious dispute concerned who would be the trustee or trustees of the voting trust that, following our father's death, holds approximately 70% of the voting stock of RDI. According to a 2013 amendment to his trust documentation, Margaret was to be the sole trustee. Pursuant to a 2014 amendment to his trust documentation, Margaret and I were to serve contemporaneously as co-trustees. In early February 2015, Ellen and Margaret commenced a lawsuit in California state court challenging the validity of the 2014 amendment to our father's trust documents (the "California Trust Action").

10. My sisters and I also had certain disputes with respect to RDI. Most generally, they disagreed with my view and approach of running RDI like a public company, including hiring a senior executive qualified to oversee the development of the Company's valuable real estate and, more fundamentally, operating the Company to increase its value for all shareholders, not just its value to the Cotter family as controlling shareholders.

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Threatened Termination and Termination

11. Late in the day on May 19, 2015, I received from Ellen, as the chairperson of the RDI Board of Directors, an agenda for a supposed special meeting of the RDI board on May 21, 2015, two days later. I learned that the benignly described first item on the agenda, "status of president and CEO," apparently referred to a secret plan of Ellen and Margaret, together with Ed Kane, Guy Adams and Doug McEachern, to vote to remove me as President and CEO of RDI. However, that meeting commenced and concluded without the threatened vote being taken.

12. Next, on or about May 27, 2015, the lawyer representing Ellen and Margaret in the California Trust Action transmitted to my lawyer in that action a document that proposed to resolve the disputes between my sisters and me, including with respect to who would be the trustee of the voting trust and whether Margaret and Ellen would report to me as CEO of RDI. (A true and correct copy of the May 27, 2015 document, which was marked as deposition exhibit 322, is attached hereto as exhibit "A.")

13. On Friday, May 29, 2015, the (supposed) special board meeting of May 21 was to resume. That morning, before the meeting, I met with Ellen and Margaret. At that meeting, they told me that they were unwilling to mediate or to negotiate any of the terms of the May 27 document described above. They also told me that if I did not agree to resolve my disputes with them on the terms set out in that document, that the RDI Board of Directors would vote at the (supposed) meeting that day to terminate me as President and CEO.

14. The (supposed) special board meeting commenced on May 29 and the issue of my termination as President and CEO was the subject. At this (supposed) special meeting, or another, McEachern pressured me to resign as President and CEO. Eventually, the non-Cotter members of the RDI Board of Directors met with my sisters separately from me. Following that, the majority of the non-cotter directors, namely, Messrs. Adams, Kane and McEachern, advised me that the meeting would adjourn temporarily and resume telephonically at 6 p.m. They further advised that, if I had not reached a resolution of disputes between me and my sisters by the time the (supposed) special meeting reconvened telephonically at 6 p.m. that day, they would proceed with the vote to

LEWIS ROCA ROTHGERBER CHRISTIE
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terminate me, meaning that the three of them would vote to terminate me as President and CEO of RDI.

15. That afternoon, Ellen and Margaret again refused to mediate and again refused to negotiate. Ultimately, I indicated a willingness to resolve disputes based on the document provided, subject to conferring with counsel. At or about 6 p.m., the (supposed) special RDI board meeting resumed telephonically, at which time Ellen reported to the five non-Cotter directors that we had reached an agreement in principle to resolve our disputes, subject to conferring with respective counsel. Ed Kane congratulated us and made a statement to the effect that he hoped that I was CEO of the Company for 30 years. No vote was taken on my termination.

16. On or about June 8, 2015, I communicated to my sisters that I could not agree to the document their lawyer had transmitted to my lawyer on or about June 2, 2015. Ellen called a (supposed) special board meeting for June 12, 2015, at which meeting each of Messrs. Adams, Kane and McEachern made good on their threat to vote to terminate me and did so.

Director Interest and Independence

17. One or more of the defendants' motions for summary judgment claim that SEC filings by RDI describe the non-Cotter directors as "independent," that I signed one or more of those SEC filings and that I therefore admit that those directors are independent for the purposes of this action. That is inaccurate. The term "independent" as used in RDI's SEC filings do not refer to matters of Nevada law. It referred usually to the fact that, pursuant to the terms of the Company's listing agreement with NASDAQ, the stock exchange on which RDI stock trades, directors meet the standard of independence of NASDAQ. None of the director defendants have ever suggested to me that they understood use of the term "independent" in RDI's SEC filings to communicate anything other than that non-Cotter directors were not members of the Cotter family which, in one manner or another, controlled approximately 70% of the voting stock of RDI. As among members of the RDI Board of Directors, the term "independent" was used historically to refer to directors who were not members of the Cotter family.

18. Ed Kane was a life-long friend of my father, having met when they were graduate students. Kane was in my father's wedding and was a speaker at my father's funeral. Over my

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lengthy tenure as a director at RDI, I observed Kane as a director of RDI acting at all times as if his job as a director was to carry out my father's wishes. Kane admitted to me that he was not independent for purposes other than the NASDAQ listing agreement and suggested after I became CEO that the Company would benefit from independent directors knowledgeable about its two principal businesses, cinemas and real estate.

19. On the contentious issue between me and my sisters regarding who would be the trustee(s) of the voting trust, Kane communicated to me that his view was that it was my fathers' wishes that Margaret alone be the trustee, and he pressured me to agree to that. At one point in the context of discussions regarding terminating me as President and CEO of RDI, Kane said to me angrily that he thought I "f*#*ed Margaret" by the 2014 amendment to my father's trust documentation, which amendment made me a co-trustee with Margaret of the voting trust.

20. Kane remains very close with my sisters, who still call him "Uncle Ed'" (which I ceased doing after joining RDI). They continue to get together socially, including for family meals during holiday periods, which is what they admittedly did around the Christmas holidays in 2015.

21. Guy Adams is a long time friend of my father. After Adams effectively became unemployed, my father attempted to provide him work and income. Eventually, my father through a company he wholly-owned entered into an agreement with Adams to pay Adams $1000 per month. That company now is part of my father's estate, of which my sisters are executors, such that they are in a position to control whether Adams is paid that money or not. Adams also has carried interests in certain real estate in which my father invested. My sisters as executors of my father's estate are in position to see to it that Adams is or is not paid any monies he is owed on account of those carried interests.

22. Prior to on or about May 2015, Adam's financial condition and, more particularly, his dependence on or independence from my sisters, in terms of his financial situation, had not arisen as a subject. When I suspected that Adams had agreed with my sisters to vote to terminate me as President and CEO of RDI, that raised the issue of whether he was financially dependent on them. I now know that he is. I learned from Adams' sworn declarations in his California state court divorce case that almost all of his income comes from RDI and from one or more companies

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that my sisters control. Adams is not independently wealthy. I asked him about his financial dependence or independence at the (supposed) May 21, 2015 special board meeting, at which time he refused to answer.

23. Michael Wrotniak's wife Trisha was Margaret's roommate in her freshman year of college at Georgetown University. Margaret and Trisha have been life-long best friends starting with their first year in college together. Michael also went to Georgetown University where he met his wife Trisha and also developed a very close friendship with Margaret in college. Given that Margaret only has a few friends, her relationship with Trisha and Michael is extremely important. Margaret has spent a lot of time with Michael and his wife over the years, as all three live in metropolitan New York City. Margaret became like an aunt to Trisha and Michael's children. My sister Ellen and mother also know Trisha and Michael very well, and they have all attended social events together in New York, such as birthday and cocktail parties my sister Margaret has hosted at her apartment in New York City. I believe Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle. Michael's communication with me as a director has been very guarded, which I understand to reflect his knowledge of the lawsuit and his close relationship with Margaret.

24. Judy Codding has had a very close personal relationship with my mother for more than thirty years. (Ellen lives with our mother, who has chosen my sisters' side in the disputes between us.) Ms. Codding has become close with my sisters Ellen and Margaret. On October 13, 2015, over breakfast I had with her, she expressed to me that RDI is a family business and that the only people who should manage it should be one of the Cotters and that she would help make sure of that, whether it be Ellen or me. Her reaction to the offer to purchase all of the stock of the Company at a price in excess of what it trades in the market (the "Offer"), first made by correspondence dated on or about May 31, 2015, reflected Ms. Codding's unwavering loyalty to Ellen. Before the board meeting at which the Board was going to discuss the Offer, she indicated to me that there was no way that the Offer should even be considered (clearly having spoken to Ellen about it before the board meeting).

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25. Bill Gould was a professional acquaintance and friendly with my father for years. Repeatedly since my termination as President and CEO, he has said to me that he has acquiesced as an RDI director to conduct to which he objects and/or to conclusions with which he disagrees, stating in words or substance that he must "pick his fights."

26. For example, at a board meeting at which the board was asked to approve minutes from the (supposed) special board meetings of May 21 and 29, 2015 in June 12, 2015, at which I objected because the minutes contained significant factual inaccuracies, at which I voted against approving the minutes and at which Tim Storey abstained, reflecting that he that too thought the minutes inaccurate (as he testified unequivocally in deposition in this case), Bill Gould voted to approve the minutes. When I asked him afterwards why he had voted to approve inaccurate minutes, he said that, although he could not remember the meetings well enough to state that the minutes were accurate, he thought the ultimate descriptions of action taken, meaning the termination of me, the appointment of Ellen as interim CEO and the repopulation of the executive committee, were accurate, and that he did not want to fight about them.

27. Also as an example, Bill Gould admitted to me that he thought the process deficient, and the time inadequate, to make a genuinely informed decision about whether to add Judy Codding to the RDI Board of Directors. At the board meeting when that happened, he described the decision to add her as a director as having been "slammed down," but he acquiesced.

28. It is clear to me that Bill Gould effectively has given up trying to do what he thinks is the proper thing to do as an RDI director, and is and since June 2015 has been in "go along, get along" mode. He first failed to cause any proper process to occur regarding my termination, and allowed the ombudsman process (by which then director Tim Storey as the representative of the non-Cotter directors was working with me and my sisters to enable us to work together as professionals, which process was to continue into June 2015) to be aborted. That, together with the forced "retirement" of Tim Storey, apparently so chastened Bill Gould that he became unwilling to take a stand on any matter in which doing so would place him in disagreement with my sisters. For example, he has acknowledged that Margaret lacks the experience and qualifications to hold the

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highly compensated job she now holds at RDI, but Bill Gould did not object to it or the compensation being given to her.

The Executive Committee

29. My sisters first proposed an executive committee as a means to avoid reporting to me or, as a practical matter, to anyone, in the Fall of 2014. I resisted that executive committee construct, which was not implemented at that time. As part of the resolution of our disputes that they attempted to force me to accept in May and June 2015, described above, they included an executive committee construct that would have had them reporting to the executive committee that they, together with Guy Adams who is financially beholden to them, would control. As part of their seizure of control of RDI, in addition to terminating me as President and CEO, they activated and repopulated RDI's Board of Directors executive committee. That executive committee previously had never met and never made a decision. After it was activated and repopulated on June 12, 2015, it was used as a means to exclude me and then director Tim Storey, and to a lesser extent Bill Gould, from functioning as directors of RDI and, in some instances, even having knowledge of matters that were handled by the executive committee that historically and ordinarily were handled by RDI's Board of Directors.

The Supposed CEO Search

30. When RDI filed a Form 8-K with the SEC and issued a press release announcing the termination of me as President and CEO, RDI also announced that it would engage a search firm to conduct the search for a new President and CEO. The board empowered Ellen to select the search firm. Ellen selected Korn Ferry ("KF"). She explained to the RDI Board of Directors the she selected KF because KF offered a proprietary assessment tool, which would be used to assess the three finalists for the position of President and CEO, which assessment she asserted would "de-risk" the search process. The Board agreed. Ellen also told the Board that the three final candidates would be presented to the Board for interviews. The Board agreed. Ellen selected herself, Margaret, Bill Gould and Doug McEachern to be members of the CEO search committee, which the Board accepted without substantive discussion.

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31. After the CEO search committee was put in place and KF engaged, the full board received effectively no information about whether and how the CEO search was proceeding. In the time frame from August through December 2015, Ellen for the CEO search committee provided approximately two reports, the latter of which was in mid-December which, as it turned out, was after the process had been aborted and Ellen selected, at least preliminarily. Tim Storey objected to the full board not being apprised of the status of the CEO search, prior to his forced "retirement."

32. Ultimately, in early January 2016, the CEO search committee presented Ellen as their choice for President and CEO. They did not offer, much less present, three finalists to the Board for interviews. They did not have KF perform its paid for, proprietary assessment of the finalists, or of anyone. Before that Board meeting, at which Ellen was made President and CEO, the material provided to the Board effectively amounted to a memorandum prepared by Craig Tompkins, which memorandum claimed to summarize the reasons for the CEO search committee selecting Ellen. The stated reasons are reasons thay no outside candidate could have met. The stated reasons are reasons that do not approximate, much less match, the criteria that the CEO search committee created and KF memorialized as the criteria to identify candidates and ultimately select a new President and CEO. The stated reasons for selecting Ellen were, as I heard them explained at the January board meeting, effectively distilled into a single consideration, namely, that Ellen and Margaret were controlling shareholders.

33. Although I did not agree with the termination of me as President and CEO, and thought and maintain that it was improper, I had hoped that the CEO search committee would conduct a bona fide search and provide to the board for interview three qualified finalists, as had been agreed. I now know that not only did that not happen, but that the CEO search committee terminated the search, and effectively terminated KF, after meeting with Ellen as a declared candidate for the positions of President and CEO. Independent of the results of that process, which at the time I asserted did not serve the interests of the Company, that the process was manipulated and/or aborted in my view amounts to abdication of the board's responsibilities.

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Actions to Secure Control and Use It to Pay those Who Have It

34. In April 2015, I learned that Ellen and Margaret had exercised options they held personally to acquire RDI class B voting stock and that, with the advice and assistance of Craig Tompkins, a lawyer who was a consultant to the Company, they sought to exercise a supposed option in my father's name to acquire 100,000 shares of RDI Class B voting stock. The factual context for the effort to exercise the supposed 100,000 share option is that a majority of the voting stock controlled by my father was held in the name of his Trust, of which the three of us were trustees. Because of that, Ellen and Margaret could not properly vote that stock without my agreement. The stock that was held—not owned—in my father's estate, which was controlled by Ellen and Margaret as the executors, approximated the amount of RDI class B voting stock held by third parties, including Mark Cuban. The point of the effort to exercise the supposed 100,000 share option was to ensure that Ellen and Margaret as executors would have more class B stock then third parties, including Mark Cuban.

35. There were a host of issues faced by the Company due to the request of Margaret and Ellen to exercise these supposed 100,000 share option. For example, one threshold question the Company would have needed to have answered was whether the option was legally effective. That question was not answered. Another threshold question was whether the supposed 100,000 share option automatically had transferred to my father's trust upon his death. That also was not answered, to my knowledge. Possibly due to such unanswered questions, the compensation committee of the Board did not authorize the exercise of the supposed 100,000 share option in April. Margaret and Ellen therefore delayed to the 2015 annual shareholders meeting. After the executive committee (at Ellen's request) had set the annual shareholders meeting for November (meaning that as a board member I had no say on the subject) and the record date for it in October 2015, Ellen had Kane and Adams as two of three members of the compensation committee authorize the request to exercise the supposed 100,000 share option, which was done in September shortly before a hearing in the Nevada probate case. I understand they did so so that the 100,000 shares supposedly could be registered with the Company in the name of Ellen and Margaret as executors prior to the record date. The Company received no benefit from this, in fact suffered the

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injury from replacing outstanding liquid class A stock with effectively illiquid class B stock and, I am informed and believe, from covering the tax obligation that belong to the person or entity exercising the option.

Monetary Rewards to Margaret, Ellen and Adams

36. In March 2016, the Board approved giving Margaret employment at the Company as the senior executive in charge of development of the Company's valuable New York real estate. That is a position Margaret had sought since my father passed. It is a position that I refused to give her, with the then support of all of the non-Cotter directors, because she was unqualified to hold it. She has no prior real estate development experience. What was discussed during my tenure as President and CEO was providing Margaret employment at the Company, so that she could have health benefits for herself and her two children, in a position in which she would continue to be responsible for the modest live theater operations and in which she could work in connection with any development of the Company's New York real estate, but not as the senior executive responsible for the development of the Company's New York real estate. In other words, Margaret could have a position, but she would not have a position that called upon her to do that which she had no experience doing and that which she was unqualified to do. That is the position Margaret was given in March. It is a highly compensated position that reflects its responsibilities. But Margaret has neither the prior experience nor the qualifications to hold it. Nevertheless, she is paid as if she does. Which, in my view, amounts to waste of Company monies. Additionally, the $200,000 paid to Margaret, ostensibly for concessions Margaret previously was willing to make for free to become an employee of the Company, and reportedly for prior services rendered which the Board year after year had not chosen to pay her, is simply a gift, presumably because Margaret made less money in 2015 due to the Stomp debacle.

37. The compensation package provided to Ellen in March 2016, like the one provided to Margaret, is a departure from the Company's practices, in terms of the amount paid relative to the skill and experience of the person being paid. Ellen now is the CEO of what basically is the same company of which I was CEO, but she has a compensation package that could pay her twice to three times as much. No board member has ever explained to me why they think this is

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appropriate, except to the extent they have alluded to the fact that they view Ellen and Margaret as controlling shareholders.

38. Adams in March 2016 was awarded what amounted to a $50,000 bonus for being a director. As a director, I have not seen him provide extraordinary service that warrants a payment such as that, which is a material departure from past practices at the Company, in which extra cash payments to Directors typically were $10,000. The sole notable exception was the $75,000 paid to Tim Storey for his work as ombudsman, but the amount of time and effort he put in that role, including travel between New Zealand and Los Angeles, exceeded by a multiple the amount of time Adams has devoted to being a director in 2015 and 2016. I have no doubt that Adams was paid $50,000 for what amounted to exemplary loyalty to Ellen.

The Offer

39. Ellen shared with the full Board, in or about early June, an offer by third parties to purchase all of the outstanding stock of RDI for cash consideration at a price of approximately 33% above the prices of which RDI stock then traded (i.e., the "Offer"). The Board met on June 2, 2016 regarding the Offer. At that time, Ellen proposed to have management prepare documentation regarding the value of the Company to be provided to Board members for their review and consideration in advance of another board meeting to consider the Offer. I objected, suggesting that an independent person or company be charged with preparing such documentation for review by the Board. My objection was noted and overruled, and the Board agreed to proceed in the manner Ellen suggested. Additionally, board members inquired what Elllen and Margaret as controlling shareholders wanted to do in response to the Offer.

40. On or about June 7, 2016, in view of the Offer, I asked Ellen to provide me the Company's business plan. I understood that there was none and her failure to respond confirmed that.

41. The Board reconvened on June 23, 2016, regarding the Offer. No materials had been delivered to Board members prior to that meeting. At that meeting, Ellen made an oral presentation regarding the supposed value of the Company. I found it difficult to follow her oral presentation with no prior or contemporaneous documentation. I cannot imagine how outside

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directors less familiar with the details of the Company followed it. Not one of the directors other than Ellen indicated that they had taken any action at all, whether reviewing Company documentation, speaking with experts such as counsel or bankers or doing anything else at all, to prepare to discuss the Offer. At that meeting, Ellen also indicated that she and Margaret would oppose any response other than rejecting the Offer, and added that it was their belief that the Company should proceed on its course as an independent company. No director asked questions about whether and how the Company could ever actualize the supposed value Ellen claimed it had. None asked questions about whether management was preparing a business plan to do so or, for that matter, simply preparing a long-term or strategic business plan. None exists. Instead, the non-Cotter directors simply ascertained that Ellen and Margaret wanted to reject the Offer and agreed that the price offered was inadequate. They all voted to proceed in the manner Ellen recommended.

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

DATED this 13th day of October, 2016

James J. Cotter, Jr.

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DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL 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

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

PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER *(AND GOULD JOINDER)*

[Business Court Requested: [EDCR 1.61]

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

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CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to **INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER *(AND GOULD JOINDER)*** filed by Reading International, Inc. (the "Motion"), as follows.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendants' rejection of the Offer to purchase all of the Company's stock is a text-book example of Ellen and Margaret Cotter (EC and MC, respectively) dictating RDI's affairs to completely acquiesce to their wishes.

Rule 56(f) relief is required to properly respond to this Motion for Summary Judgment. Through no fault of Plaintiff, the Court-ordered discovery concerning the Offer is not complete. This discovery is **critical** to allow Plaintiff a fair opportunity to respond to the Motion. *See* Dec. of Mark Krum, Esq. ("Krum Dec."), ¶¶ 4-5, attached as **Exhibit 1**.

In the alternative, the Offer is defined by multiple contested issues of genuine material fact, including the totally deficient process for vetting and ultimately rejecting the Offer.
The Individual Director Defendants did nothing to protect the interests of other shareholders. Moreover, they did not take any action to determine what was in the best interests of RDI and its shareholders other than EC and MC.

II. NATURE OF THE CASE

Plaintiff's Second Amended Complaint ("SAC") states four claims, for breach of the fiduciary duty of care (first cause of action), breach of the fiduciary duty of loyalty (second cause of action), breach of the fiduciary duty of candor and disclosure (third cause of action), and for aiding and abetting breach of fiduciary duty (fourth cause of action).

The SAC alleges a wrongful course of conduct by the director defendants to seize control of RDI and to perpetuate that control, to protect and further their personal financial and other interests, in derogation of their fiduciary duties. (SAC, ¶ 1.)

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Specifically, it asserts an ongoing course of conduct by Defendants, including threatening Plaintiff with termination if he did not settle trust and estate disputes on terms satisfactory to EC and MC and terminating him when he failed to do so (SAC, ¶ ¶ 4, 72-94), activating and repopulating an executive committee and forcibly "retiring" Tim Storey, both to secure their control of RDI and/or eliminate the participation of Plaintiff and/or Storey as directors (SAC, ¶¶ 8, 99,127-134), otherwise misusing RDI's corporate machinery, including through Kane and Adams as members of the RDI Board of Directors Compensation Committee authorizing the exercise of a supposed option to acquire 100,000 shares of RDI Class B voting stock (SAC, ¶¶ 10, 102-108), stacking the RDI Board of Directors with persons whose sole "qualification" to be an RDI director was personal friendship with a Cotter family member (SAC, ¶¶ 11, 121-134), manipulating RDI's SEC disclosures and annual shareholders meetings to disguise and effectuate their entrenchment scheme (SAC, ¶¶ 12, 13, 101-135 and 136), manipulating and aborting a CEO search process to ensure that EC was selected (SAC, ¶¶ 14, 13-147), looting the Company, including by employing MC in a highly compensated senior executive position for which she had no prior experience or professional qualifications (SAC, ¶¶ 15, 148-153) and, most recently, by rejecting third-parties' Offer to purchase all the outstanding stock of RDI at a price well in excess of the price at which it traded in the market, without taking any action to determine what was in the best interests of RDI and its shareholders other than EC and MC, including, for example, requiring management (EC and those who report to her) to produce a strategic or long-term business plan (SAC, ¶¶ 16, 154-162).

The point of the forgoing description of Plaintiff's claims, for breach of fiduciary duties and aiding and abetting breach of fiduciary duty, is that they all arise from an ongoing course of conduct, aptly described as entrenchment, not from a series of unrelated, one-off, coincidental actions as they are framed in the Interested Director Defendants' MSJs.[1]

[1] Plaintiff acknowledges that certain of the Individual Director Defendants' complained of conduct in and of itself gives rise to breach of fiduciary duty claims. The conduct to threaten Plaintiff with termination and terminate him is one such matter, as evidenced by Plaintiff's Motion for Summary Judgment. Plaintiff also is of the view that the Individual Director Defendants themselves, by their undisputed conduct, have made the case that the manner in which the supposed CEO search was handled independently constitutes breaches of fiduciary duty. On the other hand, Plaintiff has not asserted and rejects the notion that the allegations in the SAC regarding the creation (meaning activation and repopulation) and misuse of an executive committee to perpetuate their entrenchment scheme has been claimed to constitute a stand-alone breach of fiduciary duty such that it is appropriately the subject of a motion for summary judgment in which all of the other evidence of entrenchment is ignored or excluded.

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III. STATEMENT OF FACTS AND PROCEDURAL HISTORY

A. Plaintiff Has Not Received the Discovery to Which He is Entitled Regarding the Offer

On August 30, 2016, the Court heard Plaintiff's Motion to Permit Certain Discovery Concerning the Recent Offer. On October 3, 2016, the Court entered an order granting it in part and denying it in part. *See* October 3, 2016 Order to Permit Certain Discovery Concerning the Recent "Offer," attached as **Exhibit 2**. The Court required Defendants respond to Plaintiff's document requests within 15 days of the Order, for RDI to produce a 30(b)(6) witness to testify regarding the Offer and reasons it was not pursued, and allowed Plaintiff to ask questions of the Individual Director Defendants not yet completed. *See id.* None of these things have effectively occurred. *See* Krum Dec. at ¶ 5.

In response to the Court's Order, the Individual Director Defendants have not produced a single document. *See* Krum Dec. at ¶ 5. Not one document. *Id.* And so, either they are in violation of the Court's Order, or they did not consider any document to inform themselves in a good faith manner on whether to accept or reject the Offer. Moreover, RDI still has not produced the 30(b)(6) witness. Plaintiff was only provided the identity of RDI's corporate representative (Ellen Cotter) within the last few days.

Furthermore, the Court has stated that Doug McEachern must answer questions about the Offer. Plaintiff has not been able to take McEachern's deposition because he still has not been given documents concerning the process surrounding the Offer. *See* Krum Dec. at ¶ 5. For this same, critical, reason, the deposition of Guy Adams has not been completed and the deposition of Judy Codding has not been started. *Id.* In short, due to stonewalling by Defendants, Plaintiff has not had the opportunity to ask any Individual Director Defendant about the Offer. *Id.*

In addition, Plaintiff has been thwarted in its efforts to ask the remaining Individual Director Defendants deposition questions about the Offer, due to their alleged reliance on the advice of counsel. *See* Krum Dec. at ¶ 5. Yet, it is impossible to know what counsel's advice was, because RDI redacted the Board's discussion with counsel from the Board Minutes. *See* June 2, 2016 Board Minutes, attached as **Exhibit 3**; June 23, 2016 Board Minutes, attached as **Exhibit 4**;

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see also James J. Cotter Jr.'s proposed revisions to the June 2nd and June 23rd Board Minutes, attached as **Exhibit 5**. The June 2nd and 23rd board minutes each contain wholesale reactions, including all of counsel's alleged advice to the directors. *Id.* These redactions are directly contrary to the Court's Order compelling Defendants to produce any advice of counsel on which they claim to have relied in making decisions that are challenged in this lawsuit. *See* October 3, 2016 Order Compelling Production of Documents and Communications Relating to the Advice of Counsel Defense, attached as **Exhibit 6**.

B. The Offer

There is no evidence that the Individual Director Defendants made a good faith, independent business decision and rejected the Offer due to a long term business plan.[2] While the board of a public company can, if a majority of the directors are disinterested and independent and act on an informed basis and in good faith, choose to reject an offer to purchase all of the outstanding stock of the company and instead pursue the company's independent, long term business plan. Unfortunately, that is not what happened in this case.

The Individual Director Defendants took no actions to make a good faith, informed decision concerning the Offer. Instead, they simply listened to EC's oral presentation about the supposed "real" value of RDI and, critically, ascertained that EC and MC did not want to pursue the Offer. *See* Declaration of James J. Cotter, Jr. ("JJC Dec."), ¶ 41, attached as **Exhibit 7.**

None of them reviewed a single document other than the Offer. *Id.* None of them consulted with a third-party banker, lawyer, or real estate professional concerning the Offer itself. *Id.* None of them consulted with anyone regarding the value of the Company's real estate. *Id.* In fact, they did not even consult with the Chief Financial Officer regarding EC's presentation. Instead, the Individual Director Defendants simply listened to an oral presentation by EC regarding the supposed "real" value of RDI, confirmed that EC and MC, as the presently controlling shareholders, wanted to reject the Offer and determined to reject it. *See id.*

[2] "Business Plan" is defined as "a document that explains **what** a company wants to do in the future and **how** it plans to accomplish those goals; **specif., a written proposal** explaining a new business or business idea and usu. **covering financial, marketing, and operational plans.**" BLACK'S LAW DICTIONARY (10th ed. 2014) (emphasis added).

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1. The May 31, 2016 Offer

The Offer represented an approximate 33% premium for all of the stock at RDI, providing an all cash offer of $17 per share, at a time where RDI's stock price hovered around $12. *See* Heth May 31, 2016 Offer letter, attached as **Exhibit 8**. The Offer promised to continue the Company's legacy, and would ensure a quick due diligence period and timely close. *Id.* The consortium funding the Offer included Mr. Paul Heth's Patton Vision, TPG Capital and the Santo Domingo Group. *See* October 11, 2016 article, "CEO of Russian Cinema Chain Revealed as Bidder for Reading," www.thestreet.com, attached as **Exhibit 9**.[3] "Heth, an American citizen based in Moscow, has deep roots in the cinema industry." *Id.* Another investor, "TPG's past media investments include…Cirque du Soleil and Metro Goldwyn-Mayer Studios, among others…" *Id.*

2. The June 2, 2016 Board Meeting

At the June 2, 2016 RDI Board Meeting, EC told the Board that she had an unsolicited cash offer to purchase 100% of the stock at the company. *See* June 2, 2016 minutes at p. 1; JJC Dec. at ¶ 39. Plaintiff objected to giving EC, an obviously interested party, the task of assembling financial information concerning a valuation of RDI. *Id.* at ¶ 39. The other directors, however, thought it was a perfunctory task and allowed EC to do so. *Id.* In effect, the June 2nd minutes reflect that the Board deferred to the controlling shareholders', EC and MC, wishes, waiting for their lead in responding to the Offer. *See* June 2, 2016 minutes at p. 4; JJC Dec. at ¶ 39. Critically, the June 2, 2016 Board Minutes evidence that the Individual Director Defendants only wanted to follow the dictates of EC and MC concerning the Offer:

> Inquiry should be made of the controlling stockholders [EC and MC] as to their view of the [Offer]: Would they support the pursuit of the [Offer] at the current time.

See June 2, 2016 Board Minutes, p. 4. Unfortunately, most of page 3, all of page 3, and part of page 4 of these minutes are redacted, due to "advice of counsel" as to the Offer – obscuring relevant information that has been ordered produced by this Court. *See* October 3, 2016 Order Compelling Production of Documents and Communications Relating to the Advice of Counsel Defense.

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[3] *See* https://www.thestreet.com/story/13849681/1/ceo-of-russian-cinema-chain-reaveled-as-bidder-for-reading.html (last visited October 12, 2016).

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3. The Individual Director Defendants Are Not Provided Any Documents, Nor Do They Ask to Review Any Documents

Remarkably, in "preparing" to respond to the Offer – which could have been to commence discussions, hire advisors to identify and recommend strategic alternatives, and scrutinizing the Company's status and plans (if any) -- the Individual Director Defendants never sought the advice of any outside lawyers, commercial real estate professionals, financial advisors, bankers or others. *See* JJC Dec. at ¶¶ 39-41. Tellingly, the Individual Director Defendants cite to no evidence in their Motion that they did anything to inform themselves about the Offer prior to the next Board meeting. They did nothing.

Indeed, EC proposed to have management prepare documentation regarding the value of the Company to be provided to Board members for their review and consideration in advance of another board meeting to consider the Offer. *See* JJC Dec. at ¶ 39. Plaintiff objected, suggesting that an independent person or Company be charged with preparing such documentation for review by the Board. *Id.* The objection was noted and overruled. *Id.* The documentation was never provided. *Id.* at ¶ 41.

After the June 2, 2016 Board meeting, Plaintiff requested a copy of RDI's current business plan from EC on June 7, 2016. *See* JJC June 7, 2016 e-mail to EC, attached as **Exhibit 10**. EC never responded, which Plaintiff understood was an admission that there was no business plan for directors to review. *See* JJC Dec., at ¶ 40. And, to Plaintiff's knowledge, no other director has ever asked her for the business plan before considering the Offer. *Id.* at ¶ 41. Notably, the Individual Director Defendants failed to produce anything in response to the Court's October 3, 2016 Order requiring production of documents on which they relied to consider the Offer. *See* Dec. of Krum at ¶ 5.

4. The June 23, 2016 Board Meeting

The RDI Board reconvened on the issue of the Offer on June 23, 2016. *See* June 23, 2016 Board Minutes. At the meeting, no business plan and no materials relating to the value of RDI were provided to Board members in advance of the meeting. *See* JJC Dec. at ¶ 41. The minutes note: "In response to an inquiry from Director Cotter Jr. [Plaintiff] as to why no materials had been

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distributed in advance of the meeting, [EC] explained that…" and the remainder is improperly redacted,[4] robbing the Court of her response. *See* June 23, 2016 Board Minutes at p. 2. Interestingly, no other director requested written materials. *Id.*

At the June 23, 2016 meeting, eschewing written documents, EC simply chose to give a confusing oral presentation concerning the Offer. *See* JJC Dec. at ¶ 41. Without explaining why, she valued the Company much higher than the $17 per share Offer price (which was a 33% premium on current stock price), calling it "woefully inadequate." *Id.*; June 23, 2016 minutes at p. 3; *see also* Heth Offer letter.

By its very nature, EC's oral report was difficult for any board member to follow, given the format and the nuances of this complex issue, much less outside board members less familiar with the subject matter. *See* JJC Dec. at ¶ 41. To make matters worse, no materials or historical information were distributed in advance of the meeting, or after it, robbing directors of any opportunity to critically review data and assumptions in the materials. *Id.* This tactic left the directors at the mercy of EC, without any written, objective data upon which they could reasonably rely. *See id.*

What really happened at that meeting, however, is likely is reflected by the portion of the minutes that read as follows, which refutes any notion of director independence:

> "The Directors discussed, among other things…**the opposition of certain controlling stockholders to a change of control transaction at this time and the view of Ellen Cotter and Margaret Cotter** (as stockholders, as co-executors of the Cotter estate and as trustees of the Cotter trust) that the interests of the company and its stockholders would be best served by adopting a long-term independent approach for the company."

See June 23, 2016 Board Minutes, p. 11-12 (emphasis added). Thus, the Board meeting appears to have been nothing more than a rubber stamp for EC and MC's wishes.

By all appearances, the Individual Director Defendants took no affirmative steps to make an independent, good faith business judgment on the Offer. *See* JJC Dec. at ¶¶ 39-41. Of course,

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[4] Again, additional information in these June 23rd minutes is redacted, due to "advice of counsel" as to the Offer – obscuring relevant information that has been ordered produced by this Court. *See* October 3, 2016 Order Compelling Production of Documents and Communications Relating to the Advice of Counsel Defense.

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Plaintiff still has not yet obtained the Court ordered discovery concerning the Offer, which will only strengthen this position. *See* Krum Dec. at ¶ 5.

5. The Lack of a Purported Long-Term Strategic Business Plan

RDI's lack of a strategic, long-term business plan is an issue of material fact in this case. Not only does RDI lack a long-term plan, RDI has no short term business plan either. See JJC Dec. at ¶ 40-41. Importantly, the June 23rd minutes never reference a particular "independent, stand-alone strategic business plan." *See* July 18, 2016, Press Release (explaining that "plan" is why the directors rejected the Offer), **Exhibit 11;** *cf.* June 23, 2016 Board minutes. No such plan exists, and it has never been produced in this case. *See* JJC Dec. at ¶ 41.

Yet, the Company-issued press release states the Offer was rejected because the "Board of Directors determined that our stockholders would be better served by pursuing our independent, stand-alone strategic business plan." *Id.* This is misleading at best. The Individual Defendant Directors could not have relied on a "business plan" to reject the Offer, when the June 23rd minutes reflect no plan, no written materials, and no such reliance. *See* June 23, 2016 Board Minutes. Simply because RDI says the company has a long-term business plan to proceed independently in a press release does not make it so.

RDI effectively admits it has no such plan by parsing words and conceding that there is no "written business plan." *See* RDI's Opposition to Plaintiff's Motion to Permit Certain Discovery Concerning the Recent Offer, p. 4. Instead, RDI admits that its "**'business plan' is merely an assertion that RDI intends to continue with its ongoing strategy of operations**…". *Id.* (emphasis added). Moreover, in refusing to produce the alleged long-term "business plan" to Plaintiff, RDI made the startling assertion that it could not do so, because "all documents and communications relating to RDI's operations" comprise its business plan. *Id.* at pp.4-5. In other words, if all documents related to the business constitute your "business plan," then no real business plan exists.

Tellingly, in response to Plaintiff's requests for production of the "business plan," RDI could only muster up a PowerPoint presentation that EC showed – but did not hand out – to directors on or about February 2016. *See* February 2016 Mission, Vision & Strategy PowerPoint

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attached as **Exhibit 12**.[5] Upon review, as to critical parts of RDI's business, it shows no plan. For example, the PowerPoint contains a single page regarding the development of RDI's critical New York properties, content with using such generalities as "engage consulting team" and "achieve necessary approvals." *Id.* at RDI58063. It fails to provide the type of specific financial, marketing and operational plans to actualize the value of RDI, which would be the hallmark of a public company's "stand-alone strategic business plan."

In short, RDI's purported plan is a fiction – papered over by vague generalities, flashy photos, and feel-good phrases in PowerPoint presentations. There is no forward-thinking, measurable results on a timetable business "plan" that would pass muster at a local community bank. Instead, RDI's "plan" is to continue on without any specific plan, managing this public company on an *ad hoc* basis.

IV. ARGUMENT

A. Nevada's Rule 56(f) Legal Standard

Where Plaintiff properly identifies additional facts necessary to oppose the motion and seeks additional time to conduct this discovery, summary judgment is improper. *Aviation Ventures, Inc. v. Joan Morris, Inc.*, 121 Nev. 113, 117-18, 110 P.3d 59, 62 (2005). Under NRCP 56(f), the party opposing a motion for summary judgment may request the denial or continuance of a motion for summary judgment to obtain additional affidavits or conduct further discovery. Rule 56(f) "requires that the party opposing summary judgment provide an affidavit stating the reasons why denial or continuance of the motion for summary judgment is necessary to allow the opposing party to obtain further affidavits or discovery." *Choy v. Ameristar Casinos*, 127 Nev. 265 P.3d 698, 700 (2011). Where it is "unclear whether genuine issues of material fact exist" a Rule 56(f) continuance allows for "proper development of the record." *Aviation Ventures,* 121 Nev. at 115, 110 P.3d at 60.

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[5] The June 23, 2016 minutes also seem to assert that the company's long-term business plan could be found, if one looked hard enough, in differing presentations made at the November 2015 and June 2016 annual shareholders meetings. *See* June 23, 2016 minutes at p. 4. Yet, neither of these documents constitutes a long-term strategic business plan: a written document that provides a specific roadmap to actualizing the value of the company through specific tactics and strategies. *Cf.* 2015 and 2016 Annual Stockholders Meeting presentations attached as **Exhibit 13** and **Exhibit 14**, respectively. Indeed, these presentations never provide any timeline or detailed plans for achieving specific, measurable returns.

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B. Rule 56(f) Relief is Critical To Allow For a Fair, Full Response

Here, through no fault of his own, Plaintiff is not yet in a position to present all "facts essential to justify the party's opposition" to this Motion. *See* NRCP 56(f); *see also* Krum Dec., ¶¶ 4-6. Rule 56(f) relief is required to allow Plaintiff to gather additional evidence already ordered to be produced by the Court. The complete absence of evidence produced by the Defendants concerning the Offer, provides a clear indication that discovery likely will show that the Individual Director Defendants did nothing to make a good faith, informed decision regarding it. *Id.* Additional Rule 56(f) discovery will likely reveal evidence that a majority of the RDI directors were not independent, or did not act independently, of the controlling shareholders (EC and MC). *See* Krum Dec. at ¶ 5.

Moreover, the October 11, 2016 www.thestreet.com news article indicates that the August 30, 2016 Court-ordered document production concerning the Offer is incomplete, prejudicing Plaintiff's ability to respond to this Motion.[6] It states that the Offer has been revised and renewed within the last week or so, making an up-to-date production of documents on this issue, imperative. *See id.* Rule 56(f) relief is the only fair, equitable mechanism for leveling the playing field, where the Individual Director Defendants have all of the information on this issue and Plaintiff has very little. But, the little Plaintiff has access to shows that his request for additional discovery has merit.

1. <u>Evidence, and the Lack Thereof, Shows that Individual Defendant Directors Did Nothing to Make a Good Faith, Informed Decision Regarding the Offer</u>

The Individual Director Defendants had no basis to form a good faith, informed decision on the Offer, because they made no good faith act to inform themselves. The absence of evidence on this point is damning. First, there is no evidence that the Individual Director Defendants reviewed any documents concerning RDI's alleged value. *See e.g.,* JJC Dec. at ¶¶ 39-41. Second, the Individual Director Defendants did not review or request RDI's alleged long-term strategic business plain. *See id.* Finally, the Individual Director Defendants did not consult any professional advisor concerning the ramifications of the Offer. *See id.* They did not consult a lawyer, banker or

[6] *See* https://www.thestreet.com/story/13849681/1/ceo-of-russian-cinema-chain-reaveled-as-bidder-for-reading.html (last visited October 12, 2016).

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real estate executive to determine whether the information fed to them by EC was accurate, or whether the Offer was a good or bad opportunity. *See id.* The Individual Director Defendants have produced no evidence that refutes these truths.

2. Evidence Shows the Individual Director Defendants Sought the Preference of MC and EC Over All Else, and Then Acted Pursuant to Those Wishes

The June 2, 2016 Board Minutes demonstrate that the Individual Director Defendants only wanted to follow the dictates of EC and MC concerning the Offer:

> [I]nquiry should be made of the controlling stockholders [EC and MC] as to their view of the [Offer]: Would they support the pursuit of the [Offer] at the current time."

See June 2, 2016 Board Minutes, p. 4.

The June 23, 2016 Board Minutes provide a clear answer to that inquiry, belying any notion of director independence:

> "The Directors discussed, among other things…the opposition of certain controlling stockholders to a change of control transaction at this time and the view of Ellen Cotter and Margaret Cotter (as stockholders, as co-executors of the Cotter estate and as trustees of the Cotter trust) that the interests of the company and its stockholders would be best served by adopting a long-term independent approach for the company."

See June 23, 2016 Board Minutes, p. 11-12.

These minutes are just the tip of the iceberg, and the Court-ordered Offer discovery that has not been produced will strengthen this position. Those few documents that have been produced support Plaintiff's position that EC and MC controlled the Individual Director Defendants to such a degree that the directors acceded to their wishes. There is a basis to allow targeted, further Rule 56(f) discovery on this issue. *See* Krum Dec. at ¶¶ 4-6.

3. Plaintiff is Entitled to Discovery Ordered by This Court on August 30, 2016, Before Responding On This Motion

Plaintiff has still not obtained the full discovery that the Court's August 30, 2016 order allowed, not the least of which is the deposition of RDI's Rule 30(b)(6) witness. Plaintiff was only provided the identity of RDI's corporate representative (Ellen Cotter) within the last few days, on

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October 3, 2016. For Rule 56(f) purposes, this is a critical piece of discovery. *See* Krum Dec. at ¶¶ 4-5. Furthermore, while RDI recently produced documents on or about September 16, 2016, the Individual Director Defendants have produced nothing. *See id.*

Indeed, Plaintiff has a reasonable expectation that this discovery will show that the Independent Director Defendants had no independent understanding of RDI's value when they rejected the Offer. *Id.* Instead, they simply accepted, without question, EC's view of RDI's value. *Id.* In addition, this discovery will show that neither EC, nor any other RDI executive, has commercial real estate development experience. Despite this fact, discovery will also show that the Independent Director Defendants nevertheless accepted EC's valuation of RDI's real estate holdings as the unmitigated truth. *See id.* Discovery will also show that the Individual Director Defendants' historical and present decision-making strategy is simply to learn what EC and MC want, and then do exactly that. *See id.*

C. Rule 56(f) Discovery Is Required to Support Plaintiff's Corporate Governance Claims

Plaintiff requires Rule 56(f) discovery on the Offer to support its response to the Motion, as the Individual Defendant Directors cannot show that they acted in a disinterested, independent manner to make a good faith, informed decision to reject the Offer.

Although a board of directors ordinarily has discretion to decide whether to entertain an offer to acquire the company, a board is required to make a good-faith, informed decision about how to respond, and is not permitted to ignore an offer in order to maintain control of the company. *Chrysogelos v. London,* 1992 WL 58516, at *6 (Del. Ch. Mar. 25, 1992).

In responding to an acquisition offer, directors are expected to make decisions that satisfy the directors' fiduciary duties. *In re CNX Gas Corp. Shareholders Litig.*, 4 A.3d 397, 415 (Del. Ch. 2010) (citing *Hollinger Inc. v. Hollinger Int'l, Inc.*, 858 A.2d 342, 387 (Del. Ch. 2004)). Controlling stockholders are not afforded a veto right over actions of the board when a veto right would not be granted to a dispersed set of stockholders who collectively owned a majority of the votes. *Id.*

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Directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *Weinberger v. UOP, Inc.*, 457 A.2d 701, 710 (Del. 1983). Directors are to take actions in the best interests of a corporation, even if such actions would be contrary to the wishes of a majority stockholder(s). *See, e.g. Am. Int'l Rent a Car, Inc. v. Cross*, 1984 WL 8204, at *3 (Del. Ch. May 9, 1984) (upholding a bylaw that was enacted by the board of directors in its business judgment even though a majority of the corporation's stockholders may have opposed the bylaw).

Under some circumstances, it is a breach of loyalty for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

In reviewing directors' conduct in this context in particular, the Court must bear in mind the "omnipresent specter" that the directors are acting primarily in their own interests or for entrenchment purposes. *In re Trados Inc. S'Holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013).

Similarly, controlling stockholders have duties to protect the interests of minority stockholders. *Solash v. Telex Corp.*, 1988 WL 3587, at *7 (Del. Ch. Jan. 19, 1988). Where (as here) directors choose to accede to the wishes of the (purported) controlling stockholders, rather than act in the best interest of the Company and its stockholders, including the minority stockholders, they have breached their fiduciary duties. *Fertitta,* 2009 WL 2263406, at *8.

Thus, it is undisputed that the Individual Director Defendants have several duties to all shareholders, not just EC and MC, to make informed, disinterested, good faith decisions about the Offer. The Rule 56(f) discovery will likely show that the Individual Director Defendants did not comply with those duties, and did nothing to become informed about the Offer and its

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ramifications. *See* Krum Dec. at ¶ 5. The pending document requests, and pending depositions, are critical to obtain the Rule 56(f) discovery needed to properly respond to this Motion.

IV. DEFENDANTS FAIL TO CARRY THEIR BURDEN AND THE MOTION FAILS

A. Defendants Have the Burden of Persuasion Under NRCP 56, Where All Facts Are Construed in the Light Most Favorable to Plaintiff

Summary judgment is only appropriate "where 'the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is **no genuine issue as to any material fact** and that the moving party is entitled to a judgment as a matter of law.'" *Fergason v. LVMPD,* 364 P.3d 592, 595 (2015) (*citing* NRCP 56(c) (emphasis added)). "'[T]he moving party will bear the burden of persuasion, [and] that party must present evidence that would entitle it to a judgment as a matter of law in the absence of contrary evidence.'" *Id.* (*citing Cuzze v. Univ. & Cmty. Coll. Sys.,* 172 P.3d 131, 134 (2007)).

"'Put more simply: 'The burden of proving the nonexistence of a genuine issue of material fact is on the moving party.'" *Id.* (*citing Maine v. Stewart,* 857 P.2d 755, 758 (1993)). "When the party moving for summary judgment fails to bear his burden of production, 'the opposing party has no duty to respond on the merits and summary judgment may not be entered against him.'" *Id.* (*citing Maine,* 857 P.2d at 759 (reversing summary judgment where burden of production never shifted) (*citing Clauson v. Lloyd,* 103 Nev. 432, 435, 743 P.2d 631, 633 (1987) (reversing summary judgment where movant did not meet the test in NRCP 56)); *see* NRCP 56(e) (summary judgment burden shifts to the non-movant only when the motion is "made and supported as provided in this rule")).

"[I]n deciding whether summary judgment is appropriate, the evidence must be viewed in the light most favorable to the party against whom summary judgment is sought." *Ferreira v. P.C.H. Inc.,* 774 P.2d 1041, 1042 (1989).

B. The Business Judgment Rule Is a Rebuttable Presumption – One That is Rebutted Here

The business judgment rule cannot save Defendants' interested, non-independent actions concerning the Offer. The business judgment rule is a rebuttable presumption that "in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the

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honest belief that the action was taken in the best interests of the company." *See, e.g. In Re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984).[7] In Nevada, the business judgment rule is codified in NRS 78.138.3, which provides that "[d]irectors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation."

The business judgment rule typically is articulated as consisting of four elements, namely, (i) a business decision, (ii) disinterestedness and independence, (iii) due care and (iv) good faith. *See, e.g., Roselink Investors, L.L.C. v. Shenkman*, 386 F. Supp. 2d 209, 2016 (S.D.N.Y. 2004) (internal citations omitted). The presumptions of the business judgment rule are rebutted where it is shown that any of the four elements above was not present. *Id.* at 216-17. Here, at least each of the last three elements is absent. Plaintiffs need to show that a majority of the Board members who voted to reject the Offer were disinterested and independent. They cannot do so.[8]

1. Individual Defendants' Lack of Disinterestedness

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

As the Interested Director Defendants acknowledge, EC and MC lack disinterestedness with respect to the challenged actions, which necessarily includes with the Offer. *See* JJC Dec. at ¶¶ 39-41. They wanted to remain in control of RDI, which required them to reject the Offer, even in the absence a true long-term business plan. MC and EC maintain immediate control of RDI through their newly activated and repopulated executive committee. *Id.* at ¶ 29. On matters like the Offer,

---

[7] Due to the development of Delaware case law with respect to issues of corporate law, Nevada courts find Delaware case law persuasive authority. *See Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 26, 62 P.3d 720, 737 (2003) (noting that "the case law . . . [of] Delaware is persuasive authority" when interpreting Nevada's corporate law).

[8] Defendants' argument concerning whether the Offer was a true offer or indication of interest is a complete red herring. They improperly seek to turn the Court's attention away from the deficient, corrupt process surrounding the Offer and instead, incorrectly, focus on the type of Offer. It is irrelevant to the claims of this case.

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MC and EC are the controlling shareholders and lack both disinterestedness and independence.

The Interested Director Defendants admit as much in their summary judgment motions, including as follows:

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

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

The same is true, for largely the same reasons, for Adams and Kane. They both lack disinterestedness and independence on the Offer. Defendant Kane, who is called "Uncle Ed" by EC and MC and who, by his contemporaneous conduct demonstrated that he acted as "Uncle Ed" throughout to effectuate what he thought were JJC, Sr.'s wishes, and not as a disinterested RDI director exercising disinterested business judgment on any issue where EC and MC make their wishes known. *See* JJC Dec. at ¶¶ 18-20. Likewise, Adams admittedly picked sides in a family dispute. He also demonstrated his lack of disinterestedness by, among other things, vigorously pursuing the EC and MC agenda, starting with the termination of Plaintiff as President and CEO to further his own interest (including his aspiration to be interim CEO). *Id.* at ¶¶ 21-22. He continues to protect the interests of EC and MC via, among other things, rejection of the Offer due to his financial dependence on them. *Id.*

EC, MC, Adams and Kane constitute half of the directors who voted to reject the Offer. The Individual Director Defendants therefore cannot show that it was a majority of disinterested and independent directors who voted to reject the Offer. *See* June 23, 2016 Board Minutes.

As the declaration of Plaintiff evidences, Codding is unequivocally committed to satisfying the wishes of EC and MC, particularly as to matters such as the Offer. *See* JJC Dec. at ¶¶ 24, 41. Therefore, not less than a majority of the directors who voted to reject the Offer suffered from a disqualifying lack of independence, disinterestedness or both. *Id.*

For these reasons, among others, EC, MC, Kane, Adams and Codding each lack disinterestedness with respect to the challenged action of rejecting the Offer and failing to consider

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the proposal with a disinterested eye. For that reason alone, each is not entitled to the presumptions of the business judgment rule in conjunction with their conduct concerning the offer.

2. Individual Defendants' Lack of Independence

Independence, as used in the context of an element of the business judgment rule, requires that a director is able to engage, and in fact engages, in decision-making "based on the corporate merits of the subject before the board rather than extraneous considerations or influences." *Gilbert v. El Paso, Co.*, 575 A.2d 1131, 1147 (Del. 1990); *Rales*, 634 A.2d at 936. "Directors must not only be independent, [they also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003). Here, Defendants were unable to, or chose not to, act independently due to the controlling influence of EC and MC.

Assessing directorial independence therefore "focus[es] on impartiality and objectiveness." *In Re Oracle Corp. Derivative Litig.*, 824 A.2d 917, 920, 938 (Del. Ch. 2003); *Parfi Holding AB v. Mirror Image Internet, Inc.*, 794 A.2d 1211, 1232 (Del. Ch. 2001), *rev'd in part on other grounds,* 817 A.2d 149 (Del. 2002), *cert. denied,* 538 U.S. 1032 (2003). *See, also, Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993) ("[w]e have generally defined a director as being independent only when the director's decision is based entirely on the corporate merits of the transaction and is not influenced by personal or extraneous considerations") *modified in part on other grounds,* 636 A.2d 956 (Del. 1994). "Independence is a fact-specific determination made in the context of a particular case. The Court must make that determination by answering the inquiries: independent from whom and independent for what purpose?" *Beam*, 845 A.2d at 1049-50.

Independence is lacking in situations in which a corporate fiduciary "derives a benefit *from the transaction* that is not generally shared with the other shareholders. In situations in which the benefit is derived by another (e.g., by EC and MC from Plaintiff acceding to their demands to resolve trust and estate disputes on terms acceptable to the two of them), the issue is whether the [corporate fiduciary]'s decision (e.g., Adams and/or Kane) resulted from that director being *controlled* by another." *Orman v. Cullman*, 794 A.2d 5, 25 n.50 (Del. Ch. 2002) (explaining the distinction between interest and independence). Control may exist where a corporate fiduciary has

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close personal or financial ties to or is beholden to another. (*Id.*)

Importantly, a close personal friendship in which the director and the person with whom he or she has the questioned relationship are "as thick as blood relations" would likely be sufficient to demonstrate that a director is not independent. *In re MFW S'Holders Litig.*, 67 A.3d 496, 509 n.37 (Del. Ch. 2013). Similarly, a director who is financially beholden to another person, such as a controlling stockholder, is not independent of that person. *In re Emerging Commc'n, Inc. S'Holders Litig.*, 2004 WL 1305745, at *33 (Del. Ch. May 3, 2004). The Court of Chancery has found that directors who derive a substantial portion of their income from a controlling stockholder are not independent of that stockholder. *Id.* at *34.

"In such circumstances, a director cannot be expected to exercise his or her independent business judgment without being influenced by the . . . personal consequences resulting from the decision." *Beam v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004) (*quoting Rales v. Blasband*, 634 A.2d 927, 936 (Del. 1993)).

As explained above, EC and MC have a motive to maintain their control of RDI, including the management of the company and the Voting Trust, regardless of the benefit or detriment to other shareholders. *See* JJC Dec. at ¶ 29, 36,-38. Kane's personal relationship with JJC, Sr., Kane's view that JCC, Sr. intended MC control the Voting Trust, and Kane's actions to make that happen, among other things, demonstrate his lack of independence. *Id.* at ¶¶ 18-20. With respect to Adams, as shown by his own sworn testimony in his Los Angeles Superior Court divorce proceeding and in this case, he is not independent of EC and MC. Id. at ¶¶ 21-22. Indeed, he is financially dependent upon income he receives from companies that EC and MC control. *Id.*

For such reasons, among others, each of Kane and Adams (and MC and EC) lacked independence and therefore are not entitled to the presumptions of the business judgment rule.

3. Individual Defendants Failed To Exercise Due Care

Although a board of directors ordinarily has discretion to decide whether to entertain an offer to acquire the company, a board is required to make a good-faith, informed decision about how to respond, and is not permitted to ignore an offer in order to maintain control of the company. *Chrysogelos v. London,* 1992 WL 58516, at *6 (Del. Ch. Mar. 25, 1992). The duty of due care

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requires that "directors of a corporation acted on an informed basis [i.e., with due care]." *Citron v. Fairchild Camera & Instrument Corp.*, 569 A.2d 53, 64 (Del. 1989).

As explained above, none of the Individual Defendant Directors did anything to inform themselves about the likely ramifications of accepting or rejecting the offer. *See* JJC Dec. at ¶¶ 39-41. They did not request any written materials concerning EC's purported valuation of the company. They did not request a written copy of the alleged, long-term strategic business plan. They failed to consult with outside lawyers, bankers or persons with experience in real estate to determine whether the Offer made sense. Instead, they simply followed EC and MC's wishes, ensuring their board positions would be safe in the future and the controlling stockholders remained in control of the Company.

4. Individual Defendants' Lack of Good Faith

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

Here, in backing the minimalist oral presentation from EC, and failing to request any information concerning the supposed long-term business plan, the Defendants demonstrated unwavering loyalty -- to MC and EC -- not RDI by its other shareholders. *See* JJC Dec. at ¶ 41. They diligently pursued and protected the interests of EC and MC, not the interests of RDI and its other shareholders. The Individual Director Defendants did not comply with their duty of good faith.

C. Defendants Must, But Cannot, Satisfy the "Entire Fairness" Standard

"If the shareholder succeeds in rebutting the presumption of the business judgment rule, the burden shifts to the defendant directors to prove the 'entire fairness' of the transaction." *McMullin*

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v. Brand, 765 A.2d 910, 917 (Del. 2000). "[I]f the presumption is rebutted, the board's decision is reviewed through the lens of entire fairness, pursuant to which the directors lose the presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del.Ch. 1999). *Horwitz v. SW. Forest Indus., Inc.*, 604 F.Supp. 1130, 1134 (D. Nev. 1985), which defendants cite for the platitude that the business judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary and does not address circumstance of where, as here, the plaintiff has rebutted the presumptions of the business judgment rule.[9]

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

The Motion makes no real mention of this standard. The Individual Director Defendants had a duty to make a good faith, independent decision on the Offer. Instead, they made took no actions to ensure this duty was met, abdicating their oversight in lieu of the controlling shareholder's wishes (EC and MC).

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

1. Directors' Fiduciary Duties Are Owed To All Shareholders, Not Just The Controlling Shareholder(s)

In addition, the Motion asserts that Plaintiff's entrenchment claim is insufficient as a matter of law, virtually ignoring the "omnipresent specter" that Defendants were acting primarily in their own interests for entrenchment purposes. *Cf.* Motion at p. 13.

When responding to an acquisition offer, directors are expected to make decisions that satisfy the directors' fiduciary duties. *In re CNX Gas Corp. Shareholders Litig.*, 4 A.3d 397, 415 (Del. Ch. 2010) (citing *Hollinger Inc. v. Hollinger Int'l, Inc.*, 858 A.2d 342, 387 (Del. Ch. 2004)). Controlling stockholders are not afforded a veto right over actions of the board when a veto right would not be granted to a dispersed set of stockholders who collectively owned a majority of the votes. (*Id.)* In fact, directors are to take actions in the best interests of a corporation, even if such actions would be contrary to the wishes of a majority stockholder(s). *See, e.g. Am. Int'l Rent a Car, Inc. v. Cross*, 1984 WL 8204, at *3 (Del. Ch. May 9, 1984) (upholding a bylaw that was enacted by the board of directors in its business judgment even though a majority of the corporation's stockholders may have opposed the bylaw).

Indeed, directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *In re Trados Inc. S'Holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013. Under some circumstances, it is even a breach for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

In reviewing directors' conduct in this context in particular, the Court must bear in mind the "omnipresent specter" that the directors are acting primarily in their own interests or for

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entrenchment purposes. *In re Trados Inc. S'Holder Litig.*, 73 A.3d 17, 36. *Beran* is particularly instructive.

Here, the initial evidence, and surprising lack of evidence, demonstrates that the Individual Director Defendants failed to protect all of RDI's shareholders. They refused to make an independent, informed, good faith analysis of the offer, choosing instead to simply solicit the wishes of EC and MC and follow them. *See e.g.,* June 2, 2016 minutes (soliciting EC and MC's wishes); June 23, 2016 minutes (following those wishes); JJC Dec. at ¶ 40 (when asked, EC had no business plan to share), ¶ 41 (no materials were distributed to the directors to ascertain the truth of EC's June 23rd speech), ¶ 41 (no directors solicited outside opinions of lawyers, bankers, or real estate professionals on the ramifications of the Offer).

2. Directors Are Not Statutorily Immune As a Matter of Law

The Individual Director Defendants are not statutorily immune to individual liability as a matter of law. *See* Motion at pp. 17-19; NRS § 78.138(7). Where a director's conduct includes "intentional misconduct, fraud or a knowing violation of the law, they can be held individually liable. The Individual Director Defendants invariably provide no substantive discussion of the notion of "intentional misconduct." Indeed, they cite only one case, a Federal District Court case from the 10th Circuit, for the proposition that intentional misconduct and a knowing violation of law "both require knowledge that the conduct was wrongful." In other words, the complained of conduct needs to be something beyond and unintentional breach of the duty of care.

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

Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41 (Del. Ch. 2000) (the exculpatory statute does not apply

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to breaches duty of loyalty because "conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct").

Here, the Individual Director Defendants' complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. Sh. Litig.*, 1992 Del. Ch. LEXIS at *41 n.18, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty").

"Intentional misconduct" is one of three ways in which a fiduciary can fail to act in good faith. *In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 67 (Del. 2006). The first occurs "where the fiduciary intentionally acts with a purpose other than that of advancing the best interests of the corporation." *Id.* The second occurs "where the fiduciary tax with the intent to violate applicable positive law." *Id.* The third occurs "where the fiduciary intentionally fails to act in the face of a known duty to act, demonstrating a conscious disregard for his duties." *Id.* Obviously, the first two of the foregoing three ways fiduciaries can fail to act in good faith track language of 203 portions of NRS 78.138(7), namely, "intentional misconduct" and "A knowing violation of law."

Plaintiff has proffered substantial evidence of the Individual Director Defendants' ongoing course of self-dealing and entrenchment undertaken for the purpose of protecting and furthering the personal financial and other interests of EC and MC, as well as other Individual Director Defendants, including for example maintaining Adams' principal sources of income. These actions on their face and by their very nature were and are "intentional acts with a purpose other than that

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of advancing the best interests of [RDI]."[10] *In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 67.

VI. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests Rule 56(f) relief to properly respond to this Motion. Furthermore, he asks that the Court deny Defendants' Motion for Summary Judgment, as the lack of director disinterestedness and independence drove the ultimate rejection of the Offer, which is replete with contested issues of material fact, and the business judgment rule does not shield Defendants' lack of disinterestedness and lack of independence.

DATED this 13th day of October, 2016.

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/s/ Mark G. Krum
Mark G. Krum (Nevada Bar No. 10913)
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[10] Do the Individual Director Defendants really expect the Court to decide at summary judgment that their actions to threaten Plaintiff with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to the two of them were not intentional acts with a purpose other than that of advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that the activation and repopulation of an executive committee, about which director Storey complained at the time and which he testified was intended to and had the effect of limiting his ability to serve as a director of RDI, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that, in effectively firing Korn Ferry and in completely ignoring the criteria set by the CEO search committee for identifying candidates and hiring a new CEO, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to decide on summary judgment that hiring and paying MC as if she had decades of experience in real estate development when, in fact, she had no prior experience, was not an intentional act with a purpose other than advancing the best interests of RDI?

CERTIFICATE OF SERVICE

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

/s/ _____
An employee of Lewis Roca Rothgerber Christie LLP

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DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

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.

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

Coordinated with:

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

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

Jointly Administered

Business Court

APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER (AND GOULD JOINDER) (Exhibits 3, 4, 5, 8, 10, 12, 13, and 14 filed under seal)

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APPENDIX OF EXHIBITS

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5	James Cotter's proposed revisions to June 2nd and June 23 Board Minutes – Filed separately under seal	036-071
6	Order Granting Plaintiff's Motion to Compel Production Relation to Advice Of Counsel	072-074
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DATED this 17th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFF (AND GOULD JOINDER) (Exhibits 3, 4, 5, 8, 10, 12, 13, and 14 filed under seal)** to be electronically filed and served only via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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EXHIBIT 1

EXHIBIT 1

DEC

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DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

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and

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Nominal Defendant.

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

RULE 56(f) DECLARATION OF MARK KRUM IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 3) ON PLAINTIFF'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER *(AND GOULD JOINDER)*

[Business Court Requested: [EDCR 1.61]

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

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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.

I, Mark G. Krum, Esq., hereby declare, under the penalty of perjury and the laws of Nevada, as follows:

1. I am admitted to practice law in the State of Nevada and the courts of Clark County.

2. I am counsel of record for plaintiff in the above-referenced action. I have personal knowledge, of and am competent to testify to, the facts contained in this affidavit, except on those matters stated upon information and belief, and as to those matters, I believe them to be true.

3. On July 13, 2016, The Individual Director Defendants (later joined by Gould) filed a Motion for Partial Summary Judgment on whether the process surrounding the May 31, 2016 "Offer" to purchase all of RDI's stock in an all cash transaction was informed, done in good faith, disinterested and independent.

4. Based on those documents already produced, Plaintiff has a reasonable expectation that there are additional genuine issues of material fact with respect to the Offer, and Plaintiff requests additional time to conduct discovery, pursuant to this Court's Order and NRCP 56(f).

5. Plaintiff needs to conduct the following discovery concerning the Offer. Plaintiff has a reasonable expectation that this discovery will show that the Independent Director Defendants had

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no good faith, informed, disinterested, independent understanding of RDI's value or the ramifications of the Offer, and did nothing to become informed. Instead, they simply accepted Ellen Cotter and Margaret Cotter's wishes and then acquiesced to them:

a. Disclosure of the redacted June 2, 2016 and June 23, 2016 minutes regarding advice of counsel concerning the Offer. The Court has ordered that this information is discoverable. The Individual Defendant Directors are invoking reliance of counsel to defend their challenged decision without producing the information. Due to Defendants' pending motion for reconsideration, Plaintiff is still waiting to obtain these documents.

b. So far, the Individual Director Defendants have produced nothing in response to the Court's October 3, 2016 order mandating production of documents concerning the Offer. Accordingly, Plaintiff is still entitled to discovery concerning the documents, if any, that the Individual Director Defendants reviewed in order to make their decision on whether to accept or reject the Offer.

c. Deposition of RDI's NRCP 30(b)(6) corporate representative, Ellen Cotter, concerning the circumstances surrounding the consideration and rejection of the Offer. The corporate representative's identity was just disclosed on October 3, 2016.

d. Depositions of the remaining Individual Director Defendants, McEachern, Codding and Adams, concerning the circumstances surrounding the consideration and rejection of the Offer, as soon as the relevant documents are produced to Plaintiff.

e. Compelling production of these documents and depositions will likely reveal evidence that a majority of the RDI directors were not independent, or did not act independently, of the controlling shareholders EC and MC.

6. Plaintiff also needs, consistent with what the Court ordered and directed on August 30, 2016 in ruling on Plaintiff's "advice of counsel" Motion, all communications and documents comprising the advice of counsel on which the individual defendants in their motions for summary judgment claim to have relied with respect to the following subjects (and any others so referenced in their motions):

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d. Gould's communications with EC and with Craig Tompkins regarding Adams' independence (Gould MSJ at 13:13-16);

e. Adams' and Gould's communications regarding D&O questionnaires (Gould MSJ at 28:15-22 and 30:11-22);

f. The CEO search committee's fiduciary responsibilities;

g. The executive committee information, as detailed in MSJ No. 4.

h. The exercise of the supposed 100,000 share option (which the Court ordered on August 30th).

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

DATED this 7th day of October, 2016

Mark G. Krum, Esq.

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EXHIBIT 2

EXHIBIT 2

OGM
Mark G. Krum (SBN 10913)
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Tel: 702-949-8200
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E-mail:mkrum@lrrc.com

Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

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,

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

Coordinated with:

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

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

Jointly Administered

Business Court

ORDER REGARDING PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO PERMIT CERTAIN DISCOVERY CONCERNING THE RECENT "OFFER" ON ORDER SHORTENING TIME

Date of Hearing: 8/30/2016
Time of Hearing: 8:30 a.m.

Lewis Roca ROTHGERBER CHRISTIE 3993 Howard Hughes Pkwy, Suite 600 Las Vegas, NV 89169-5996

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

THIS MATTER HAVING COME BEFORE the Court on August 30, 2016 on "Plaintiff James J. Cotter, Jr.'s Motion To Permit Certain Discovery Concerning The Recent "Offer" On Order Shortening Time" (the "Motion"), Mark G. Krum appearing for plaintiff James J. Cotter, Jr. ("Plaintiff"); Harold S. Johnson and Marshall M. Searcy appearing for defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak; Kara Hendricks appearing for Reading International, Inc.; Soshana Bannett appearing for William Gould; and Alexander Robertson IV appearing for the intervening plaintiffs and the Court having reviewed the Motion and oppositions to the Motion, and having considered the arguments of counsel and such other pleadings on file herein as the Court saw fit, and good cause appearing therefor, the Court rules as follows:

IT IS HEREBY ORDERED that the Motion is GRANTED in part and DENIED in part.

IT IS FURTHER ORDERED that the document requests submitted with the Motion shall be responded to within fifteen (15) days of the August 30, 2016 hearing on the Motion. Additionally, the Company shall produce a Rule 30(b)(6) deponent to testify regarding the so-called Offer and the reasons it was not pursued, for a period not to exceed two hours. Plaintiff also may ask questions about those subjects at depositions of the individual directors that have not

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been concluded (but Plaintiff's remaining time to conclude these depositions is not increased) but, beyond that, no additional or third-party discovery sought by the Motion will occur.

DATED this ___ day of September, 2016.

DISTRICT COURT JUDGE

JW

Submitted by:

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
MARK G. KRUM (SBN 10913)
3993 Howard Hughes Pkwy., Ste. 600
Las Vegas, NV 89169
Attorneys for Plaintiff

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EXHIBIT 3

(Filed Separately Under Seal)

EXHIBIT 4

(Filed Separately Under Seal)

EXHIBIT 5

(Filed Separately Under Seal)

EXHIBIT 6

EXHIBIT 6

ORDR

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

Plaintiff,

v.

READING INTERNATIONAL, INC., a Nevada corporation; DOES 1-100, and ROE ENTITIES, 1-100, inclusive,

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

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

Coordinated with:

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

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

ORDER GRANTING PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO COMPEL PRODUCTION OF DOCUMENTS AND COMMUNICATIONS RELATING TO THE ADVICE OF COUNSEL DEFENSE

Hearing
Date: August 30, 2016
Time: 8:30a.m.

THIS MATTER HAVING COME BEFORE the Court on August 30, 2016 on "Plaintiff James J. Cotter, Jr.'s Motion To Compel Production Of Documents And Communications Relating To The Advice Of Counsel Defense On Order Shortening Time" (the "Motion"), Mark G. Krum appearing for plaintiff James J. Cotter, Jr. ("Plaintiff"); Harold S. Johnson and Marshall M. Searcy appearing for defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak; Kara Hendricks appearing for

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Reading International, Inc.; Shoshana E. Bannett appearing for William Gould; and Alexander Robertson IV appearing for the intervening plaintiffs.

This Court, having considered the papers and pleadings on file and having heard oral arguments, and good cause appearing,

IT IS HEREBY ORDERED that the Motion is **GRANTED** the legal opinion referenced by Messrs. Kane and Adams in their deposition testimony as having been relied upon relating to the 100,000 share option shall be produced by Defendants including:

1. Any and all documents or communications to or from Tompkins concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option;

2. Any and all communications to or from and Ellis concerning the 100,000 share option, and EC' s and MCs right or ability as executors of the Estate to exercise the option;

3. Any and all communications to or from any attorney or employee of Greenberg Traurig concerning the 100,000 share option, and EC's and MC' s right or ability as executors of the Estate to exercise the option;

4. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from Tompkins concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option;

5. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from Ellis concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option; and

6. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from any attorney or employee of Greenberg Traurig concerning the 100,000 share option, and EC's and MC' s

right or ability as executors of the Estate to exercise the option.

DATED this 3rd day of October, 2016.

DISTRICT COURT JUDGE

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EXHIBIT 7

EXHIBIT 7

DEC
MARK G. KRUM (Nevada Bar No. 10913)
MKrum@LRRC.com
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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, 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,

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

DECLARATION OF PLAINTIFF JAMES J. COTTER, JR. IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT *(AND GOULD JOINDERS)*

[Business Court Requested: [EDCR 1.61]

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

I, James J. Cotter, Jr. hereby declare, under the penalty of perjury and the laws of Nevada, as follows:

1. I am over eighteen (18) years of age. I have personal knowledge of the facts contained in this declaration, except on those matters stated upon information and belief, and as to those matters, I believe them to be true. If called upon to testify as to the contents of this declaration, I am legally competent to do so in a court of law.

2. I am the Plaintiff in the above-captioned action. I am, and at all times relevant hereto was, a shareholder of RDI. I have been a director of RDI since on or about March 21, 2002. I have been involved in RDI management since mid-2005, I was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. I was appointed CEO by the RDI Board on or about August 7, 2014, immediately after James J. Cotter, Sr. (JJC, Sr.) resigned from that position. I am the son of the late JJC, Sr., and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC"). I presently own approximately 560,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock. I am also the 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 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

3. I submit this declaration in support of the oppositions to all of the motions for summary judgment filed by one or more of the individual defendants in this action.

4. Nominal defendant Reading International, Inc. (RDI or Company) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange

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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 me, EC or 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 the one hand, and me, 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.

5. I signed a verification of a Second Amended Verified Complaint (the "SAC") in this action. I stand by the substantive allegations of the SAC and incorporate them herein by reference.

The Position of CEO at RDI

6. Certain of the motions for summary judgment brought by the individual defendants in this action suggest that I was appointed CEO of RDI in August 2014 after what amounted to no deliberation by the Board of Directors. That is absolutely false. In fact, as early as 2006, James J Cotter, Sr. ("JJC, Sr."), then the CEO and controlling shareholder of RDI, had communicated to the RDI board of directors his proposed succession plan for the positions of President and CEO. That plan was for me to work under the direction of JJC, Sr. to learn the businesses of RDI, including by functioning in a senior executive role.

7. Since 2005, I was involved in most RDI executive management meetings and privy to most significant internal senior management memos. As mentioned above, I was appointed Vice Chairman of the RDI board in 2007. The RDI Board appointed me President of

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RDI on or about June 1, 2013, and I filled those responsibilities without objection by the RDI board of directors.

8. Soon after I became CEO, my sisters, Ellen, who was an executive at RDI in the domestic cinema segment of the Company's business, and Margaret, who managed RDI's limited live theater operations as a third-party consultant, both communicated to me and to members of the RDI Board of Directors that they did not want to report to me as CEO. In fact, neither of them previously while working for or with the Company effectively had ever reported to anyone other than our father, JJC, Sr. Margaret in particular resisted and effectively refused to report to me until she no longer needed to do so, following my (purported) termination as President and CEO of the Company. They also co-opted at least one employee, Linda Pham, who claimed at some point in 2014 that I had created a hostile work environment for her, which accusation was not well-taken and, in any event, moot with the passage of time by Spring 2015, as director Kane acknowledged at the time.

Disputes With My Sisters

9. My sisters and I had certain disputes with respect to matters of our father's estate. The most significant and contentious dispute concerned who would be the trustee or trustees of the voting trust that, following our father's death, holds approximately 70% of the voting stock of RDI. According to a 2013 amendment to his trust documentation, Margaret was to be the sole trustee. Pursuant to a 2014 amendment to his trust documentation, Margaret and I were to serve contemporaneously as co-trustees. In early February 2015, Ellen and Margaret commenced a lawsuit in California state court challenging the validity of the 2014 amendment to our father's trust documents (the "California Trust Action").

10. My sisters and I also had certain disputes with respect to RDI. Most generally, they disagreed with my view and approach of running RDI like a public company, including hiring a senior executive qualified to oversee the development of the Company's valuable real estate and, more fundamentally, operating the Company to increase its value for all shareholders, not just its value to the Cotter family as controlling shareholders.

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Threatened Termination and Termination

11. Late in the day on May 19, 2015, I received from Ellen, as the chairperson of the RDI Board of Directors, an agenda for a supposed special meeting of the RDI board on May 21, 2015, two days later. I learned that the benignly described first item on the agenda, "status of president and CEO," apparently referred to a secret plan of Ellen and Margaret, together with Ed Kane, Guy Adams and Doug McEachern, to vote to remove me as President and CEO of RDI. However, that meeting commenced and concluded without the threatened vote being taken.

12. Next, on or about May 27, 2015, the lawyer representing Ellen and Margaret in the California Trust Action transmitted to my lawyer in that action a document that proposed to resolve the disputes between my sisters and me, including with respect to who would be the trustee of the voting trust and whether Margaret and Ellen would report to me as CEO of RDI. (A true and correct copy of the May 27, 2015 document, which was marked as deposition exhibit 322, is attached hereto as exhibit "A.")

13. On Friday, May 29, 2015, the (supposed) special board meeting of May 21 was to resume. That morning, before the meeting, I met with Ellen and Margaret. At that meeting, they told me that they were unwilling to mediate or to negotiate any of the terms of the May 27 document described above. They also told me that if I did not agree to resolve my disputes with them on the terms set out in that document, that the RDI Board of Directors would vote at the (supposed) meeting that day to terminate me as President and CEO.

14. The (supposed) special board meeting commenced on May 29 and the issue of my termination as President and CEO was the subject. At this (supposed) special meeting, or another, McEachern pressured me to resign as President and CEO. Eventually, the non-Cotter members of the RDI Board of Directors met with my sisters separately from me. Following that, the majority of the non-cotter directors, namely, Messrs. Adams, Kane and McEachern, advised me that the meeting would adjourn temporarily and resume telephonically at 6 p.m. They further advised that, if I had not reached a resolution of disputes between me and my sisters by the time the (supposed) special meeting reconvened telephonically at 6 p.m. that day, they would proceed with the vote to

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terminate me, meaning that the three of them would vote to terminate me as President and CEO of RDI.

15. That afternoon, Ellen and Margaret again refused to mediate and again refused to negotiate. Ultimately, I indicated a willingness to resolve disputes based on the document provided, subject to conferring with counsel. At or about 6 p.m., the (supposed) special RDI board meeting resumed telephonically, at which time Ellen reported to the five non-Cotter directors that we had reached an agreement in principle to resolve our disputes, subject to conferring with respective counsel. Ed Kane congratulated us and made a statement to the effect that he hoped that I was CEO of the Company for 30 years. No vote was taken on my termination.

16. On or about June 8, 2015, I communicated to my sisters that I could not agree to the document their lawyer had transmitted to my lawyer on or about June 2, 2015. Ellen called a (supposed) special board meeting for June 12, 2015, at which meeting each of Messrs. Adams, Kane and McEachern made good on their threat to vote to terminate me and did so.

Director Interest and Independence

17. One or more of the defendants' motions for summary judgment claim that SEC filings by RDI describe the non-Cotter directors as "independent," that I signed one or more of those SEC filings and that I therefore admit that those directors are independent for the purposes of this action. That is inaccurate. The term "independent" as used in RDI's SEC filings do not refer to matters of Nevada law. It referred usually to the fact that, pursuant to the terms of the Company's listing agreement with NASDAQ, the stock exchange on which RDI stock trades, directors meet the standard of independence of NASDAQ. None of the director defendants have ever suggested to me that they understood use of the term "independent" in RDI's SEC filings to communicate anything other than that non-Cotter directors were not members of the Cotter family which, in one manner or another, controlled approximately 70% of the voting stock of RDI. As among members of the RDI Board of Directors, the term "independent" was used historically to refer to directors who were not members of the Cotter family.

18. Ed Kane was a life-long friend of my father, having met when they were graduate students. Kane was in my father's wedding and was a speaker at my father's funeral. Over my

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lengthy tenure as a director at RDI, I observed Kane as a director of RDI acting at all times as if his job as a director was to carry out my father's wishes. Kane admitted to me that he was not independent for purposes other than the NASDAQ listing agreement and suggested after I became CEO that the Company would benefit from independent directors knowledgeable about its two principal businesses, cinemas and real estate.

19. On the contentious issue between me and my sisters regarding who would be the trustee(s) of the voting trust, Kane communicated to me that his view was that it was my fathers' wishes that Margaret alone be the trustee, and he pressured me to agree to that. At one point in the context of discussions regarding terminating me as President and CEO of RDI, Kane said to me angrily that he thought I "f*#*ed Margaret" by the 2014 amendment to my father's trust documentation, which amendment made me a co-trustee with Margaret of the voting trust.

20. Kane remains very close with my sisters, who still call him "Uncle Ed"" (which I ceased doing after joining RDI). They continue to get together socially, including for family meals during holiday periods, which is what they admittedly did around the Christmas holidays in 2015.

21. Guy Adams is a long time friend of my father. After Adams effectively became unemployed, my father attempted to provide him work and income. Eventually, my father through a company he wholly-owned entered into an agreement with Adams to pay Adams $1000 per month. That company now is part of my father's estate, of which my sisters are executors, such that they are in a position to control whether Adams is paid that money or not. Adams also has carried interests in certain real estate in which my father invested. My sisters as executors of my father's estate are in position to see to it that Adams is or is not paid any monies he is owed on account of those carried interests.

22. Prior to on or about May 2015, Adam's financial condition and, more particularly, his dependence on or independence from my sisters, in terms of his financial situation, had not arisen as a subject. When I suspected that Adams had agreed with my sisters to vote to terminate me as President and CEO of RDI, that raised the issue of whether he was financially dependent on them. I now know that he is. I learned from Adams' sworn declarations in his California state court divorce case that almost all of his income comes from RDI and from one or more companies

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that my sisters control. Adams is not independently wealthy. I asked him about his financial dependence or independence at the (supposed) May 21, 2015 special board meeting, at which time he refused to answer.

23. Michael Wrotniak's wife Trisha was Margaret's roommate in her freshman year of college at Georgetown University. Margaret and Trisha have been life-long best friends starting with their first year in college together. Michael also went to Georgetown University where he met his wife Trisha and also developed a very close friendship with Margaret in college. Given that Margaret only has a few friends, her relationship with Trisha and Michael is extremely important. Margaret has spent a lot of time with Michael and his wife over the years, as all three live in metropolitan New York City. Margaret became like an aunt to Trisha and Michael's children. My sister Ellen and mother also know Trisha and Michael very well, and they have all attended social events together in New York, such as birthday and cocktail parties my sister Margaret has hosted at her apartment in New York City. I believe Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle. Michael's communication with me as a director has been very guarded, which I understand to reflect his knowledge of the lawsuit and his close relationship with Margaret.

24. Judy Codding has had a very close personal relationship with my mother for more than thirty years. (Ellen lives with our mother, who has chosen my sisters' side in the disputes between us.) Ms. Codding has become close with my sisters Ellen and Margaret. On October 13, 2015, over breakfast I had with her, she expressed to me that RDI is a family business and that the only people who should manage it should be one of the Cotters and that she would help make sure of that, whether it be Ellen or me. Her reaction to the offer to purchase all of the stock of the Company at a price in excess of what it trades in the market (the "Offer"), first made by correspondence dated on or about May 31, 2015, reflected Ms. Codding's unwavering loyalty to Ellen. Before the board meeting at which the Board was going to discuss the Offer, she indicated to me that there was no way that the Offer should even be considered (clearly having spoken to Ellen about it before the board meeting).

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25. Bill Gould was a professional acquaintance and friendly with my father for years. Repeatedly since my termination as President and CEO, he has said to me that he has acquiesced as an RDI director to conduct to which he objects and/or to conclusions with which he disagrees, stating in words or substance that he must "pick his fights."

26. For example, at a board meeting at which the board was asked to approve minutes from the (supposed) special board meetings of May 21 and 29, 2015 in June 12, 2015, at which I objected because the minutes contained significant factual inaccuracies, at which I voted against approving the minutes and at which Tim Storey abstained, reflecting that he that too thought the minutes inaccurate (as he testified unequivocally in deposition in this case), Bill Gould voted to approve the minutes. When I asked him afterwards why he had voted to approve inaccurate minutes, he said that, although he could not remember the meetings well enough to state that the minutes were accurate, he thought the ultimate descriptions of action taken, meaning the termination of me, the appointment of Ellen as interim CEO and the repopulation of the executive committee, were accurate, and that he did not want to fight about them.

27. Also as an example, Bill Gould admitted to me that he thought the process deficient, and the time inadequate, to make a genuinely informed decision about whether to add Judy Codding to the RDI Board of Directors. At the board meeting when that happened, he described the decision to add her as a director as having been "slammed down," but he acquiesced.

28. It is clear to me that Bill Gould effectively has given up trying to do what he thinks is the proper thing to do as an RDI director, and is and since June 2015 has been in "go along, get along" mode. He first failed to cause any proper process to occur regarding my termination, and allowed the ombudsman process (by which then director Tim Storey as the representative of the non-Cotter directors was working with me and my sisters to enable us to work together as professionals, which process was to continue into June 2015) to be aborted. That, together with the forced "retirement" of Tim Storey, apparently so chastened Bill Gould that he became unwilling to take a stand on any matter in which doing so would place him in disagreement with my sisters. For example, he has acknowledged that Margaret lacks the experience and qualifications to hold the

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highly compensated job she now holds at RDI, but Bill Gould did not object to it or the compensation being given to her.

The Executive Committee

29. My sisters first proposed an executive committee as a means to avoid reporting to me or, as a practical matter, to anyone, in the Fall of 2014. I resisted that executive committee construct, which was not implemented at that time. As part of the resolution of our disputes that they attempted to force me to accept in May and June 2015, described above, they included an executive committee construct that would have had them reporting to the executive committee that they, together with Guy Adams who is financially beholden to them, would control. As part of their seizure of control of RDI, in addition to terminating me as President and CEO, they activated and repopulated RDI's Board of Directors executive committee. That executive committee previously had never met and never made a decision. After it was activated and repopulated on June 12, 2015, it was used as a means to exclude me and then director Tim Storey, and to a lesser extent Bill Gould, from functioning as directors of RDI and, in some instances, even having knowledge of matters that were handled by the executive committee that historically and ordinarily were handled by RDI's Board of Directors.

The Supposed CEO Search

30. When RDI filed a Form 8-K with the SEC and issued a press release announcing the termination of me as President and CEO, RDI also announced that it would engage a search firm to conduct the search for a new President and CEO. The board empowered Ellen to select the search firm. Ellen selected Korn Ferry ("KF"). She explained to the RDI Board of Directors the she selected KF because KF offered a proprietary assessment tool, which would be used to assess the three finalists for the position of President and CEO, which assessment she asserted would "de-risk" the search process. The Board agreed. Ellen also told the Board that the three final candidates would be presented to the Board for interviews. The Board agreed. Ellen selected herself, Margaret, Bill Gould and Doug McEachern to be members of the CEO search committee, which the Board accepted without substantive discussion.

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31. After the CEO search committee was put in place and KF engaged, the full board received effectively no information about whether and how the CEO search was proceeding. In the time frame from August through December 2015, Ellen for the CEO search committee provided approximately two reports, the latter of which was in mid-December which, as it turned out, was after the process had been aborted and Ellen selected, at least preliminarily. Tim Storey objected to the full board not being apprised of the status of the CEO search, prior to his forced "retirement."

32. Ultimately, in early January 2016, the CEO search committee presented Ellen as their choice for President and CEO. They did not offer, much less present, three finalists to the Board for interviews. They did not have KF perform its paid for, proprietary assessment of the finalists, or of anyone. Before that Board meeting, at which Ellen was made President and CEO, the material provided to the Board effectively amounted to a memorandum prepared by Craig Tompkins, which memorandum claimed to summarize the reasons for the CEO search committee selecting Ellen. The stated reasons are reasons thay no outside candidate could have met. The stated reasons are reasons that do not approximate, much less match, the criteria that the CEO search committee created and KF memorialized as the criteria to identify candidates and ultimately select a new President and CEO. The stated reasons for selecting Ellen were, as I heard them explained at the January board meeting, effectively distilled into a single consideration, namely, that Ellen and Margaret were controlling shareholders.

33. Although I did not agree with the termination of me as President and CEO, and thought and maintain that it was improper, I had hoped that the CEO search committee would conduct a bona fide search and provide to the board for interview three qualified finalists, as had been agreed. I now know that not only did that not happen, but that the CEO search committee terminated the search, and effectively terminated KF, after meeting with Ellen as a declared candidate for the positions of President and CEO. Independent of the results of that process, which at the time I asserted did not serve the interests of the Company, that the process was manipulated and/or aborted in my view amounts to abdication of the board's responsibilities.

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Actions to Secure Control and Use It to Pay those Who Have It

34. In April 2015, I learned that Ellen and Margaret had exercised options they held personally to acquire RDI class B voting stock and that, with the advice and assistance of Craig Tompkins, a lawyer who was a consultant to the Company, they sought to exercise a supposed option in my father's name to acquire 100,000 shares of RDI Class B voting stock. The factual context for the effort to exercise the supposed 100,000 share option is that a majority of the voting stock controlled by my father was held in the name of his Trust, of which the three of us were trustees. Because of that, Ellen and Margaret could not properly vote that stock without my agreement. The stock that was held—not owned—in my father's estate, which was controlled by Ellen and Margaret as the executors, approximated the amount of RDI class B voting stock held by third parties, including Mark Cuban. The point of the effort to exercise the supposed 100,000 share option was to ensure that Ellen and Margaret as executors would have more class B stock then third parties, including Mark Cuban.

35. There were a host of issues faced by the Company due to the request of Margaret and Ellen to exercise these supposed 100,000 share option. For example, one threshold question the Company would have needed to have answered was whether the option was legally effective. That question was not answered. Another threshold question was whether the supposed 100,000 share option automatically had transferred to my father's trust upon his death. That also was not answered, to my knowledge. Possibly due to such unanswered questions, the compensation committee of the Board did not authorize the exercise of the supposed 100,000 share option in April. Margaret and Ellen therefore delayed to the 2015 annual shareholders meeting. After the executive committee (at Ellen's request) had set the annual shareholders meeting for November (meaning that as a board member I had no say on the subject) and the record date for it in October 2015, Ellen had Kane and Adams as two of three members of the compensation committee authorize the request to exercise the supposed 100,000 share option, which was done in September shortly before a hearing in the Nevada probate case. I understand they did so so that the 100,000 shares supposedly could be registered with the Company in the name of Ellen and Margaret as executors prior to the record date. The Company received no benefit from this, in fact suffered the

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injury from replacing outstanding liquid class A stock with effectively illiquid class B stock and, I am informed and believe, from covering the tax obligation that belong to the person or entity exercising the option.

Monetary Rewards to Margaret, Ellen and Adams

36. In March 2016, the Board approved giving Margaret employment at the Company as the senior executive in charge of development of the Company's valuable New York real estate. That is a position Margaret had sought since my father passed. It is a position that I refused to give her, with the then support of all of the non-Cotter directors, because she was unqualified to hold it. She has no prior real estate development experience. What was discussed during my tenure as President and CEO was providing Margaret employment at the Company, so that she could have health benefits for herself and her two children, in a position in which she would continue to be responsible for the modest live theater operations and in which she could work in connection with any development of the Company's New York real estate, but not as the senior executive responsible for the development of the Company's New York real estate. In other words, Margaret could have a position, but she would not have a position that called upon her to do that which she had no experience doing and that which she was unqualified to do. That is the position Margaret was given in March. It is a highly compensated position that reflects its responsibilities. But Margaret has neither the prior experience nor the qualifications to hold it. Nevertheless, she is paid as if she does. Which, in my view, amounts to waste of Company monies. Additionally, the $200,000 paid to Margaret, ostensibly for concessions Margaret previously was willing to make for free to become an employee of the Company, and reportedly for prior services rendered which the Board year after year had not chosen to pay her, is simply a gift, presumably because Margaret made less money in 2015 due to the Stomp debacle.

37. The compensation package provided to Ellen in March 2016, like the one provided to Margaret, is a departure from the Company's practices, in terms of the amount paid relative to the skill and experience of the person being paid. Ellen now is the CEO of what basically is the same company of which I was CEO, but she has a compensation package that could pay her twice to three times as much. No board member has ever explained to me why they think this is

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appropriate, except to the extent they have alluded to the fact that they view Ellen and Margaret as controlling shareholders.

38. Adams in March 2016 was awarded what amounted to a $50,000 bonus for being a director. As a director, I have not seen him provide extraordinary service that warrants a payment such as that, which is a material departure from past practices at the Company, in which extra cash payments to Directors typically were $10,000. The sole notable exception was the $75,000 paid to Tim Storey for his work as ombudsman, but the amount of time and effort he put in that role, including travel between New Zealand and Los Angeles, exceeded by a multiple the amount of time Adams has devoted to being a director in 2015 and 2016. I have no doubt that Adams was paid $50,000 for what amounted to exemplary loyalty to Ellen.

The Offer

39. Ellen shared with the full Board, in or about early June, an offer by third parties to purchase all of the outstanding stock of RDI for cash consideration at a price of approximately 33% above the prices of which RDI stock then traded (i.e., the "Offer"). The Board met on June 2, 2016 regarding the Offer. At that time, Ellen proposed to have management prepare documentation regarding the value of the Company to be provided to Board members for their review and consideration in advance of another board meeting to consider the Offer. I objected, suggesting that an independent person or company be charged with preparing such documentation for review by the Board. My objection was noted and overruled, and the Board agreed to proceed in the manner Ellen suggested. Additionally, board members inquired what Elllen and Margaret as controlling shareholders wanted to do in response to the Offer.

40. On or about June 7, 2016, in view of the Offer, I asked Ellen to provide me the Company's business plan. I understood that there was none and her failure to respond confirmed that.

41. The Board reconvened on June 23, 2016, regarding the Offer. No materials had been delivered to Board members prior to that meeting. At that meeting, Ellen made an oral presentation regarding the supposed value of the Company. I found it difficult to follow her oral presentation with no prior or contemporaneous documentation. I cannot imagine how outside

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directors less familiar with the details of the Company followed it. Not one of the directors other than Ellen indicated that they had taken any action at all, whether reviewing Company documentation, speaking with experts such as counsel or bankers or doing anything else at all, to prepare to discuss the Offer. At that meeting, Ellen also indicated that she and Margaret would oppose any response other than rejecting the Offer, and added that it was their belief that the Company should proceed on its course as an independent company. No director asked questions about whether and how the Company could ever actualize the supposed value Ellen claimed it had. None asked questions about whether management was preparing a business plan to do so or, for that matter, simply preparing a long-term or strategic business plan. None exists. Instead, the non-Cotter directors simply ascertained that Ellen and Margaret wanted to reject the Offer and agreed that the price offered was inadequate. They all voted to proceed in the manner Ellen recommended.

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

DATED this 13th day of October, 2016

James J. Cotter, Jr.

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EXHIBIT 8

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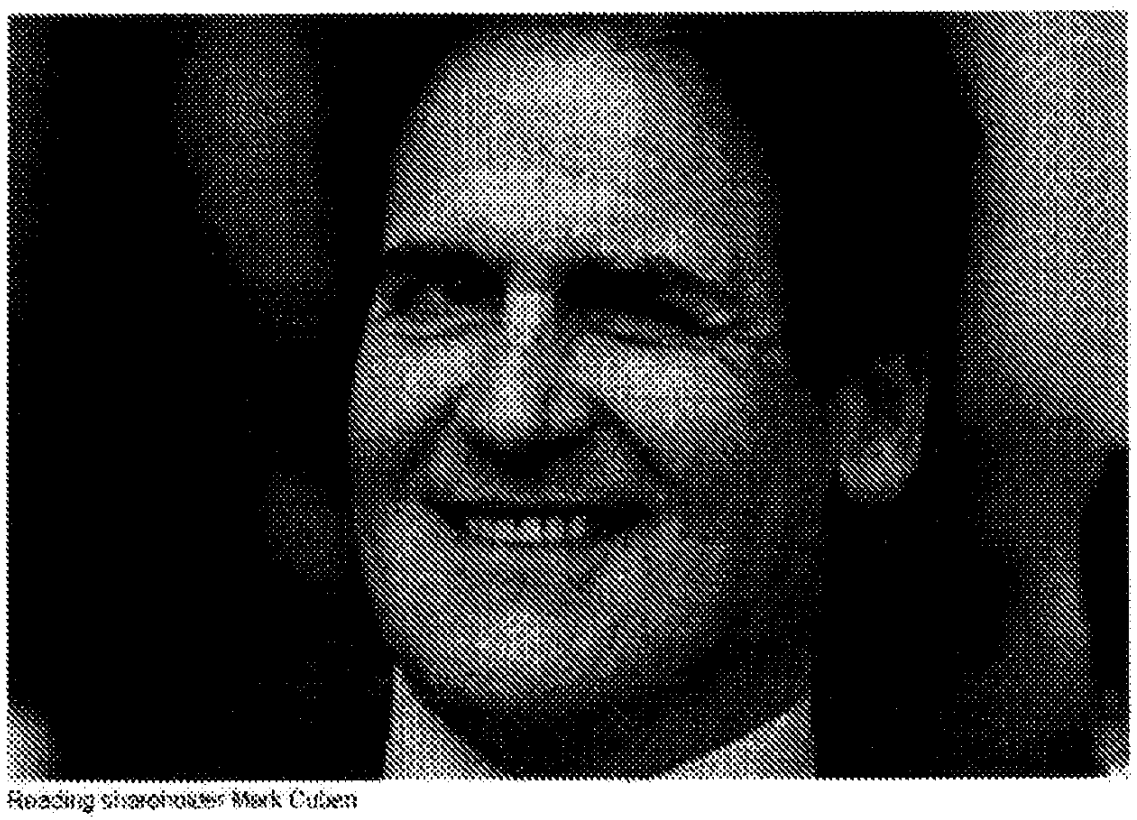
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EXHIBIT 9

■ The consortium includes Paul Hellmi's Patton Viaken, TPG Capital and the Santa Domingo family's holding company.

Sarah Pringle

Get TheStreet Quant Ratings' exclusive 5-page report for (RDI) - FREE



Reading shareholder Mark Cuban

PRUDENTIAL
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The group whose $400 million bid was spurned by Reading International (RDI) this summer is a mystery no longer, and the consortium remains interested in negotiating a deal to take the cinema and real estate operator private, according to

a confidential offer letter obtained by The Deal, a sister publication of TheStreet.

"I am disappointed that we have not yet been provided with the opportunity to engage in discussions that would have allowed you to fully evaluate our proposal and this potential transaction," media entrepreneur Paul Heth wrote in a letter dated Sept. 14 addressed to Ellen M. Cotter, Reading's president and CEO. Heth's group also includes **TPG Capital** and **Santo Domingo Group**.

SMALL INVESTMENT, BIG POTENTIAL. TheStreet's Stocks Under $10 has identified a handful of stocks with serious upside potential. See them FREE for 14-days.

In the letter, Heth reiterated the consortium's desire to acquire Reading's Class A and Class B common stock for $17 per share in cash and said the group is prepared to meet with the Reading team at their earliest convenience. The nonbinding indication of interest is fully funded and represents a total equity value of approximately $400.7 million, according to the letter.

"Our intention is to work with you to establish a deal that would benefit all of the shareholders of Reading, including you and your family. ... As noted in our prior letter, if you believe and can demonstrate that Reading has additional value that we are not recognizing, we are willing to consider any responsive proposals that you would like to present," the letter said.

Besides Heth's Camden, Del.-based holding company **Patton Vision**, the consortium consists of Fort Worth private equity shop TPG Capital and Santo Domingo Group, the holding company of Columbia's Santo Domingo family, according to the letter.

Redwood Capital Group's Gregory Bedrosian is providing financial advice to the consortium on its proposal for Los Angeles-based Reading, while Weintraub Tobin Chediak Coleman Grodin Law's Alan Grodin and Chris Chediak are offering legal counsel, according to the document.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks with serious upside potential in the next 12-months. Learn more

Heth, an American citizen based in Moscow, Russia, has a deep roots in the cinema industry. A veteran of the US Army, Heth currently serves as the CEO and chairman of Russian exhibition chain **Karo Film Holding**. Heth's ventures began as early as 1996, when he co-founded Russian cinema chain Kodak Kinomir. In 2002, Heth partnered with Shari E. Redstone and her family's **National Amusements** to establish Kinostar Deluxe cinemas in Russia. Heth, alongside **Baring Vostok Private Equity**, **UFG Private Equity** and the Russian Direct Investment Fund, own a controlling stake in Karo Film.

TPG's past media investments include **STX Entertainment**, **Cirque du Soleil** and **Metro-Goldwyn-Mayer Studios**, among others, while its real estate holdings include **Taylor Morrison Home** (TMHC) and **AV Homes** (AVHI) .

Santo Domingo Group, via its various subsidiaries and affiliates, owns and operates businesses in various sectors, including a 14% equity stake in **SABMiller**, the maker of Miller Genuine Draft working toward completion of a $103 billion sale to **Anheuser-Busch InBev** (BUD) . Led by financier and philanthropist Alejandro Santo Domingo, the family conglomerate's media holdings include Latin America cinema chain Cine Colombia SA, among other things.

On the sidelines is billionaire entrepreneur Mark Cuban, who as of Wednesday owned about 12.37% of the company's Class B voting stock.

Reading revealed on July 18 that it had rejected an unsolicited, nonbinding indication of interest from an unnamed third party to acquire all of Reading's outstanding stock at $17 a share, or approximately $400 million.

The third-party interest was first made public on July 15, when James J. Cotter Jr. filed a motion in a Clark County (Nev.) District Court, alleging that his sisters — Ellen and Margaret Cotter — failed to take any action in response to an unsolicited cash offer from third parties.

SMALL INVESTMENT, BIG POTENTIAL. TheStreet's Stocks Under $10 has identified a handful of stocks with serious upside potential. See them FREE for 14-days

Ever since the passing of James Cotter Sr., the CEO and chairman of Reading since its inception, in September 2014 due to illness, investors have watched a legal dispute unfold among his children — James Jr. and his two daughters, Ellen and Margaret. The fight is largely over control of the Reading Class B voting shares held by a living trust for James Sr. and his estate, which account for nearly 67% of outstanding Reading voting shares.

James Jr. in his July motion requested that Judge Elizabeth Gonzalez require that defendants Ellen Cotter and Douglas McEachern, a Reading director and chairman of the board's audit and conflicts committee, expose more detail about the proposed offer.

The timing of Reading's public disclosure of an offer also was critical in other litigation, as it came on the heels of an announcement that Reading investors Jon Glaser and Whitney Tilson had withdrawn all of their alleged claims in a previously filed shareholders derivative lawsuit in Clark County District Court.

The shareholders, which combined hold about 3.6% of Reading through various funds, weren't aware of the third-party bid when they reached the settlement, Glaser previously told The Deal.

Both Cuban and Reading shareholder **Lawndale Capital Management** of Mill Valley, Calif., subsequently filed formal objections to the settlement, which was up for approval on Thursday.

Glaser and Tilson had filed a derivative lawsuit on Aug. 6, 2015, supporting a June 12, 2015, action filed by James Jr. against the company's board for terminating him as CEO. It also alleged a number of other breaches of fiduciary duties by the board.

While the intentions of Cuban, who co-owns Los Angeles-based **Landmark Theatres**, have been somewhat mysterious, his attorney, Robert Hart, did last November request that Reading tap an outside adviser chosen by independent shareholders to evaluate and make recommendations relating to the company's corporate governance and board composition. Management at the time rebuffed Cuban's request, while some shareholder privately said they welcomed it.

Shares of Reading's Class A shares were relatively flat Tuesday, closing down 0.8% at $13.34.

You see Jim Cramer on TV. Now, see where he invests his money. Check out his multi-million dollar portfolio and discover which stocks he is trading. Learn more now

This article was originally published by The Deal, a sister publication of TheStreet that offers sophisticated insight and analysis on all types of deals, from inception to integration. Click here for a free trial.

EXHIBIT 10

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EXHIBIT 11

EXHIBIT 11

Published on *Reading International Investor Center* (http://investor.readinginc.com) on 07-18-2016

Board of Directors of Reading International Rejected Non-Binding Indication of Interest

Release Date:
7/18/16 6:00 am EDT

Terms:
Comercial

Dateline City:
LOS ANGELES

LOS ANGELES--(BUSINESS WIRE)--Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") confirmed today that in June 2016, it rejected an unsolicited, non-binding indication of interest from a third party to acquire all of Reading's outstanding stock at $17 per share. The non-binding indication of interest, and its rejection, were disclosed last week by Board member James J. Cotter, Jr., in a public filing he made in the derivative litigation in the District Court for Clark County, Nevada.

To clarify the record, our Board of Directors, after receiving input from management and its outside advisors, carefully evaluated the indication of interest. Following this review, the Board of Directors determined that our stockholders would be better served by pursuing our independent, stand-alone strategic business plan and communicated this to the third party. Reading's Board strongly believed that the proposed transaction was not in the best interest of our Company or our stockholders.

The statements made by Mr. Cotter, Jr. in his litigation filing were not authorized by the Company, do not constitute Company communications, and the Company takes no responsibility for their accuracy. Typically, it is not our practice to disclose unsolicited expressions of interest and Reading undertakes no obligation to further update this disclosure.

About Reading International, Inc.

Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning, and operating real estate assets. Our business consists primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia, and New Zealand; and
- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various brands:

- In the United States, under the
  - Reading Cinema brand (http://www.readingcinemasus.com);
  - Angelika Film Center brand (http://www.angelikafilmcenter.com);
  - Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  - City Cinemas brand (http://www.citycinemas.com);
  - Beekman Theatre brand (http://www.beekmantheatre.com);
  - The Paris Theatre brand (http://www.theparistheatre.com);
  - Liberty Theatres brand (http://libertytheatresusa.com); and
  - Village East Cinema brand (http://villageeastcinema.com).
- In Australia, under the
  - Reading Cinema brand (http://www.readingcinemas.com.au);
  - Newmarket brand (http://readingnewmarket.com.au); and
  - Red Yard brand (http://www.redyard.com.au).
- In New Zealand, under the
  - Reading Cinema brand (http://www.readingcinemas.co.nz);
  - Rialto brand (http://www.rialto.co.nz);
  - Reading Properties brand (http://readingproperties.co.nz);
  - Courtenay Central brand (http://www.readingcourtenay.co.nz); and
  - Steer n' Beer restaurant brand (http://steernbeer.co.nz).

Cautionary Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act").

For a detailed discussion of these and other risk factors, please refer to Reading International's Annual Report on Form 10-K for the year ended December 31, 2015 and other filings Reading International makes from time to time with the Securities and Exchange Commission (the "SEC"), which are available on the SEC's Web site (http://www.sec.gov).

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Investors are cautioned not to place undue reliance on our forward looking statements, which speak only as of the date such statements are made. Reading International does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

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English

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EXHIBIT 13

(Filed Separately Under Seal)

EXHIBIT 14

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DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	CASE NO.: A-15-719860-B DEPT. NO. XI Coordinated with: Case No. P-14-082942-E Dept. No. XI Case No. A-16-735305-B Dept. No. XI Jointly Administered **Business Court**
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.	**Date:** **Time:**

PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO VACATE AND RESET PENDING DATES AND TO REOPEN DISCOVERY ON SHORTENED TIME (Fourth Request)

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and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Pursuant to EDCR 2.26, 2.35 and 7.30 Plaintiff James J. Cotter, Jr. ("Plaintiff") hereby moves on shortened time for an order that (i) vacates and/or resets all pending dates and deadlines, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances (the "Motion").

This Motion is based upon the pleadings and papers on file, the exhibits attached hereto, the following memorandum of points and authorities, and any oral argument.

DATED this 7th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
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ORDER SHORTENING TIME

It appearing to the satisfaction of the Court and good cause appearing therefor,

IT IS HEREBY ORDERED, that the hearing on James J. Cotter, Jr.'s Motion To Vacate And Reset Pending Dates And To Reopen Discovery On Shortened Time shall be heard before the above-entitled Court in Department XI, before Judge Elizabeth Gonzalez, on the 1st day of Nov, 2016, at 8:30 a.m./p.m., or as soon thereafter as counsel may be heard, at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, Nevada 89155.

DATED this 7th day of October, 2016.

DISTRICT COURT JUDGE

Respectfully submitted:
LEWIS ROCA ROTHGERBER CHRISTIE LLP

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DECLARATION OF MARK G. KRUM IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO REOPEN DISCOVERY AND VACATE ALL PENDING DATES ON ORDER SHORTENING TIME

I, Mark G. Krum, Esq., being duly sworn, deposes and says that:

1. I am a partner with the law firm of Lewis Roca Rothgerber Christie LLP, attorneys for James J. Cotter, Jr. as plaintiff in the captioned action ("Plaintiff").

2. I make this declaration based upon personal knowledge, except where stated to be upon information and belief, and as to that information, I believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally competent to testify to the contents of this Declaration in a court of law.

Reason for Order Shortening Time

3. Pursuant to EDCR 2.26, there is good cause to hear this motion on shortened time. Notwithstanding the good faith and diligent efforts of counsel for Plaintiff to complete fact discovery, it is not yet complete, for the reasons referenced and described herein. It therefore will be impossible for the parties to satisfy their obligations in connection with the pre-trial conference, scheduled for two weeks hence. Separately, expert discovery has not commenced. Independent of the foregoing, certain of the parties and possibly counsel have and/or are likely to have irreconcilable conflicts in terms of being available in November on the dates on which this case may be sent out for trial.

4. For all of these reasons, Plaintiff respectfully submits that there is good cause for this Motion to be heard on shortened time, no later than August 13, 2016.

Fact Discovery is Incomplete

5. Plaintiff previously described Defendants' delayed document productions, including approximately 20,000 pages of documents at the agreed deadline in mid-April and then approximately 15,000 pages *after* that deadline. Defendants then delivered a supplemental privilege log approximately with approximately 4,000 entries on or about May 25, 2016, right before the initial discovery cut-off. This delayed production schedule caused depositions to be delayed so that they could not be completed, even in the extended time made available.

6. The foregoing delays caused other delays, including regarding disposition of

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privilege issues raised by the individual director defendants' invocation of the business judgment rule and reliance on advice of counsel accompanied by the simultaneous withholding of documents reflecting that advice and the instruction of deponents not to answer questions calling for disclosure of it. Those delays continue, as described herein.

7. On August 30, 2016, the Court granted Plaintiff's "advice of counsel" motion. Thereafter, the parties submitted competing orders, notwithstanding what Plaintiff believed to be a perfectly clear ruling and direction of the Court at the August 30, 2016 hearing. On October 3, 2016, the Court signed an Order granting Plaintiff's "advice of counsel" motion which the Court itself prepared.

8. Neither the Company nor for the Individual Defendants have provided any indication as to when (what may be hundreds of) "advice of counsel" documents required to be produced pursuant to the Order referenced immediately above will be produced. In fairness, they may not yet know the full scope of what they have to produce, much less when it will be produced. (See Ex. A hereto, which is an excerpt of certain of their privilege logs referencing advice of counsel regarding the supposed 100,000 share option.)

9. On August 30, 2016, the Court also granted in part Plaintiff's motion seeking discovery with respect to the so-called Offer received by the Company on or about May 31, 2016. The court ordered documents produced in fourteen (14) days. Counsel for the Interested Director Defendants thereafter indicated that documents would be produced shortly, but failed to provide a date certain for doing so and, ultimately, did not produce a single document. (See Ex. B hereto, which is an email exchange between counsel.) Counsel for the Company produced documents belatedly, late on Friday, September 16, 2016. For reasons counsel for Plaintiff has discussed with counsel for the Company, which cannot be described in a publicly available document, it is Plaintiff's position that that Defendants, or at least EC and nominal defendant RDI, have not yet completed their production of documents the Court ordered to be produced regarding the Offer.

10. Also with respect to the Motion to compel discovery regarding the Offer, the Court ordered that RDI produce a Rule 30(b)(6) witness. During a scheduling call among counsel on or about Monday, October 3, 3016, counsel for the Company indicated that that witness would be

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Ellen Cotter. No proposed dates for that deposition have been provided.

11. In short, document discovery—meaning document discovery as part of fact discovery—remains incomplete. More particularly, the production of documents ordered by the Court remains incomplete.

12. Likewise, percipient witness depositions remain incomplete. In fact, due largely if not entirely to the fact that document discovery has not been completed, as described above, depositions of the remaining fact witnesses have not been scheduled, much less taken.

13. Craig Tompkins, whose deposition now obviously will entail more substantive testimony and fewer instructions to not answer based on assertions of attorney-client privilege, has not been scheduled, much less taken. This includes depositions the court ordered, namely, the resumption of the deposition of defendant McEachern and the deposition of a Rule 30(b)(6) witness from the Company (who will be Ellen Cotter) regarding the Offer.

14. The deposition of director defendant Judy Codding has not been scheduled, much less taken. The deposition of director defendant Guy Adams, which was commenced but not concluded previously, has not been scheduled, much less taken. Likewise, the deposition of Doug McEachern, which the Court ordered to resume with respect to the subject of the Offer, also has not been scheduled, much less taken. Nor has the final half day (3.5 hours) of Plaintiff's deposition has been scheduled.

Defendants Again Have Invoked Advice of Counsel But Failed to Produce It.

15. During the course of the call among counsel on Monday, October 3, 2016 regarding scheduling, and in particular with respect to production of documents by defendants in response to the Court's orders described above, counsel for Plaintiff explained that he understood the Court to have ordered Defendants to produce any and all attorney advice on which they claim to have relied in taking actions or making decisions regarding matters raised in this case. The stated point was that such attorney-client communications need to be produced before the depositions are resumed, so that the depositions can be concluded, instead of adjourned to litigate again the non-production of attorney-client communications on which the individual director defendants claim to have relied in deciding his or her conduct complained of in this action and/or instructions of counsel at

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deposition that a director defendant not answer a question because it called for attorney-client communications on which the director relied. The response of counsel for the Interested Director Defendants was to the effect that *they do intend to claim that they relied on counsel when they did so*, but that they are not producing documents reflecting the attorney advice. Whether that refers to advice of counsel referenced in their summary judgment motions, or to advice of counsel mentioned in their deposition testimony, or to something else, is unclear. (See Ex. C hereto, which are excerpts of deposition testimony in which they reference advice of counsel.)

16. Any doubt that Defendants intend to rely on advice of counsel is put to rest by the fact that many of the so-called motions for summary judgment filed by the Individual Director Defendants include assertions that, in making the decisions and/or taking the actions they made or took which are challenged by Plaintiff in this action, they relied on the advice of counsel. Examples are discussed below, in the accompanying brief.

Expert Discovery Has Not Commenced, Much Less Concluded.

17. Expert discovery has not commenced. The parties collectively have designated ten (10) experts. To date, only reports have been produced, not documents. Seven of ten of the expert depositions have been scheduled (in Los Angeles, New York, Boston and Philadelphia), but none have been taken.

Additional Conflicts Exist

18. Three of the parties, namely, Plaintiff, Ellen Cotter and Margaret Cotter, will be in trial in the so-called California Trust Action on November 14 and 15 and November 28 through December 1. Of course, they cannot be two places at one time. It would be prejudicial to Plaintiff to be absent for even one day of trial in this case. Separately, lead trial counsel for Plaintiff is faced with an independent conflict, one possible and imminent resolution of which would make him unavailable to proceed with the trial of this matter.

19. Pursuant to EDCR 7.30, 2.35 and 2.34, for those same reasons and other independent reasons there is good cause for this Court to allow unfinished fact discovery including discovery ordered by the Court, to be completed, to vacate all dates, including the October 21, 2016 pretrial conference, and to continue the trial date in this matter.

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20. Prior to filing this Motion, counsel for Plaintiff on October 6, 2016 spoke with Defendants' counsel in good faith concerning the nature of this motion and seeking consent to the requested relief. Counsel for Defendants indicated that they would oppose this motion.

21. This Declaration and Motion is made in good faith and not for the purpose of delay.

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

Executed this 7th day of October, 2016.

Mark G. Krum, Esq.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff James J. Cotter, Jr. ("Plaintiff") hereby moves on shortened time for an order that (i) vacates and/or resets all pending dates and deadlines, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances (the "Motion"). This Motion is precipitated by several independent factors, each of which individually warrants the relief sought.

The parties have been unable to complete fact discovery. Document production by defendants is not complete, including the production of documents ordered by the Court. Nor are depositions of percipient witnesses, including two ordered by the Court. Separately, the individual defendants' motions for summary judgment repeatedly invoke reliance on the advice of counsel as part of invoking the business judgment rule – but they have withheld the attorney advice as privileged. Entirely separately, expert discovery has not commenced. Finally, Plaintiff, EC and MC face scheduling conflicts due to the trial schedule in the prior pending California Trust Action and, separately, lead trial counsel may well soon be unavailable for trial.

By way of context and reminder, document production by defendants was back-loaded. That delayed depositions, which occurred on an almost weekly basis for a solid three months, but were not completed. These delays, in turn, delayed the resolution of other discovery issues such

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that, on August 30, 2016, the Court (again) ordered Defendants to produce documents and deponents. Now, in October, the document productions the Court ordered on August 30, 2016 are not complete.

Percipient witness depositions remain unscheduled, much less finished. Depositions of two defendants (Codding and Tompkins) have not been commenced. The deposition of another defendant (Adams) has not been completed. The Court ordered deposition of McEachern has not been scheduled and the Court ordered deposition of the Company's Rule 36(b)(6) witness regarding the offer has not been scheduled. Codding, Adams, McEachern and the Company's Rule 30(b)(6) designee will be the first depositions Plaintiffs will take regarding the Offer, discovery the Court ruled Plaintiff was entitled to take. These depositions cannot be concluded, and ought not be commenced to be concluded, until the required production of documents has been completed.

Other document production and privilege related issues also remain—as evidenced by the motions for summary judgment filed by the individual defendants that invoked advice of counsel as part of their invocation of the business judgment rule in defense of certain of their challenged conduct. In several of their purported summary judgment motions, the Individual Director Defendants defend their challenged actions by claiming that they relied on counsel. But, and contrary to what the Court on August 30, 2016 directed, they have not produced the advice of counsel documents on which they claim to rely. Thus, they are doing exactly what the Court told them they cannot do – using attorney/client privilege as a sword and shield.

Of course, Plaintiff is entitled to present his entire case, meaning all matters that evidence and give rise to same claims for breach of fiduciary duty, and to have had an opportunity to have conducted full and fair discovery with respect to all such matters. Conversely, Plaintiff should not be prejudiced because the Defendants delayed their document productions, caused depositions to be delayed so that they could not be completed even in the extended time made available and, now, have not yet complied with the Court's orders of August 30, 2016, such that neither document discovery nor percipient witness depositions have been completed – nor can either be completed such that the parties can satisfy their obligations in connection with the pretrial

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conference set for approximately two weeks hence.

Counsel for nominal Defendant RDI will complain that the trial date is set and should be maintained. But, the trial date has been in jeopardy for *months* due largely, if not entirely, to Defendants' own conduct, and is not more important than the substantive rights and considerations identified herein, which clearly warrant granting this Motion.

II. PROCEDURAL AND FACTUAL BACKGROUND

A. Defendants Have Not Produced Documents the Court Ordered Produced and Percipient Witness Depositions, Including As Ordered By the Court, Remain to be Taken.

On August 30, 2016, the Court granted in part Plaintiff's motion seeking discovery with respect to the so-called Offer received by the Company on or about May 31, 2016. The court ordered documents produced in fourteen (14) days. Counsel for the Interested Director Defendants thereafter indicated that documents would be produced shortly, but failed to provide a date certain for doing so and, ultimately, did not produce a single document. (See Ex. B hereto.) Counsel for the Company produced documents belatedly, late on Friday, September 16, 2016. For reasons counsel for Plaintiff has discussed with counsel for the Company, which cannot be described in a publicly available document, it is Plaintiff's position that that Defendants, or at least EC and nominal defendant RDI, have not yet completed their production of documents the Court ordered to be produced regarding the Offer.

Plaintiff has had no opportunity to take discovery with respect to the Offer, what RDI management did at the direction of EC in purporting to value the Company and what if anything any of the Individual Director Defendants did to place themselves in a position to make an informed, good faith decision in the best interests of the Company and all of its shareholders, as distinct from a decision intended to accede to the wishes of EC and MC, who obviously are intent on perpetuating their control of RDI indefinitely, in derogation of the interests of the Company and its other shareholders. Plaintiff has not deposed a single person regarding the Offer.

Separately, as the Court will recall, Adams and Kane, the two members of the RDI Board of Directors Compensation Committee who authorized the exercise by EC and MC as executors of the Estate of James J. Cotter, Sr. of a supposed option to acquire 100,000 shares of RDI Class B

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voting stock, testified in deposition that they did so based on the advice of counsel, including advice from Tompkins. The Court granted Plaintiff's motion to compel the production of such documents. On October 3, 2016, the Court signed an order specifying the documents Defendants are required to produce. When (and perhaps whether) defendants will comply is unknown.

Neither Court ordered nor agreed depositions have been completed. The deposition of Craig Tompkins, which counsel for Plaintiff has sought since mid-May, cannot be scheduled until Defendants have complied with the Court's order signed on October 3, 2016, regarding certain "advice of counsel" documents. The deposition of defendant Adams has been commenced and not concluded, and is not now rescheduled for conclusion because Adams testified at a prior session that, in making a decision to authorize the exercise of a supposed option to acquire 100,000 shares of RDI class B stock, he relied on the advice of counsel. On August 30, the Court ordered the documents produced. On October 3, the Court signed an Order specifying what documents have been produced. None of these documents have been produced. Nor are the depositions of defendant Codding (agreed) or defendant McEachern (ordered by Court) been scheduled. Nor can they be taken until the documents required to be produced have been produced.

As the foregoing reflects, the depositions will not be completed until a time yet to be determined, through no fault of counsel for Plaintiff, who has proceeded more than diligently to attempt to conduct and complete depositions.

B. Privilege Issues – Including New Advice of Counsel Invocations by the Individual Director Defendants - Remain Unresolved

As noted above, the individual director defendants in their motions for summary judgment repeatedly have cited to their reliance on advice of counsel in invoking the business judgment rule to defend certain of their challenged conduct. Dutifully ignoring the Court's August 30 ruling and its October 3 Order, the Individual Director Defendants repeatedly include in their MSJs assertions that, in making the decisions and/or taking the actions they made or took which are challenged by Plaintiff in this action, they relied on the advice of counsel, but do so without having produced that advice.

For example, the "Individual Defendants' Motion for Summary Judgment (No. 1) re: Plaintiff's Termination and Reinstatement Claims" ("MSJ No. 1") recites that "outside counsel"

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attended RDI Board of Directors meetings at which the termination of Plaintiff was discussed, but MSJ No. 1 does not provide an unredacted version of the meeting minutes (or allow the director defendants at deposition declined to disclose the attorney-client communications on which they no claim to have relied.) MSJ No. 1 states, for example, as follows:

> Outside counsel retained by the Company also attended a May 21, 2015 board meeting to provide corporate law advice where appropriate. (Citation omitted).

(MSJ No. 1 at 9:21-24.)

Likewise MSJ No. 1 (at p. 19, fn. 4) states unequivocally as follows:

> The fact that the RDI Board utilized the Company's outside counsel and its own counsel, separately retained, when evaluating Plaintiff's performance and its duties is further evidence of the exercise of protected business judgment. [Citation omitted.]

(MSJ No. 1 at 20:21-22.)

In "Individual Defendants' Motion for Partial Summary Judgment (No. 2) the Issue of Director Independence" (MSJ No.2), in discussing the issue of whether defendant Adams was independent in view of his financial dependency on income from companies controlled by EC and MC, MSJ No. 2 states that:

> …Bill Ellis, then General Counsel of RDI looked into the issue of Adams' independence and concluded that Adams met the standard required for director 'independence'[.]"

(MSJ No. 2 at 10:19-20.)

Additionally, the separate motion for summary judgment brought by defendant Gould invokes reliance on counsel. For example, with respect to the subject of Adams' financial independence on income from companies controlled by EC and MC, Gould argues that he was entitled to rely on counsel for RDI to handle such issues by "vetting [D&O] questionnaires for issues such as financial independence." (Gould MSJ at 13:2-6.) However, neither Adams' not Goulds' communications with RDI counsel about such matters have been produced.

Likewise, Gould's MSJ invokes reliance on counsel with respect to RDI's SEC filings, some of which contained information Gould personally had asserted was incorrect, including, for example, the Company's June 18, 2015 Form 8-K that announced the termination of President and

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CEO of RDI also asserted that Plaintiff was required to resign as a Director upon termination of his employment as an executive, a position Gould explicitly testified was erroneous. Gould's MSJ states that "Gould relied on Reading's lawyers to decide if and when a disclosure in an SEC filing was required." (Gould MSJ at 13:22-25). However, neither RDI nor Gould produced drafts of RDI's SEC filings or attorney-client communications about them.

See also Gould MSJ 28:16-18:

> And Gould reasonably relied on counsel to vet the questionnaires for issues such as financial independence—something he was *entitled under Nevada law to do.* (Citing NRS 78.138(2)(a).)

Thus, the individual director defendants must, in view of the Court's prior order, produce evidence of the advice of counsel on which they claim to rely. (Obviously, Plaintiff is entitled to discovery to test those claims.)

This Court had not have been clearer in its ruling: if the Individual Defendants are going to assert the business judgment rule and say that they sought and received advice of counsel in connection with any challenged conduct or decision, then they must produce that advice. [Transcript of Proceedings, August 30, 2016, attached as Appendix D, at 12:8-16:21] The Interested Defendants in deposition referred to advice of counsel in connection with the following:

- Adams' conflict of interest on issues involving his private investments. [Deposition of Guy Adams, April 28, 2016, at 47:14-48:20, attached as Appendix C]
- Completion of a D&O Questionnaire. [Deposition of Guy Adams, April 28, 2016, at 124:7-25 & 147:4-8, attached as Appendix C]
- Removal of James J. Cotter, Jr. as CEO. [Deposition of Guy Adams, April 28, 2016, at 125:23-130:22 & 228:23-230:13, attached as Appendix C]
- Disclosures to investors at the 2015 ASM. [Deposition of Guy Adams, April 28, 2016, at 125:23-127:8, attached as Appendix C; Deposition of William Gould, June 29, 2016, at 32:8-18, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 183:15-24, attached as Appendix C]
- MC and EC's exercise of the 100,000 share option. [Deposition of Guy Adams, April 28, 2016, at 214:3-222:7, attached as Appendix C; Deposition of Ellen Cotter, May 19, 2016, at 172:1-25, attached as Appendix C; Deposition of Edward Kane, May 2, 2016, at 104:13-105:9, attached as Appendix C; Deposition of Edward Kane, June 9, 2016, at 19:6-20:4]
- The Board's actions to oust Tim Storey. [Deposition of Guy Adams, April 29, 2016, at 38:12-39:15, attached as Appendix C; Deposition of Ellen Cotter, May 19,

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2016, at 59:18-61:8, attached as Appendix C; Deposition of Douglas McEachern, July 7, 2016, at 19:4-9, attached as Appendix C]

- Codding's appointment to the Board. [Deposition of Guy Adams, April 29, 2016, at 49:25-50:14 & 52:3-15, attached as Appendix C]

- Compilation of the 2015 Proxy Statement. [Deposition of Guy Adams, April 29, 2016, at 54:17-23, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 180:13-181:1 & 184:2-15, attached as Appendix C]

- Repopulating and reorganizing the Executive Committee. [Deposition of Guy Adams, April 29, 2016, at 140:18-141:20, attached as Appendix C; Deposition of William Gould, June 29, 2016, at 3:12-22, attached as Appendix C]

- The search and hire process for a new CEO for RDI, including MC's participation on the CEO Search Committee. [Deposition of Margaret Cotter, June 15, 2016, at 123:17-21 & 129:4-132:16, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 18:16-24, attached as Appendix C]

- Preparation of SEC filings. [Deposition of William Gould, June 29, 2016, at 19:2-20:11 & 91:14-18, attached as Appendix C; Deposition of William Gould, June 8, 2016, at 184:2-15, attached as Appendix C]

- Permitting EC and MC the right to vote Class B voting stock. [Deposition of Edward Kane, May 2, 2016, at 94:1-100:20, 105:1-9, 109:11-13, 112:9-24, attached as Appendix C]

- Imposition of blackout periods preventing Plaintiff from selling stock. [Deposition of Edward Kane, June 9, 2016, at 16:16-19, attached as Appendix C]

It has been more a month since this Court granted Plaintiff's Motion to Compel Advice of Counsel, and none of the communications the Individual Director Defendants apparently relied upon—including the ones cited in their MSJs-- have been produced.

Finally, yet another privilege issue is the extent to which the Defendants possess, and are using, documents as to which Plaintiff would claim attorney-client privilege, attorney work product or both, discussed below. In this case, that issue arose when counsel for the Interested Director Defendants at Plaintiff's deposition showed him a document he had prepared at the direction of counsel for use in litigation, which document had been produced by the Company. Although that particular document was clawed back pursuant to provisions of the Confidentiality Stipulation and Protective Order in place in this case, it appears that the Company has accessed documents of Plaintiff that he had accessed by his work computer. Given the substantial volume of documents produced, particularly by the Company, and the rolling manner in which they were produced, Plaintiff has been unable to assure himself that other such documents are not included

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in the Company's production and/or in the possession of counsel for the Interested Director Defendants.

C. Expert Discovery Has not Commenced

Collectively, the parties have designated ten (10) experts. Expert discovery has not commenced. Only expert reports have been produced, but none of the documents to be produced in connection with expert depositions of been produced. Seven of the ten expert depositions have been scheduled, to occur across the country in Los Angeles, New York, Boston and Philadelphia, with additional depositions in Los Angeles and Palo Alto remaining to be scheduled. If these expert depositions proceed as scheduled, there will be literally no time in which to attempt to complete fact discovery.

D. The Parties and Counsel Have Scheduling Conflicts [TBP]

Three of the parties, namely, Plaintiff, Ellen Cotter and Margaret Cotter, will be in trial in the so-called California Trust Action on November 14 and 15 and November 28 through December 1. Of course, they cannot be two places at one time. It would be prejudicial to Plaintiff to be absent for even one day of trial in this case. Separately, lead trial counsel for Plaintiff is faced with an independent conflict, one possible and imminent resolution of which would make him unavailable to proceed with the trial of this matter.

II. ARGUMENT

A. Plaintiff Is Entitled to Raise and Pursue All Matters Supporting His Claim, and Complete Discovery Regarding Them.

The Court may modify the pretrial schedule if it cannot be met, despite the diligence of the party seeking the extension. As explained above, Plaintiff maintained that a reasonable extension of all deadlines is equitable. Plaintiff diligently has pursued discovery, as previously demonstrated to the Court. It is fundamentally fair to reopen discovery[1] on critical issues that may affect the outcome of this case. Plaintiff deserves the opportunity to have her case heard on the merits. That

[1] The decision to reopen discovery is within the trial court's discretion. *Southern Pacific Trans. Co. v. Fitzgerald*, 94 Nev. 241, 243, 577 P.2d 1234, 1235 (1978); *Bleek v. Supervalu, Inc.*, 95 F.Supp.2d 1118, 1120 (D.Mont. 2000) ("[w]hether to reopen discovery rests in the court's sound discretion"); *Schrader v. Palos Anesthesia Associates, S.C.*, 2002 WL 31207327, *1 (N.D.Ill. 2002) ("court has discretion when deciding whether to re-open discovery"); *MGM Grand, Inc. v. Eighth Judicial Dist. Court of State In & For Cty. of Clark*, 107 Nev. 65, 70, 807 P.2d 201, 204 (1991) ("there is wide discretion in the trial court to control the conduct of pretrial discovery...")

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requires the relief sought by this motion.

The whole purpose of pretrial discovery is to "make trial less a game of blindman's bluff and more a fair contest with the basic issues and facts disclosed to the fullest practicable extent." *See United States v. Procter & Gamble Co.*, 356 U.S. 677, 682, 78 S. Ct. 983 (1958). Specifically, the parties have thousands of recently produced documents to sift through, several party depositions left to conduct and/or complete (i.e. Thompkins, Adams etc.), several privilege issues to resolve (i.e. including allegedly improper claims of privilege), and new information concerning the Offer and the Settlement. To deny this Motion for a reasonable extension would deny Plaintiff the opportunity to conduct meaningful and thorough discovery in this case prior to trial. It would be contrary to the "efficient and fair administration of justice." *Mays v. Eighth Judicial Dist. Court*, 105 Nev. 60, 62, 768 P.2d 877, 878 (1989).

In short, pursuant to EDCR 2.35 and 7.30, Plaintiff's Motion makes the required showing of good cause or excusable neglect.

1. There is Good Cause to Re-Open Discovery, Extend Discovery Deadlines, and Continue Trial

There is good cause to grant Plaintiff's requested relief. Decisions about whether to extend discovery "must be made in an atmosphere of substantial justice." *Hernandez v. Superior Court*, 9 Cal.Rptr.3d 821, 825 (Cal. Ct. App. 2004). Courts must never favor the expeditious disposition and economically effective operation of courts above due process or fairness, which includes opportunity for adequate pretrial preparation by parties. *Id.* at 825 (issuing writ requiring an extension of discovery); *see also Waters v. Island Transp. Corp.*, 552 A.2d 205, 208 (N.J. Super. Ct. App. Div. 1989). "Efficiency cannot be favored over justice." *Estate of Meeker,* 16 Cal.Rptr.2d 825, 830 (Cal. Ct. App. 1993) (reversing denial of petition for continuance). Good cause takes into account the diligence of the party seeking the extension.

Furthermore, a postponement of the trial setting is critical in this case. The Court may grant the continuance of trial upon a showing of good cause. *See* EDCR 7.30 ("any party may, for good cause, move the Court for an Order continuing the day set for trial of any cause.") It is well settled that "[t]he granting of a continuance is within the sound discretion of the [trial] court."

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Dixon v. State, 94 Nev. 662, 664, 548 P.2d 693, 694 (1978). The trial court has discretion to grant a continuance upon the showing that the application for continuance is made in good faith and not merely for delay. *Giorgetti v. Peccole*, 69 Nev. 76, 80, 241 P.2d 199, 201 (1952). Pursuant to EDCR 7.30(h), "motions or stipulations to continue a civil trial that also seek extension of discovery dates must comply with Rule 2.35."

Due to the sheer number of unknown variables, such as unscheduled, remaining fact depositions, privilege issues and new discovery concerning the Offer – as well as expert discovery, which has not commenced – good cause exists for a reasonable global deadline extension. *See Hormel v. Helvering*, 312 U.S. 552, 557 (1941) ("[o]rderly rules of procedure do not require sacrifice of the rules of fundamental justice.")

Furthermore, the interests of fairness and justice weigh in favor of the relief sought. As explained above, Plaintiff has not been dilatory in prosecuting its case. Plaintiff has participated in weeks of deposition over a period of at least three months, all taken out-of-state, in Los Angeles, San Diego and New York. Adhering to the current scheduling order would rob Plaintiff of critical discovery on key issues, including discovery the Court ordered be provided to Plaintiff. For the reasons articulated above, there is good cause to provide a reasonable continuance of dates to facilitate critical discovery.

2. In the Alternative, If Required to Re-Open Discovery, These Circumstances Meet the Definition of Excusable Neglect

In the alternative, if and to the extent applicable, Plaintiff's request to re-open percipient witness discovery is justified by excusable neglect. *See e.g.*, EDCR 2.35. "[T]he determination [of excusable neglect] is at bottom an equitable one, taking account of all relevant circumstances surrounding the party's omission."

Pioneer Inv. Servs. Co. v. Brunswick Associates Ltd. P'ship, 507 U.S. 380, 395, 113 S. Ct. 1489, 1498, 123 L. Ed. 2d 74 (1993). Here, equity and fairness weigh in favor of reopening discovery.

There is no intentional effort to hinder or delay, here. This court is well aware of the long procedural history in this matter. Plaintiff acted in good faith and was not dilatory in taking discovery, but he could not control the timing of Defendants' document production or production of witnesses. Plaintiff sought documents early on, knowing that he needed those documents before

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he could set depositions. Yet, after months of wrangling, Defendants finally produced approximately 35,000 documents from mid-April to mid-July. This document-dump at the end of the discovery period precluded even starting depositions until too late to complete them, and delayed the resolution of discovery disputes and the completion of discovery.

Furthermore, the Offer and response occurred at the end of discovery. Where important new information recently came to light, Plaintiff's request to re-open discovery falls well within the ambit of "excusable neglect." Plaintiff learned about the Offer and Settlement before the close of discovery, and has had no opportunity to take discovery as to either. Discovery must be re-opened to allow Plaintiff to take discovery on these critical issues.

In short, if and to the extent applicable, Plaintiff's request to re-open percipient witness discovery is justified by "excusable neglect" and should be well-taken.

3. Defendants Will Not Be Prejudiced by the Extension, but, Plaintiff Will Be Irreparably Prejudiced if No Extension is Granted

There is no true prejudice to Defendants if these deadlines are moved. Here, the parties agreed to taking discovery after the percipient witness discovery deadline. Prejudice only exists where "actual legal rights are threatened or where monetary or other burdens appear to be extreme or unreasonable." *Alutiiq Int'l Solutions, LLC v. OIC Marianas Ins. Corp.*, 2012 WL 3205862, at *3 (D. Nev. Aug. 2, 2012). If the Court grants this Motion, Defendants will simply have additional time to prepare their case. This delay is similar to prejudice when setting aside a default judgment, where "to be prejudicial…[it] must result in a greater harm than simply delaying resolution of the case."[2]

If the Motion is not granted, however, manifest injustice will result. Plaintiff will be irreparably prejudiced because he will not be allowed to prepare or present his full case at trial. To deny Plaintiff the chance to conduct critical discovery, after Defendants delayed productions and depositions for months, and important new information comes to light, would be the gravest type of injustice. Here, there is no real prejudice to Defendants, and there would be significant prejudice to Plaintiff if the requested relief is not granted.

---

[2] *TCI Group Life Ins. Plan v. Knoebber*, 244 F.3d 691, 701 (9th Cir. 2001) *overruled on other grounds by Egelhoff v. Egelhoff ex rel. Breiner,* 532 U.S. 141, 147, 121 S.Ct. 1322, 149 L.Ed.2d 264 (2001).

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4. EDCR 2.35 Requirements

Statement specifying the discovery completed: As explained above, the parties have taken the depositions of Guy Adams (needs to be completed), Edward Kane, Brett Harriss, Jim Virant, Margaret Cotter, James Cotter, Jr. (although additional questioning has been requested), Ellen Cotter, Whitney Tilson, Jonathan Glaser, Andrew Shapiro, William Gould, William Ellis, Douglas McEachern. Furthermore, the parties have exchanged written discovery. Plaintiff has sent three sets to the "Individual Director Defendants," four sets to RDI, and two sets to Gould and Storey. Finally, the issue of the "advice of counsel" defense is one with respect to which the Court has ruled, but not as to the which defendants have complied.

A specific description of the discovery that remains to be completed: With respect to percipient witnesses, the parties still need to complete the document discovery ordered by the Court and depositions of two Defendants (Codding and Tompkins), which have not been commenced, two other defendants (Adams and McEachern) has not been completed and the Company's Rule 30(b)(6) witness. More fundamentally, Defendants have not complied with the court's August 30, 2016 orders, meaning that they have not completed production of "Offer" related documents and have not commenced production of "advice of counsel" documents. Plaintiff reserves the right to seek additional discovery following completion of the document discovery.

The reasons why the discovery remaining was not completed within the time limits set by the discovery order: Discovery was not completed for the reasons set out above and in Plaintiff's Motion heard on August 11, 2016.

A proposed schedule for completing all remaining discovery:

Percipient Witness Discovery Cut Off:	January 31, 2017
Expert Discovery Cut-Off:	February 28, 2017
Dispositive Motion Cut-Off:	January 31, 2017
Hearing Date:	February 28, 2017
Jury Trial:	Five Week Stack in May 2017

Pre-Trial Conference, Calendar Call and Pre-Trial Memorandum will all key off of the new

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trial date.

The current trial date: This case is set on a five week stack to begin on November 14, 2016 at 1:30 p.m.

IV. CONCLUSION

For the forgoing reasons, Plaintiff respectfully requests the Court enter an order that (i) vacates and/or resets all pending dates and deadlines, including deadlines with respect to expert disclosures and discovery, (ii) reopens discovery, (iii) vacates the trial date and all related dates, and (iv) otherwise provides for such relief as is appropriate under the circumstances.

DATED this 7th day of October, 2016.

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CERTIFICATE OF SERVICE

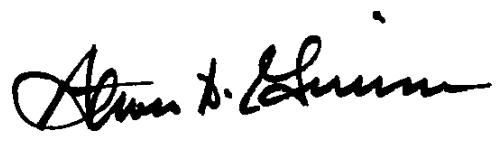
I hereby certify that on this 10th day of October, 2016, I caused a true and correct copy of the foregoing **PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO VACATE AND RESET PENDING DATES AND TO REOPEN DISCOVERY ON ORDER SHORTENING TIME** to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.



An employee of Lewis Roca Rothgerber Christie LLP

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

AND ALL RELATED CLAIMS.

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

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

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

I. INTRODUCTION[1]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. RESPONSE TO FACTUAL ASSERTIONS

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

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

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

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

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

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

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

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

On June 10, 2015, EC transmitted an email to all RDI board members 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.)" (JJC Dec. at ¶ 19).

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

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

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

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

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

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

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

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

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

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

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

IV. ARGUMENT

A. Director Defendants' Fiduciary Duties.

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

1. The Duty of Care

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

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

2. The Duty of Loyalty

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

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

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

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

3. The Duty of Disclosure

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

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

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

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

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

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

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

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

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

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

1. Individual Defendants' Lack of Disinterestedness

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

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

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

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

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

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

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

2. Individual Defendants' Lack of Independence

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

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

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

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

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

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

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

3. Individual Defendants' Lack of Good Faith

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

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

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

4. Individual Defendants Failed To Exercise Due Care

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

C. Defendants Must and Cannot Satisfy the Entire Fairness Standard

"If the shareholder succeeds in rebutting the presumption of the business judgment rule, the burden shifts to the defendant directors to prove the 'entire fairness' of the transaction."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Erroneous, as a Matter of Law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

V. CONCLUSION

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

DATED this 13th day of October, 2016.

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CERTIFICATE OF SERVICE

I hereby certify that on this _13th___ day of October, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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CLERK OF THE COURT

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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,

vs.

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

Defendants.

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Coordinated with:

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

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

Jointly Administered

Business Court

APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 1) RE PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS (Exhibits 3, 5, 6, 9, 19, 24, 25 and 29 filed under seal)

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5	TS0000061 – Filed separately under seal	019-021
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DATED this 17th day of October, 2016.

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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 1) RE PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS INDEPENDENCE (Exhibits 3, 5, 6, 9, 19, 24, 25 and 29 filed under seal)** to be electronically filed and served via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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Exhibit 1

Exhibit 1

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Los Angeles, CA 90048
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(310) 659-7226 (f)

MEMO

To: Alfred Villaseñor, Chairman of the Compensation Committee

From: James J. Cotter

Date: January 16, 2009

Subject: James J. Cotter, Jr.

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

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

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

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

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

Exhibit 2

Exhibit 2

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

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

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

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

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

The people who count: Mother-Mary, Ellen , Margaret and I want you to be CEO and run the company for the next 30 years or more. Now you have been presented with a proposal – I have not read or heard all the particulars – that you obviously find objectionable, at least in some aspects. Your and their "legal advisors", who don't give a fuck about any of you other than to see their bills are paid, will argue back and forth with the hope that more lucrative litigation will ensue.
So, why not consider a 6-month time-out standstill. If your original prognostication holds, the stock price may well increase during this period so there is nothing to lose on your part.
You tell the sisters what you now find objectionable but will agree to try it as is for 6-months. After that period, the three of you agree to sit down and go over all your objections with a tacit agreement that if things improve and you have arrived at a way of working together the three of you will address all of your concerns in good faith; that the goal will be a solid long-term relationship of working together and each of you then to return to and concentrate on your respective responsibilities with you assuming leadership once more. What's there to lose? All you really need to do is restore trust and understanding and take back control of your company.

EXHIBIT 3

(Filed Separately Under Seal)

Exhibit 4

Exhibit 4

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	No. A-15-719860-B Coordinated with: P-14-082942-E

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

Job Number 291961

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

MR. SEARCY: Occasion. Vague.

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

MR. KRUM:

Q. How did you come to have that understanding?

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

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

MR. SEARCY: Objection. Vague.

MR. RHOW: Join.

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

MR. KRUM:

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

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

MR. RHOW: Form of the question.

MR. SEARCY: Join. It's vague.

MR. KRUM:

Q. You may answer.

MR. RHOW: You can answer.

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

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

(The record is read by the reporter.)

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

MR. KRUM:

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

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

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

A. Just a memory.

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

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

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

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

MR. SEARCY: Objection. Vague.

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

MR. KRUM:

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

MR. SEARCY: Objection. Vague.

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

got lost.

MR. KRUM: I'll just repeat it.

MR. FERRARIO: Yeah.

MR. KRUM:

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

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

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

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

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

pretty short conversation.

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

A. The removal of the CEO.

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

A. No.

Q. Did you ever subsequently learn who that was?

MR. FERRARIO: Object that --

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

MR. FERRARIO: Assumes he got any legal advice.

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

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

A. I don't recollect.

Q. Was it Akin Gump?

A. I don't know.

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

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

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

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

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

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

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

A. Thank you.

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

A. From recollection, prior to.

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

spoke to McEachern; correct?

A. Correct.

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

MR. SEARCY: Objection. Vague.

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

MR. KRUM:

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

A. Yes.

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

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Yes.

MR. KRUM: Okay.

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

A. I don't recollect specific words.

spoke to McEachern; correct?

A. Correct.

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

MR. SEARCY: Objection. Vague.

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

MR. KRUM:

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

A. Yes.

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

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Yes.

MR. KRUM: Okay.

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

A. I don't recollect specific words.

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

MR. SEARCY: Objection. Vague.

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

MR. KRUM: Sure.

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

A. I don't recollect.

Q. Okay.

A. Obviously, prior to those discussions.

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

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

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

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

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

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

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

A. I don't recollect.

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

A. I do.

Q. That was a Friday; correct?

A. Was it telephonic or in person?

Q. I believe it was in person.

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

A. I think.

Q. Thank you.

And do you recall that --

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

Q. Understood. Thank you for the clarification.

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

A. I do.

Q. And what was the outcome of that?

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

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

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

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

A. Correct.

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

Q. Or at least he acknowledged that he was interested?

A. Yes.

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

A. Yes, I do.

Q. When did you first learn that?

A. I think at or shortly after the termination

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

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

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

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

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

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

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

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

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

WITNESS my hand this 3rd day of March, 2016.

Teckla T. Hollins, CSR 13125

EXHIBIT 5

(Filed Separately Under Seal)

EXHIBIT 6

(Filed Separately Under Seal)

Exhibit 7

Exhibit 7

From:	Ellen Cotter <EllenCotter@readingrdi.com>
Sent:	Tuesday, May 19, 2015 6:33 PM
To:	Margaret Cotter; James Cotter Jr; Kane (ekane@ix.net.com); dmcdermott@deloitte.com; Tim Storey; Guy Adams; wgould@mcguirewoods.com
Cc:	William Gould
Subject:	Agenda - Board of Directors Meeting - May 21, 2015

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

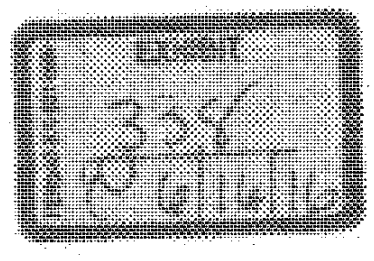
Reading International, Inc.

Meeting of the Board of Directors

May 21, 2015 – 11:15am

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

Chairperson of the Board
Ellen M. Cotter



GA0000534O

Exhibit 8

Exhibit 8

Message

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

Can we discuss - a draft response below

Ed – good to hear directly from you.

I am not sure how to respond to this.

[redacted]

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

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

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

Tim Storey
Director

Prolex Advisory

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

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

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

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

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

My apologies for my delay in response – I have been travelling. (And my apologies in advance for a lengthy comment!)
I am surprised by the tone and possible implications of this email. I think we need to take time to carefully consider the legal position and our clear duties as directors.
My understanding was that this Thursday we were to have a meeting of the independent directors to hear from the CEO as to progress, and also from each of the Cotters separately so they can express their views to us (I am not sure in what capacity/on what basis this is being done, but I have no objection to hearing from people). I was also to make some comments, as requested when I was appointed to the independent committee (and following on from my prior comments and my brief emails reporting progress). All this to keep the independent board members informed as to the current position, and perhaps/likely in preparation for a further review of the position.
But I have heard from Bill Gould that it may be that someone will propose a resolution on Thursday morning that the CEO be removed from office with immediate effect. I have just seen an agenda for the meeting - while preparing this note at about 1130 am – and that simply has an agenda item captioned "Status of CEO and President"), otherwise I have not heard directly from anyone in this regard.
With respect, I think as directors we need to ensure we are acting in an appropriate manner, following an appropriate path. I have no doubt whatever way all this turns out litigation will likely ensure so we should be very concerned about the manner in which we act.
As directors, we have to act properly – with deliberation and reason – we can't act arbitrarily, capriciously etc. You will recall we also resolved/reconfirmed some months ago that we would all act in accord with best governance principles. All this imposes duties on us as directors; as directors we can't just do what a shareholder asks – or do what we think a shareholder might want (not to mention that at the moment there remains significant uncertainty as to the (ultimate) identity of some shareholders).
If we are to look at the position of the CEO and whether he should be removed, then we should do so properly – with proper notice, having determined the basis on which we are conducting this review (presumably based on his performance to date as CEO) and following due enquiry. We should also take into account the implications for the company – and that I think would include a clear view as to an alternative way forward.
We also need to look at the proper way to conduct this review. My recollection is that we have previously resolved that the removal of any Cotter needs to be approved by a majority of the independent directors, so presumably this may not be a full board issue.
I think the issue may be further complicated as when we talked to the CEO in April (I think) we advised the CEO we all agreed that the committee approach was short term and said that we would look to review his progress as CEO in June and at which point we would evaluate how he and the company were performing, and what other steps may need to be taken.

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

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

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

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

Happy to discuss.

Tim Storey
Director

Prolex Advisory

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

From: Kane [mailto:elkane@san.rr.com]
Sent: Tuesday, 19 May 2015 7:24 a.m.
To: Gould Bill
Cc: Adams Guy; Cotter Ellen; Cotter Margaret; Cotter Jr. James; McEachern Doug (US - Retired); Tim Storey
Subject: Thursday board meeting

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

EXHIBIT 9

(Filed Separately Under Seal)

Exhibit 10

Exhibit 10

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs. Index No. A-15-179860-B

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

Defendants.

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

VIDEOTAPED DEPOSITION OF MARGARET COTTER

New York, New York

Wednesday, June 15, 2016

Reported by:
MICHELLE COX
JOB NO. 316939

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

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

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

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

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

So, go ahead.

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

Q Ms. Cotter, do you recognize Exhibit 322?

A Yes.

Q Is this the document that you and Ellen

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

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

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

A No.

Q It was a Friday; you remember that?

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

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

A The first board meeting?

Q Right.

A Yes.

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

supposedly and adjourned, and then reconvened telephonically?

A The same day.

Q The same day, right.

A Yeah.

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

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

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

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

A That's correct.

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

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

THE COURT REPORTER: Yes.

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

C E R T I F I C A T E

STATE OF NEW YORK)
:ss
COUNTY OF NEW YORK)

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

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

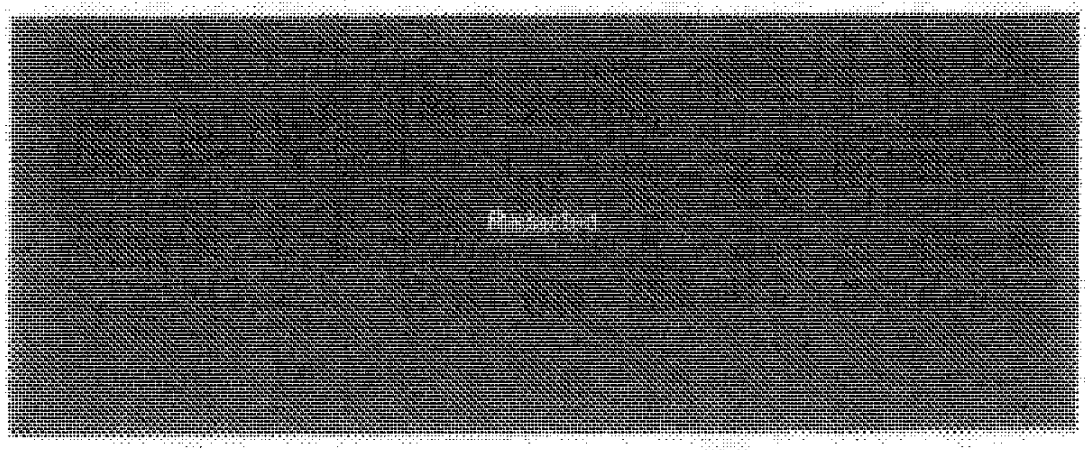
I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

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

MICHELLE COX, CLR

Exhibit 11

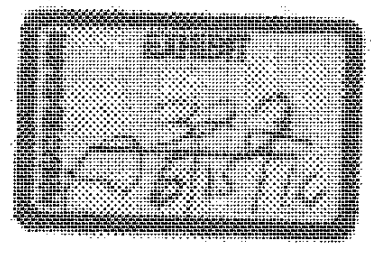
Exhibit 11



From: Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
Sent: Wednesday, May 27, 2015 2:39 PM
To: Adam Savarese
Cc: Meg Ledise
Subject: Confidential Settlement Proposal--Subject to R. 408

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

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



[redacted]

Confidential Settlement Memo of Understanding

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

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

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

TERM/CONDITION	EMC/AMC SETTLEMENT TERMS AND CONDITIONS
Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of this changes)	JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below: *Executive Committee Structure* The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows: • Members: EMC, AMC, JJC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: (i) Approval over the hiring/firing/compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of $1 million; and (iii) Review and approval of annual Budget and Business Plan. Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would

JCOTTE002383

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	endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO. Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC. The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JR. EMC will be appointed President of the US Cinema division. Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JC, AMC, SCT and WE). It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.
Reading Voting Stock – Class B	JC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee. Margaret Cotter will be the Sole Voting Trustee of the Voting Stock. JC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation; JC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JR wish to serve as Chair.
Immediate Release and Waiver signed by JC with respect to all litigation, including any matters covered by the specified litigation	1. California Superior Court case 2. Nevada case filed by JC 3. All threats against Directors 4. All threats of Company Derivative Action 5. Agreement that Reading International, Inc. can drop the interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option 6. JC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company
2014 Trust Amendment	Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment.
Trustees of the Living Trust	JC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive.
Specific Bequests	Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.

Ownership of Agriculture Assets	Cotter Family Farms, LLC Agreement amended • Majority rule for decision-making by Co-Managers; • Remove restrictions on distributions or sale of assets; • JC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JC.
JC's "Lead Director" Agreement with Cecelia - $200,000 per annum	JC's "lead director" Agreement will be voided. JC will relinquish any remaining rights in such Agreement.
$1.5 million Loan	As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JC will sign an acknowledgment that this is appropriate and reasonable.
Release by EMC and AMC	EMC and AMC will take all actions to have their claims pending in CA and NV over JR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the $1.5 million loan (in which case the parties will work to carve out such claims).
2014 Gifts	JC delivers EMC check for $28,000.
James J. Cotter Foundation	AMC, EMC and JC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule.
Court Approval	The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement.
Counseling	AMC, JC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect.

AGREED:

_____

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

_____

Ellen Cotter (individually and in all representative capacities)

_____

Margaret Cotter (individual and in all representative capacities)

JCOTTER002368

Exhibit 12

Exhibit 12

From: Margaret Cotter <margaret.cotter@readingrdi.com>
Sent: Tuesday, June 09, 2015 3:22 AM
To: emcotter3@aol.com
Subject: Fwd: Confidential- For Settlement

Sent from my iPhone

Begin forwarded message:

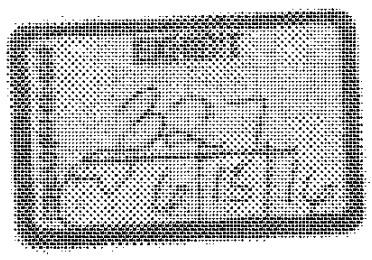
From: Margaret Cotter <margaret.cotter@readingrdi.com>
Date: June 8, 2015 at 11:22:04 PM EDT
To: James Cotter JR <james.j.cotter@readingrdi.com>
Cc: Ellen Cotter <Ellen.Cotter@readingrdi.com>
Subject: Re: Confidential- For Settlement

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

Sent from my iPhone

On Jun 8, 2015, at 11:16 PM, James Cotter JR <james.j.cotter@readingrdi.com> wrote:

> I cannot agree to your latest take-it or leave-it global settlement proposal for a number of reasons. However, I remain willing to promptly follow through on a formal settlement process to attempt to resolve all of our family disputes. In the meantime, I remain agreeable to a complete standstill that would bring a halt to all litigation activities and all boardroom or other Reading related threats and posturing. I am agreeable to any reasonable steps to implement a complete standstill and promptly follow through on the best settlement process we can employ. What objection do either of you have to proceeding in this matter?
>
> From: James Cotter JR
> Sent: Friday, June 05, 2015 2:17 PM
> To: Ellen Cotter; Margaret Cotter
> Subject: Confidential- For Settlement
>
> My plan is to have response Monday.
>
> Regards,
>
> Jim



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Exhibit 13

Exhibit 13

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 12, 2016

VOLUME I

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

A. That's correct.

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

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

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

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

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

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

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

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

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

A. Right. Right.

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

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

Do you see that?

A. Yes.

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

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

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

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

A. It was the revised settlement.

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

A. That's correct.

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

MR. SEARCY: Objection.

BY MR. KRUM:

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

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

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

THE WITNESS: Can you repeat the question.

BY MR. KRUM:

Q. Sure.

MR. KRUM: Actually I'll have the court

reporter read it back for you.

THE WITNESS: Okay.

(Whereupon the question was read as follows:

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

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

THE WITNESS: No.

BY MR. KRUM:

Q. What was the point?

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

Q. By doing what?

MR. SEARCY: Objection. Vague, plus argumentative.

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

BY MR. KRUM:

Q. But go ahead, Ms. Cotter?

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

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

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

BY MR. KRUM:

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

A. Do I have my statement in mind?

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

A. Yes.

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

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

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

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

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

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

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

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

In your last response you referred to resolving this dispute.

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

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

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

MR. SEARCY: Objection. Vague.

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

///

BY MR. KRUM:

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

A. That's correct.

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

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

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

A. Yes.

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

A. Yes.

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

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

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: No.

BY MR. KRUM:

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

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

Q. Okay.

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

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

BY MR. KRUM:

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

MR. SEARCY: Objection. Vague.

MR. FERRARIO: Obviously. We're here.

THE WITNESS: That's correct.

///

BY MR. KRUM:

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

MR. SEARCY: Objection. Vague, lacks foundation.

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

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

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

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

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

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

* * *

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

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

PATRICIA L. HUBBARD, CSR #3400

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 13, 2016

VOLUME II

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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

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

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

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

A. Yes.

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

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

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

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

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

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

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

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

Q. And then what happened?

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

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

Q. Sussman to Streisand, yours to his?

A. Sussman to Streisand, correct.

Q. I'm sorry. Please continue.

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

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

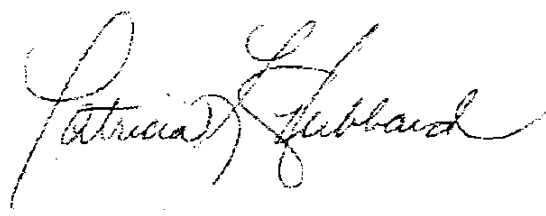
That prior to being examined, MARGARET COTTER was duly sworn or affirmed by me to testify the truth, the whole truth, and nothing but the truth;

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

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

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

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



PATRICIA L. HUBBARD, CSR #3400

Exhibit 14

Exhibit 14

Message

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

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

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

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

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

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

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

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

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

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

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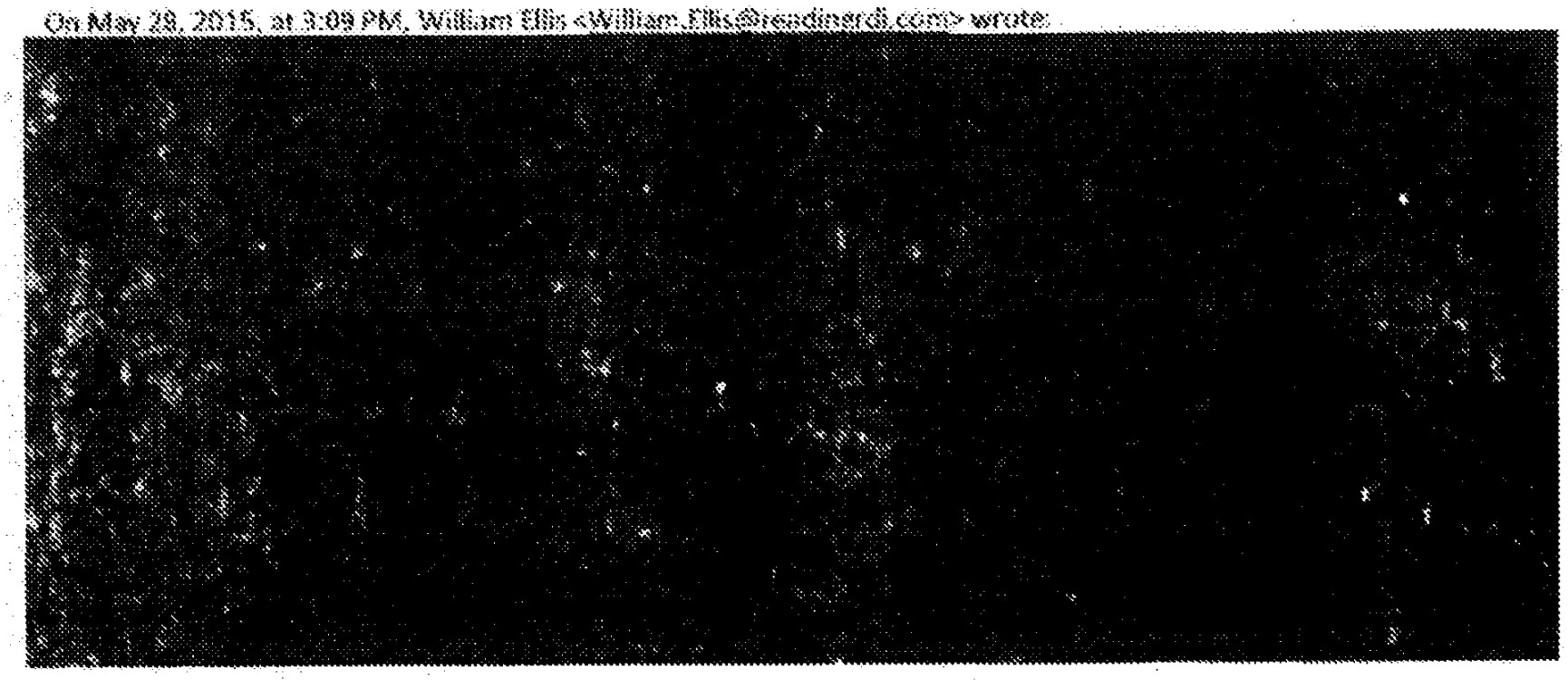
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From: Margaret Cotter
Sent: Thursday, May 28, 2015 7:33 PM
To: William Ellis
Cc: James Cotter JR; Ellen Cotter; Dev Ghose; Craig Tompkins
Subject: Re: John Genovese

Bill and team: we are not finished with our search. Ellen has a candidate that she has worked with and spoke to you about. I am not in favor of hiring John for reasons I may have discussed with you personally. If not I will share when I see you. I think this search should and will continue.
Before hiring anyone I think we need to get Edifice's agreement signed. They have a staff of people working on our project and were anticipating getting signed in May.

Sent from my iPhone

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



William D. Ellis
General Counsel
Reading International, Inc.
5100 Center Drive, Suite 900
Los Angeles, CA 90045
Phone: (323) 271-1654
Fax: (213) 235-2229

<image001.jpg>

May 27, 2015

Candidate Assessment

Reading International, Inc.

FOR THE POSITION OF:

Head of Real Estate

John Genovese

President

GENCO Realty Group, LLC

Korn Ferry's Four Dimensions of Leadership

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

Experiences

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

Traits

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

Competencies

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

Drivers

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

****

Summary

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

Experiences

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

KEY EXPERIENCES FOR JOHN

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

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

Competencies

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

Ensures accountability ★
Engages and inspires
Navigates networks
Develops talent
Nimble learning
Cultivates innovation
Aligns execution ★

Situational adaptability
Courage ★
Global perspective
Strategic vision ★
Financial acumen
Manages ambiguity ★
Balances stakeholders
Persuades

Drivers

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

<John Genovese.docx>

Exhibit 15

Exhibit 15

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

This morning, without the wine I was drinking last night during and after talking with your mother, I'm thinking more about your call to me last night and our conversation. I can see that from your point of view having Guy in on the meetings with your sisters could be a problem and doesn't solve the need to be able to work with them cohesively going forward. If you explain that to them they may be willing to accommodate you.
But, the main question is what are you going to do to accommodate them?
1. For now, I think you have to concede that Margaret will vote the B stock. As I said, your dad told me that giving Margaret the vote was his way of "forcing" the three of you to work together. Asking to change that is a *nonstarter*. Again, you need to compromise your "wants" as they have been willing to do. If you can work together than it becomes a non-issue and eventually your and her kids will have the vote. What's wrong with that?
2. For now you need ASAP to agree on the nominees for the Board going forward. As I told you months ago, changes are necessary and you need some quality people with expertise in fields where it is needed and lacking. You also need to get rid of divisive persons.
3. I do believe that if you give up what you consider "control" for now to work cooperatively with your sisters, you will find that you will have a lot more commonality than you think. You all want the same things: a vibrant growing business. After trust is established you can all go back to where you want to be.
4. I think if you make the proper and needed concessions, they might well relent on having Guy in the meetings as they can easily see there is great animosity between the two of you.
5. Bottom line: recognize you are not dealing from strength right now and be willing to compromise as they are rational and reasonable people who have been hurt and demeaned and you need to help heal the family. Otherwise you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity.
6. I am willing to help but I'd much prefer that you bend a bit and work it out between you to build the trust that is necessary so that you don't lose control of the company, as you presently have.

EXH 304
DATE
WIT
PATRICIA HUBBARD

Exhibit 16

Exhibit 16

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

lacks foundation.

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

BY MR. KRUM:

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

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

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

A. Correct, it was not had then.

Q. And do you recall that a week or ten

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

A. Yes.

MR. SEARCY: Objection. Vague, assumes facts.

THE WITNESS: I recall that, yes.

BY MR. KRUM:

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

MR. SEARCY: Objection. Argumentative.

THE WITNESS: I may have.

BY MR. KRUM:

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

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

Cotter, Jr.

But I know there were other emails.

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

MR. SEARCY: Objection. Argumentative.

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

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

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

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

I did not want him to go.

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

BY MR. KRUM:

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

A. Right.

Q. -- why did you vote against him?

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

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

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

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

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

MR. SEARCY: Objection. Vague.

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

After all they were the operating executives of this company.

BY MR. KRUM:

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

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

MR. SEARCY: Objection. Vague.

THE WITNESS: He rejected it, yes.

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

BY MR. KRUM:

Q. And he got himself terminated, right?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

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

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

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



PATRICIA L. HUBBARD, CSR #3400

Exhibit 17

Exhibit 17

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, VS. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E Case No. A-16-735305-B

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

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

Job No.: 323867

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

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

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

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

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

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

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

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

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

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

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

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

THE REPORTER: I'm sorry. Directors to?

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

BY MR. KRUM:

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

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

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

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

and strategic plans and budgets, those sort of things?

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

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

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

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

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

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

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

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

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

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

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

A. It was the resolution we made.

BY MR. KRUM:

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

what the five non-Cotter directors discussed and agreed?

MR. SEARCY: Objection. Lacks foundation.

A. It was what we agreed.

BY MR. KRUM:

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

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

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

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

paragraph?

A. I do.

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

Do you see that?

A. I do.

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

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

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

And as I say in this part of the comment

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

BY MR. KRUM:

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

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

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

BY MR. KRUM:

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

A. Yes, I have read the document.

Q. Did you send Exhibit 131 on or about the

THE VIDEOGRAPHER: We are on the record. The time is 12:03.

BY MR. KRUM:

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

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

A. Yes, I have read that section.

BY MR. KRUM:

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

A. I remember in general terms, yes.

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

A. I do.

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

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

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

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

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

MS. HENDRICKS: Join.

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

A. You mean internal counsel or external?

Q. Either one.

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

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

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

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

THE REPORTER: Going to?

THE WITNESS: The chairman, chairperson.

BY MR. KRUM:

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

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

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

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

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

A. Yes, I have read that.

BY MR. KRUM:

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

A. Yes, I do.

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

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

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

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

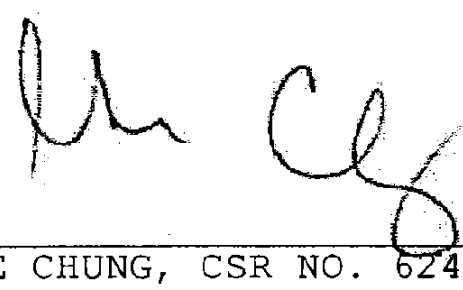
That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;

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

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

In witness whereof, I have hereunto subscribed my name.

Dated: August 10, 2016



GRACE CHUNG, CSR NO. 6246
RMR, CRR, CLR

Exhibit 18

Exhibit 18

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff,	Case No. A-15-719860-B
VS.	Coordinated with:
MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Case No. P-14-082942-E Case No. A-16-735305-B
and	
READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

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

Job No.: 323867

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

BY MR. KRUM:

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

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

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

BY MR. KRUM:

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

A. Yes, I have read the document.

Q. Did you send Exhibit 131 on or about the

date it bears, May 20, 2015?

A. I did.

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

A. I do.

Q. To what does that refer?

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

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

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

A. You wish me to read this document?

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

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

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

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

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

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

In witness whereof, I have hereunto subscribed my name.

Dated: August 10, 2016

GRACE CHUNG, CSR NO. 6246
RMR, CRR, CLR

EXHIBIT 19

(Filed Separately Under Seal)

Exhibit 20

Exhibit 20

From: Kane <elkane@san.rr.com>
Sent: Monday, May 18, 2015 10:36 PM
To: Guy Adams

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

EXHIBIT
81
Adams

GA00005500

091

RDI-A06300

Exhibit 21

Exhibit 21

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

FRIDAY, APRIL 29, 2016

VOLUME II

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER 305149

(Exhibit 82 was marked for identification.)

THE WITNESS: Yes, I remember this.

BY MR. KRUM:

Q. You recognize Exhibit 82?

A. Yes.

Q. This is an email exchange you had with Mr. Kane on May 18 and 19?

A. Yes.

Q. During the telephone conversation you had with him on May -- Sunday or Monday, May 17 or 18, did the two of you discuss other motions?

A. Evidently not.

Q. What was your understanding as of the date of -- as of May 18 and 19, what the other motions were or might be?

A. Well, there were like two other motions. One was the removal of Jim Junior as CEO and president. Another motion -- there were three motions. One of them was to -- if you remove the CEO, you have to appoint an interim CEO. And there was a third motion which, I apologize, for the life of me, I can't remember what it is. There must be a board agenda or something with those items.

Q. The subject of interim CEO, where did

that stand as of May 19th?

A. Ellen, Margaret and Ed and Doug McEachern were of the opinion, yes, on an interim basis.

Q. Yes what?

A. Yes to Guy Adams being the interim CEO on a short-term basis.

Q. What about Ed Kane?

A. As interim?

Q. Okay. I'm sorry.

So how did you know that each of Ellen, Margaret, Ed Kane and Doug McEachern were agreeable to you being appointed CEO on an interim -- interim CEO or a short-term basis?

MR. TAYBACK: Objection to the extent it's asked and answered.

You can answer.

THE WITNESS: My recollection -- and I can't remember if it was Ellen or Ed Kane -- one of them told me and I followed up with a phone call to Doug McEachern to confirm it. So that's how I knew.

BY MR. KRUM:

Q. Okay. When did you have the follow-up phone call with Doug McEachern?

A. Help me -- what was the date of the meeting, that meeting? We're up to May 19. What

A. No.

Q. Did you have a practice of sitting down and chatting with Ellen when you were in the office?

A. Yes, when she'd come in my office.

Q. So directing your attention to those three or four conversations when you were in RDI's offices and you spoke to Ellen about the status of the CEO search, doing them sequentially, if you're able to do so, who said what in the first conversation?

A. That's a real test of my memory but I'll try.

I remember when she was -- we talked about how we were paying for it and there was like a psychological profile they would do in addition. Since we weren't hiring the real estate guy, there was some things about the financial arrangement there. And she told me about that. That was one conversation, probably one of the earlier ones.

Then the -- I had another conversation with her about the candidates that were -- the résumés that were coming in, and she commented to me about the, quote, Some of them want more than a million dollars.

And then maybe the third conversation we had about it was, I'm not on the committee, it's not my business, but I gave her my thoughts about it, as I mentioned yesterday in my testimony, that the only concern I had was the person we get would be with us for a while and not just looking to make a notch on his belt, come aboard -- for example, come aboard, stay for a year or two, sell an asset, do something to jazz the stock up and then he would leave and go to a bigger company; we'd be his training ground.

And I just suggested to her that she look for a candidate who would have longevity of these candidates that she was looking at. When I had that conversation, I had no notion she was putting her name in the hat at the time. That was the last conversation I had with her.

I'm sorry. Then a period of time, which I don't remember, went by and she says, You know, I'm looking at these people and I think I can do the job. I want to put my name in the hat.

I said, Well, you can't be on the committee if you do that. She says, Yeah, I'm going to resign. I said, Okay, it's up to the committee.

CERTIFICATE OF REPORTER

STATE OF CALIFORNIA)
)SS:
COUNTY OF LOS ANGELES)

I, Lori Raye, a duly commissioned and licensed court reporter for the State of California, do hereby certify:

That I reported the taking of the deposition of the witness, GUY ADAMS, commencing on Friday, April 29, 2016 at 9:10 a.m.;

That prior to being examined, the witness was, by me, placed under oath to testify to the truth; that said deposition was taken down by me stenographically and thereafter transcribed; that said deposition is a complete, true and accurate transcription of said stenographic notes.

I further certify that I am not a relative or an employee of any party to said action, nor in anywise interested in the outcome thereof; that a request has been made to review the transcript.

In witness whereof, I have hereunto subscribed my name this 2nd day of May 2016.

LORI RAYE
CSR No. 7052

Exhibit 22

Exhibit 22

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

which are?

From: Guy Adams
Sent: Monday, May 18, 2015 3:28 PM
To: Kane
Subject: RE:

Ok.
Can you second the other motions?

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

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

EXHIBIT
62
Adams

GA00005501

Exhibit 23

Exhibit 23

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Reading International, Inc.

(Name of Issuer)

(Exact Name of Issuer as Specified in its Charter)

Class B Voting Common Stock
(Title of Class of Securities)

755408200
(CUSIP Number)

James J. Cotter Living Trust
8100 Center Drive
Suite 900
Los Angeles, CA 90045
(213) 235-2240
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

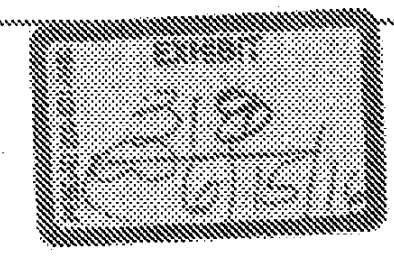
September 13, 2014
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. ☐

Note : Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the "Act"), or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).



EC00002584

CUSIP No. 755408208

1.	Name of Reporting Person. I.R.S. Identification Nos. of above persons (entities only) **James J. Cotter Living Trust**	
2.	Check the Appropriate Box if a Member of a Group (See Instructions) (a) ☒(1) (b) ☐	
3.	SEC Use Only	
4.	Source of Funds (See Instructions) OO	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ☐	
6.	Citizenship or Place of Organization California	
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power 0	
	8. Shared Voting Power 686,088	
	9. Sole Dispositive Power 0	
	10. Shared Dispositive Power 686,088	
11.	Aggregate Amount Beneficially Owned by Each Reporting Person 686,088	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐	
13.	Percent of Class Represented by Amount in Row (11) 43.4%(2)	
14.	Type of Reporting Person (See Instructions) OO – Trust	

(1) The James J. Cotter Living Trust (the "Trust") is a member of a group for purposes of Schedule 13D. The other members of the group are the Estate of James J. Cotter, Sr. (the "Estate"), Ms. Margaret Cotter and Ms. Ellen Cotter. The Trust is separately filing this report on Schedule 13D from the other members of the group.

(2) Based upon 1,680,398 shares of Class B voting common stock, $0.01 par value per share (the "Voting Stock"), outstanding, which consist of (i) 1,580,398 shares of the Voting Stock outstanding as of June 30, 2015, as reported on the Issuer's Form 10-Q filed with the Securities and Exchange Commission on August 10, 2015 and (ii) 100,000 shares of Voting Stock issued upon the exercise of the Estate of 100,000 options to acquire Voting Stock.

ITEM 1. SECURITY AND ISSUER

The common stock of Reading International, Inc., a Nevada corporation (the "Issuer" or the "Company"), is divided into two classes, Class A non-voting common stock, $0.01 par value per share (the "Non-Voting Stock"), and Class B voting common stock, $0.01 par value per share (the "Voting Stock" and together with the Non-Voting Stock, the "Shares"). This Schedule 13D (this "Schedule 13D") is being filed by the James J. Cotter Living Trust (the "Trust" or the "Reporting Person") with respect to the Voting Stock by Ms. Ellen Cotter and Ms. Margaret Cotter, two of the three co-trustees of the Trust. The shares of the Voting Stock and the shares of the Non-Voting Stock are listed on NASDAQ.

The address of the principal executive offices of the Issuer is Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

ITEM 2. IDENTITY AND BACKGROUND

The Trust is a trust organized under the laws of California. During the lifetime of Mr. James J. Cotter, Sr., the Trust was revocable by Mr. James J. Cotter, Sr., but the Trust became irrevocable upon the death of Mr. James J. Cotter, Sr. on September 18, 2014. The Trust serves as a vehicle for the management and distribution of the assets of Mr. James J. Cotter, Sr. According to a purported Amendment to the Trust signed on June 19, 2014 ("2014 Amendment"), the children of Mr. James J. Cotter, Sr., including Ms. Ellen Cotter, Ms. Margaret Cotter and Mr. James J. Cotter, Jr., serve as co-trustees of the Trust and therefore may be deemed to share voting and investment power over the shares of the Voting Stock directly beneficially owned by the Trust. In litigation filed in the Superior Court of the State of California, County of Los Angeles, captioned *In re James J. Cotter Living Trust dated August 3, 2009* (Case No. BP159385) ("Trust Litigation"), Ms. Ellen Cotter and Ms. Margaret Cotter have challenged the validity of the 2014 Amendment, according to the pre-existing trust agreement, only Ms. Ellen Cotter and Ms. Margaret Cotter were named as co-trustees. The extent of any pecuniary interest in the Voting Stock owned by the Trust attributable to Ms. Margaret Cotter and Ms. Ellen Cotter as co-trustees of the Trust is dependent upon the outcome of the Trust Litigation. The Trust's principal business office address is c/o Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

During the last five years, the Reporting Person has not been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to any civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws, or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The Trust was established by a Declaration of Trust, dated August 3, 2009, as amended from time to time, and was initially funded with the shares of the Voting Stock owned by Mr. James J. Cotter, Sr. Mr. James J. Cotter, Sr. passed away on September 18, 2014, and the Trust became an irrevocable living trust.

ITEM 4. PURPOSE OF TRANSACTION

The Reporting Person is deemed to have acquired beneficial ownership of 695,000 shares of the Voting Stock as a result of Mr. James J. Cotter, Sr.'s death, as described in Item 3 of this Schedule 13D. Such shares of the Voting Stock were deemed to have been owned by Mr. James J. Cotter, Sr. through the Trust during his lifetime and, upon Mr. James J. Cotter, Sr.'s death and the Trust's conversion into an irrevocable trust, are now deemed to be directly beneficially owned by the Trust, of which the children of Mr. James J. Cotter, Sr. serve as co-trustees. The shares of the Voting Stock directly beneficially owned by the Trust ultimately will be held as further trust for the benefit of the descendants of Mr. James J. Cotter, Sr., and such shares will be held for investment purposes and the co-trustees of the Trust are directed to retain such shares for as long as possible and are relieved from any obligation to diversify the Trust's investments.

On September 21, 2015, the Cotter exercised vested stock options and received 100,000 shares of Voting Stock. On April 8, 2015, Ms. Margaret Cotter exercised vested stock options and received 12,500 shares of Non-Voting Stock. On April 17, 2015, Ms. Margaret Cotter exercised vested stock options and received 35,160 shares of Voting Stock. On April 16, 2015, Ms. Ellen Cotter exercised vested stock options and received 50,000 shares of

Voting Stock. Ms. Ellen Cotter and Ms. Margaret Cotter currently intend to hold any shares of Voting Stock directly beneficially owned by them for investment purposes.

Ms. Ellen Cotter and Ms. Margaret Cotter currently intend to vote all of the shares of Voting Stock that they control, including all of the shares of Voting Stock owned by them individually, by the Estate and by the Trust, at the Company's 2013 annual meeting of stockholders.

Each of Ms. Ellen Cotter and Ms. Margaret Cotter, as a co-trustee of the Trust, has been in the past and will be in the future involved on behalf of the Company in their respective capacities as senior executive officers of, directors of and/or consultants to the Company, as applicable, in reviewing and evaluating possible transactions involving the Company and identifying candidates to serve on the Company's board of directors, including transactions of the sort described in clauses (a) through (f) of Item 4 of Schedule 13D. In light of their responsibilities to the Company, Ms. Ellen Cotter and Ms. Margaret Cotter do not anticipate making any disclosures in connection with their participation in the transactions and activities of the Company separate and apart from relevant disclosures by the Company.

The Reporting Person intends to review its investment in the Issuer on a continuing basis and may from time to time and at any time in the future depending on various factors, including, without limitation, the requirements of the Trust, the Issuer's financial position and strategic direction, actions taken by the board of directors of the Issuer, price levels of the Shares, other investment opportunities available to the Reporting Person, conditions in the securities market and general economic and industry conditions, take such actions with respect to the investment in the Issuer as the Reporting Person deems appropriate, including: (i) acquiring additional Shares and/or other equity, debt, notes, other securities, or derivative or other instruments of the Issuer that are based upon or relate to the value of the Shares or the Issuer (collectively, "Securities") in the open market or otherwise, (ii) disposing of any or all of their Securities in the open market or otherwise, (iii) engaging in any hedging or similar transactions with respect to the Securities, or (iv) proposing or considering one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

As of the date hereof, the Trust directly beneficially owns 696,988 shares of the Voting Stock, representing 11.4% of outstanding Voting Stock of the Issuer. Because the children of Mr. James J. Cotter, Sr. serve as co-trustees, the children may be deemed to be indirect beneficial owners of 696,988 shares of the Voting Stock directly beneficially owned by the Trust. The extent of any pecuniary interest in the Voting Stock directly beneficially owned by the Trust attributable to Ms. Margaret Cotter and Ms. Ellen Cotter, as co-trustees, is dependent upon the outcome of the Trust Litigation. As of the date hereof, the Trust also directly beneficially owns 1,857,649 shares of the Non-Voting Stock, representing 8.7% of outstanding Non-Voting Stock of the Issuer.

Because Ms. Ellen Cotter and Ms. Margaret Cotter (two of the three children of Mr. James J. Cotter, Sr.) also serve as co-executors (the "Co-Executors") of the Estate, each of them may be deemed to share indirect beneficial ownership of 437,808 shares of the Voting Stock directly beneficially owned by the Estate, representing 25.5% of outstanding Voting Stock of the Issuer. All of the Voting Stock held by the Estate will be transferred to the Trust after a reasonable period of administration. As of the date hereof, the Estate also directly beneficially owns 326,800 shares of the Non-Voting Stock, representing 1.5% of outstanding Non-Voting Stock of the Issuer. As of the date hereof, the Co-Executors of the Estate disclaim beneficial ownership of the Voting Stock and Non-Voting Stock directly beneficially owned by the Estate, except to the extent of their respective pecuniary interest therein.

As of the date hereof, (1) Ms. Ellen Cotter also directly beneficially owns 50,000 shares of the Voting Stock, representing 0.9% of outstanding Voting Stock of the Issuer, and (2) Ms. Margaret Cotter directly beneficially owns 33,100 shares of the Voting Stock subject to stock options, representing 2.1% of outstanding Voting Stock of the Issuer. As of the date hereof, (1) Ms. Ellen Cotter also directly beneficially owns 819,763 shares of the Non-Voting Stock (which amount also includes currently exercisable options to acquire an additional 20,000 shares of the Non-Voting Stock), representing 3.8% of outstanding Non-Voting Stock of the Issuer, (2) Ms. Margaret Cotter also directly beneficially owns 804,173 shares of the Non-Voting Stock, representing 3.7% of outstanding Non-Voting Stock of the Issuer and (3) Mr. James J. Cotter, Jr. (the third child of Mr. James J. Cotter, Sr.) also directly beneficially owns 856,426 shares of the Non-Voting Stock, representing 4.0% of outstanding Non-Voting Stock of the Issuer, according to Mr. James Cotter, Jr.'s public filings.

Ms. Margaret Cotter also serves as a co-trustee of the James J. Cotter Grandchildren Trust, a trust for Mr. James J. Cotter, Sr.'s grandchildren, which holds 289,390 shares of the Non-Voting Stock, representing 1.3% of outstanding Non-Voting Stock of the Issuer. Ms. Ellen Cotter and Ms. Margaret Cotter also serve as co-trustees of the James J. Cotter Foundation, which holds 120,751 shares of the Non-Voting Stock, representing 0.5% of outstanding Non-Voting Stock of the Issuer.

The percentages reported in this Item 5 are based upon 21,707,938 shares of the Non-Voting Stock outstanding and 1,680,390 shares of the Voting Stock outstanding, which consist of (i) 1,580,390 shares of the Voting Stock outstanding as of June 30, 2015, as reported on the Issuer's Form 10-Q filed with the Securities and Exchange Commission on August 10, 2015 and (ii) 100,000 shares of Voting Stock issued upon the exercise of the Estate of 100,000 options to acquire Voting Stock.

(b) See rows 7-10 of the cover page for information regarding the power to vote or direct the vote and the power to dispose or direct the disposition of the shares by the Reporting Person. The Estate, Ms. Margaret Cotter and Ms. Ellen Cotter have separately filed a Schedule 13D on the date hereof.

(c) Except as described herein, none of the Reporting Person, the Estate, Ms. Margaret Cotter and Ms. Ellen Cotter have acquired, or disposed of, any shares of the Voting Stock of the Issuer during the past 60 days.

(d) No persons other than Ms. Margaret Cotter and Ms. Ellen Cotter, as co-trustees of the Trust, and the beneficiaries of the Trust have the right to receive, or the power to direct the receipt of dividends from, the proceeds from the sale of the shares to which this Schedule 13D relates.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Except as described in Item 3, Item 4 and Item 5, the Reporting Person has no contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any voting securities of the Company, including, but not limited to, the transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS

None.

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: October 8, 2015

JAMES J. COTTER LIVING TRUST

By: /s/ Margaret Cotter
Name: Margaret Cotter
Title: Co-Trustee

By: /s/ Ellen Cotter
Name: Ellen Cotter
Title: Co-Trustee

EXHIBIT 24

(Filed Separately Under Seal)

EXHIBIT 25

(Filed Separately Under Seal)

Exhibit 26

Exhibit 26

READING
INTERNATIONAL

June 15, 2015

James J. Cotter, Jr.
311 Homewood Rd
Los Angeles, CA 90049

Dear Jim:

As you are aware, your Employment Agreement (the "Agreement") with Reading International, Inc. (the "Company"), and your employment with and position as President and Chief Executive Officer of the Company, has been terminated effective Friday, June 12, 2015. Pursuant to Section 11 of your Agreement, this termination obligates you to resign immediately from the Board of Directors of the Company. This letter shall serve as notice that your failure to resign from the Board of Directors places you in material breach of your Agreement. You have 30 days from today to cure this breach by submitting your written resignation from the Board of Directors. Failure to do so within 30 days will result in you forfeiting any compensation or benefits you might otherwise have been entitled to under your Agreement.

You must also immediately return any Company property, documents, or data that you may have in your possession. You may arrange for the return of these items, as well as for your personal belongings at the office to be collected, by having your attorney contact the Company's attorney, Gary McLaughlin at Akin Gump Strauss Hauer & Feld (310-728-3358).

This letter is without prejudice to any of the Company's rights or remedies, all of which are expressly reserved.

Very Truly Yours,

Ellen M. Cotter

Reading International, Inc.
4100 Center Drive, Suite 900
Los Angeles, California 90045

t: 213.235.2240 f: 213.235.2229

www.readingrdi.com

Exhibit 27

Exhibit 27

8-K 1 rdi-20150618x8k.htm 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): June 12, 2015

READING INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in its Charter)

Nevada	1-8625	95-3885184
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

6100 Center Drive Suite 900 Los Angeles, California	90045
(Address of Principal Executive Offices)	(Zip Code)

(213) 235-2240
(Registrant's Telephone Number, Including Area Code)

n/a
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

EXH 347
DATE 6-22-16
WIT
PATRICIA HUBBARD

RDI-A06323

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On June 12, 2015, the board of directors (the "Board") of Reading International, Inc. ("we," "our," "us," "Reading" or the "company") terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, effective immediately. 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.

On June 12, 2015, our Board appointed Ellen Marie Cotter, 49, Chairperson of the Board and the Chief Operating Officer of our Domestic Cinemas Division, to serve as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer.

Ellen Cotter has been a member of the Board since March 7, 2013, and on August 7, 2014 was appointed as its Chairperson. Prior to joining our company in 1998, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. She is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Under Mr. Cotter, Jr.'s employment agreement with the company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000.

Under his employment agreement, Mr. Cotter, Jr. is required to tender his resignation as a director of our company immediately upon the termination of his employment. After a request to do so, Mr. Cotter, Jr. has not yet tendered his resignation. The company considers such refusal as a material breach of Mr. Cotter, Jr.'s employment agreement, and has given him thirty (30) days in which to resign. If he does not do so, the company will terminate further severance payments, as permitted under the employment agreement.

No new compensatory arrangements were entered into with Mr. Cotter, Jr. in connection with his termination.

ITEM 8.01 OTHER EVENTS

On June 12, 2015, Mr. Cotter, Jr. filed a lawsuit against us and each of our other directors in the District Court of the State of Nevada for Clark County, titled James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et. al. The lawsuit alleges, among other allegations, that the other directors breached their fiduciary duties in taking the actions to terminate Mr. Cotter, Jr. as President and Chief Executive Officer of the company and that

Margaret Cotter and Ellen Cotter aided and abetted the breach of such fiduciary duties of the other directors. The lawsuit seeks damages and other relief, including an injunctive order restraining and enjoining the defendants from taking further action to effectuate or implement the termination of Mr. Cotter, Jr. as President and Chief Executive Officer of the company and a determination that Mr. Cotter, Jr.'s termination as President and Chief Executive Officer is legally ineffectual and of no force or effect. The company believes that numerous of the factual allegations included in the complaint are inaccurate and untrue and intends to vigorously defend against the claims in this action. The company has been informed that the other directors intend to seek indemnification from the Company for any losses arising under the lawsuit, in which case the company will tender a claim under its director and officers liability insurance policy.

EX-99.1 2 rdi-20150618ex991400879.htm EX-99.1

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibit is included with this Report and incorporated herein by reference:

Exhibit No.	Description
99.1	Press release of Reading International, Inc. of June 15, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 18, 2015

READING INTERNATIONAL, INC.

By: /s/ William D. Ellis

William D. Ellis

General Counsel and Secretary

Exhibit 99.1

Reading International Announces Appointment of Ellen Cotter as Interim Chief Executive Officer

Los Angeles, California, (Business Wire) June 15, 2015 – Reading International, Inc. (NASDAQ:RDI) announced today that its Board of Directors has appointed Ellen M. Cotter as interim President and Chief Executive Officer, succeeding James J. Cotter, Jr. 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.

Ms. Cotter is the Chairman of the Board of Directors of the Company and has served as the senior operating officer of the Company's US cinemas operations for the past 14 years. In addition, Ms. Cotter is a significant stockholder in the Company.

Ms. Cotter commented, "James Cotter, Sr., who served as our Company's Chairman and Chief Executive Officer for over 20 years, grew Reading International, Inc. to a major international developer and operator of multiplex cinemas, live theaters and other commercial real estate assets. I look forward to continuing his vision and commitment to these businesses as we move forward to conduct our search for our next Chief Executive Officer. I will work diligently to ensure that this transition is seamless to all of our stakeholders."

The Company plans to report its second quarter financial results on or before August 10, 2015.

About Ellen Cotter
Ellen M. Cotter has been a member of our Company's Board of Directors since March 2013, and in August 2014 was appointed as Chairman of the Board. She joined Reading International, Inc. in 1998 and brings to the position her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 14 years, she has served as the senior operating officer of our Company's domestic cinema operations. Ms. Cotter is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter was a corporate attorney with the law firm of White & Case in New York, New York.

About Reading International, Inc.
Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning and operating real estate assets. Our business consists primarily of:

- the development, ownership and operation of multiplex cinemas in the United States, Australia and New Zealand; and

- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed retail centers ("ETRC") in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various different brands:

RDI-A06329

Exhibit 99.1

- in the United States, under the
  - o Reading brand (http://www.readingcinemasus.com);
  - o Angelika Film Center brand (http://www.angelikafilmcenter.com);
  - o Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  - o City Cinemas brand (http://www.citycinemas.com);
  - o Beekman Theatre brand (http://www.beekmantheatre.com);
  - o The Paris Theatre brand (http://www.theparistheatre.com);
  - o Liberty Theatres brand (http://libertytheatresusa.com/); and
  - o Village East Cinema brand (http://villageeastcinema.com)

- in Australia, under the
  - o Reading brand (http://www.readingcinemas.com.au); and
  - o Newmarket brand (http://readingnewmarket.com.au)
  - o Red Yard Entertainment Centre (http://www.redyard.com.au)

- in New Zealand, under the
  - o Reading brand (http://www.readingcinemas.co.nz);
  - o Rialto brand (http://www.rialto.co.nz);
  - o Reading Properties brand (http://readingproperties.co.nz);
  - o Courtenay Central brand (http://www.readingcourtenay.co.nz);
  - o Steer n' Beer restaurant brand (http://steernbeer.co.nz);

Media Contact:
Andrzej Matyczynski
Tel: 213-235-2240

Exhibit 28

Exhibit 28

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

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

EXHIBIT
81
Adams

GA00005500

EXHIBIT 29

(Filed Separately Under Seal)

Exhibit 30

Exhibit 30

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR. individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Index No. A-15-179860-B
READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	

VIDEOTAPED DEPOSITION OF ELLEN COTTER

New York, New York

Thursday, June 16, 2016

Reported by:
MICHELLE COX
JOB NO. 316936

MR. TAYBACK: Objection. Asked and answered.

A No.

Q So when you use the same phraseology status to refer to the president and CEO in Item 1 as you use to refer to Craig Tomkins and Robert Smerling in Item 6, and yourself and Margaret Cotter in Item 7, were you attempting to obscure or conceal the fact that Item 1 was actually about terminating Jim Cotter as president and CEO?

MR. TAYBACK: Objection; argumentative, compound.

You can answer.

A I mean, there was no intention on my part to deceive anybody.

Q Well, in point of fact, prior to distributing Exhibit 338, you already had had discussions with Ed Kane, Guy Adams, Doug McEachern and Margaret Cotter about terminating Jim Cotter, Jr. as president and CEO, correct?

A Prior to this meeting we did have discussions about whether Jim would remain as the CEO and president.

Q Well, you had discussions with each of -- Guy Adams, Ed Kane, Doug McEachern and Margaret Cotter about terminating Jim Cotter, Jr. as CEO prior to distributing Exhibit 338 on May 19th, correct?

MR. TAYBACK: Objection. Asked and answered.

A Yes.

Q You had no such discussions with Tim Storey, correct?

A I did have discussions with Tim Storey.

Q What discussions did you have with Tim Storey and when did you have them?

A I had had discussions with Tim Storey about Jim and his performance.

Q Okay. The question is: What discussions did you have with Tim Storey, if any, prior to distributing Exhibit 338 on May 19, 2015, about terminating Jim Cotter, Jr. as president and CEO?

A I don't remember the specific discussion that I had with Tim.

Q Did you have any conversation with Tim Storey prior to distributing Exhibit 338 on May 19, 2015, in which the subject of

C E R T I F I C A T E

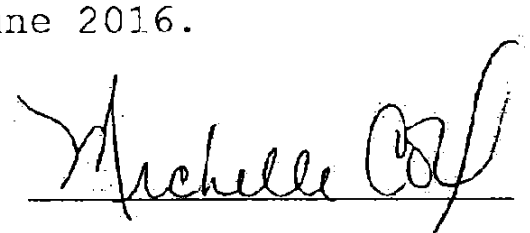
STATE OF NEW YORK)
:ss
COUNTY OF NEW YORK)

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of June 2016.



MICHELLE COX, CLR

Exhibit 31

Exhibit 31

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants, and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	)	Case No. A-15-719860-B Case No. P-14-082942-E Related and Coordinated Cases

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

time?

A. I strongly suspected she had spoken with Ed Kane.

Q. And had either you or Ed Kane spoken to Doug McEachern about that?

A. I haven't, no. I don't know if Ed did.

Q. Okay. When was the first time you spoke with Doug McEachern about either terminating Jim Junior as CEO or about a subject of -- the subject of an interim CEO?

A. That I talked to McEachern? I would say it was maybe -- again, I can only approximately guess. Maybe two weeks before the meeting.

Q. And you're referring to the May 18th -- May 21st meeting, it was, wasn't it?

A. Yes. I don't know the exact date, but yeah.

Q. So what else did Ellen say and what else did you say during this approximate hour-plus breakfast meeting?

A. My recollection, we talked about Jim Junior and the CEO position, and Ellen, I guess, talked to other people because she was feeling that there was support for Jim Junior to be removed.

Q. What did she say that caused you to

conclude she had talked to other people about Jim Junior being removed?

A. I don't know specifically what she said. Maybe it was innuendos that she maybe talked to McEachern, maybe. But it wasn't specific.

Q. Did you ever learn after the fact whether that was the case?

A. Considering McEachern, when I did call him, like two weeks before the vote, he said he was on board with that. I suspect she called and talked to him. I sure didn't. So I suspect -- I suspect she did or maybe Ed Kane did. I don't know.

Q. What else, if anything, did you discuss with Ellen Cotter at the breakfast meeting at the Peninsula in April?

A. Nothing further that I can remember at this time.

Q. What, if anything, did she say about why she wanted Jim Junior removed as CEO?

A. I think she felt he wasn't doing an adequate job as CEO.

Q. Excuse me. My question is, what did she say?

A. What did she say about -- I'm sorry.

CERTIFICATE OF REPORTER

STATE OF CALIFORNIA)
)SS:
COUNTY OF LOS ANGELES)

I, Lori Raye, a duly commissioned and licensed court reporter for the State of California, do hereby certify:

That I reported the taking of the deposition of the witness, GUY ADAMS, commencing on Thursday, April 28,2016, at 10:13 a.m.;

That prior to being examined, the witness was, by me, placed under oath to testify to the truth; that said deposition was taken down by me stenographically and thereafter transcribed; that said deposition is a complete, true and accurate transcription of said stenographic notes.

I further certify that I am not a relative or an employee of any party to said action, nor in anywise interested in the outcome thereof; that a request has been made to review the transcript.

In witness whereof, I have hereunto subscribed my name this 2nd day of May 2016.

LORI RAYE
CSR No. 7052

Exhibit 32

Exhibit 32

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

Margaret on one hand and Jim Cotter, Jr., on the other hand, right?

A. Correct.

Q. And then somebody moved and seconded the motion to terminate Jim Cotter, Jr.; is that right?

A. Yes.

Q. And then a vote was had, and as among the non-Cotter directors, each of Messrs. Kane and Adams and McEachern voted to terminate?

A. That's correct.

Q. And you and Mr. Gould voted against?

A. Yes.

Q. And did Ellen and Margaret Cotter vote or did they recuse themselves?

A. I don't remember.

Q. And do you recall that at that meeting Ellen Cotter stated that it was -- Jim was required by the terms of his executive employment agreement to resign as a director if he were terminated as an officer?

A. At that meeting I -- I'm not sure I remember at that meeting, but I do remember that very well.

Q. And what did you say in response?

A. I said I didn't believe he was obligated

to resign as a director.

Q. And what was your explanation for that, if any?

A. Well, I drafted the -- I drafted the contract with -- with Jim. And it did say in there he would resign. But what we intended that to mean was his position as president.

He had been on this board for many years. I mean it had no bearing at all, in my opinion, on his requirement that he resign as a director.

Q. Did you communicate that view to -- you communicated that view at a directors meeting?

A. Yes.

Q. Did you ever communicate that view to Akin Gump lawyers?

A. Yes.

Q. Was that before or after Ellen Cotter on or about June 15 sent a letter to Jim Cotter, Jr., demanding his resignation as a director?

MR. HELPERN: Objection. Form, lacks foundation, assumes facts.

MR. SWANIS: Join.

THE WITNESS: Well, I want the -- I want to just correct one thing.

I may have -- I may have been too glossy on this one point. I communicated to Akin Gump, but not directly. I think it was through Ellen and Craig. They asked my opinion. And I told them what it was, that he was not obligated, in my opinion, to resign as a director.

BY MR. KRUM:

Q. Okay. Thanks.

And my question is --

A. Yes.

Q. -- when did that happen?

A. Shortly after the termination.

Q. Was it the same day?

A. I don't remember.

Q. Was it the following Monday?

A. I can't recall the exact day it was.

Q. Was it in person or by telephone?

A. I don't remember.

MR. KRUM: Okay. We're about out of tape, so why don't we adjourn for the day.

MR. RHOW: Thank you.

MR. KRUM: Thank you for your time.

THE WITNESS: Thank you.

VIDEOTAPE OPERATOR: This concludes the deposition of William Gould, volume one, June 8,

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

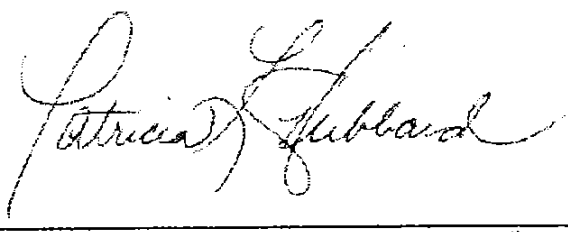
That prior to being examined, WILLIAM GOULD was duly sworn or affirmed by me to testify the truth, the whole truth, and nothing but the truth;

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

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

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

IN WITNESS WHEREOF, I have subscribed my name this 13th day of June, 2016.



PATRICIA L. HUBBARD, CSR #3400

Exhibit 33

Exhibit 33

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

Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL 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,

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

DECLARATION OF PLAINTIFF JAMES J. COTTER, JR. IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT *(AND GOULD JOINDERS)*

[Business Court Requested: [EDCR 1.61]

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

LEWIS ROCA ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

I, James J. Cotter, Jr. hereby declare, under the penalty of perjury and the laws of Nevada, as follows:

1. I am over eighteen (18) years of age. I have personal knowledge of the facts contained in this declaration, except on those matters stated upon information and belief, and as to those matters, I believe them to be true. If called upon to testify as to the contents of this declaration, I am legally competent to do so in a court of law.

2. I am the Plaintiff in the above-captioned action. I am, and at all times relevant hereto was, a shareholder of RDI. I have been a director of RDI since on or about March 21, 2002. I have been involved in RDI management since mid-2005, I was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. I was appointed CEO by the RDI Board on or about August 7, 2014, immediately after James J. Cotter, Sr. (JJC, Sr.) resigned from that position. I am the son of the late JJC, Sr., and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC"). I presently own approximately 560,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock. I am also the 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 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

3. I submit this declaration in support of the oppositions to all of the motions for summary judgment filed by one or more of the individual defendants in this action.

4. Nominal defendant Reading International, Inc. (RDI or Company) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange

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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 me, EC or 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 the one hand, and me, 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.

5. I signed a verification of a Second Amended Verified Complaint (the "SAC") in this action. I stand by the substantive allegations of the SAC and incorporate them herein by reference.

The Position of CEO at RDI

6. Certain of the motions for summary judgment brought by the individual defendants in this action suggest that I was appointed CEO of RDI in August 2014 after what amounted to no deliberation by the Board of Directors. That is absolutely false. In fact, as early as 2006, James J Cotter, Sr. ("JJC, Sr."), then the CEO and controlling shareholder of RDI, had communicated to the RDI board of directors his proposed succession plan for the positions of President and CEO. That plan was for me to work under the direction of JJC, Sr. to learn the businesses of RDI, including by functioning in a senior executive role.

7. Since 2005, I was involved in most RDI executive management meetings and privy to most significant internal senior management memos. As mentioned above, I was appointed Vice Chairman of the RDI board in 2007. The RDI Board appointed me President of

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RDI on or about June 1, 2013, and I filled those responsibilities without objection by the RDI board of directors.

8. Soon after I became CEO, my sisters, Ellen, who was an executive at RDI in the domestic cinema segment of the Company's business, and Margaret, who managed RDI's limited live theater operations as a third-party consultant, both communicated to me and to members of the RDI Board of Directors that they did not want to report to me as CEO. In fact, neither of them previously while working for or with the Company effectively had ever reported to anyone other than our father, JJC, Sr. Margaret in particular resisted and effectively refused to report to me until she no longer needed to do so, following my (purported) termination as President and CEO of the Company. They also co-opted at least one employee, Linda Pham, who claimed at some point in 2014 that I had created a hostile work environment for her, which accusation was not well-taken and, in any event, moot with the passage of time by Spring 2015, as director Kane acknowledged at the time.

Disputes With My Sisters

9. My sisters and I had certain disputes with respect to matters of our father's estate. The most significant and contentious dispute concerned who would be the trustee or trustees of the voting trust that, following our father's death, holds approximately 70% of the voting stock of RDI. According to a 2013 amendment to his trust documentation, Margaret was to be the sole trustee. Pursuant to a 2014 amendment to his trust documentation, Margaret and I were to serve contemporaneously as co-trustees. In early February 2015, Ellen and Margaret commenced a lawsuit in California state court challenging the validity of the 2014 amendment to our father's trust documents (the "California Trust Action").

10. My sisters and I also had certain disputes with respect to RDI. Most generally, they disagreed with my view and approach of running RDI like a public company, including hiring a senior executive qualified to oversee the development of the Company's valuable real estate and, more fundamentally, operating the Company to increase its value for all shareholders, not just its value to the Cotter family as controlling shareholders.

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Threatened Termination and Termination

11. Late in the day on May 19, 2015, I received from Ellen, as the chairperson of the RDI Board of Directors, an agenda for a supposed special meeting of the RDI board on May 21, 2015, two days later. I learned that the benignly described first item on the agenda, "status of president and CEO," apparently referred to a secret plan of Ellen and Margaret, together with Ed Kane, Guy Adams and Doug McEachern, to vote to remove me as President and CEO of RDI. However, that meeting commenced and concluded without the threatened vote being taken.

12. Next, on or about May 27, 2015, the lawyer representing Ellen and Margaret in the California Trust Action transmitted to my lawyer in that action a document that proposed to resolve the disputes between my sisters and me, including with respect to who would be the trustee of the voting trust and whether Margaret and Ellen would report to me as CEO of RDI. (A true and correct copy of the May 27, 2015 document, which was marked as deposition exhibit 322, is attached hereto as exhibit "A.")

13. On Friday, May 29, 2015, the (supposed) special board meeting of May 21 was to resume. That morning, before the meeting, I met with Ellen and Margaret. At that meeting, they told me that they were unwilling to mediate or to negotiate any of the terms of the May 27 document described above. They also told me that if I did not agree to resolve my disputes with them on the terms set out in that document, that the RDI Board of Directors would vote at the (supposed) meeting that day to terminate me as President and CEO.

14. The (supposed) special board meeting commenced on May 29 and the issue of my termination as President and CEO was the subject. At this (supposed) special meeting, or another, McEachern pressured me to resign as President and CEO. Eventually, the non-Cotter members of the RDI Board of Directors met with my sisters separately from me. Following that, the majority of the non-cotter directors, namely, Messrs. Adams, Kane and McEachern, advised me that the meeting would adjourn temporarily and resume telephonically at 6 p.m. They further advised that, if I had not reached a resolution of disputes between me and my sisters by the time the (supposed) special meeting reconvened telephonically at 6 p.m. that day, they would proceed with the vote to

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terminate me, meaning that the three of them would vote to terminate me as President and CEO of RDI.

15. That afternoon, Ellen and Margaret again refused to mediate and again refused to negotiate. Ultimately, I indicated a willingness to resolve disputes based on the document provided, subject to conferring with counsel. At or about 6 p.m., the (supposed) special RDI board meeting resumed telephonically, at which time Ellen reported to the five non-Cotter directors that we had reached an agreement in principle to resolve our disputes, subject to conferring with respective counsel. Ed Kane congratulated us and made a statement to the effect that he hoped that I was CEO of the Company for 30 years. No vote was taken on my termination.

16. On or about June 8, 2015, I communicated to my sisters that I could not agree to the document their lawyer had transmitted to my lawyer on or about June 2, 2015. Ellen called a (supposed) special board meeting for June 12, 2015, at which meeting each of Messrs. Adams, Kane and McEachern made good on their threat to vote to terminate me and did so.

Director Interest and Independence

17. One or more of the defendants' motions for summary judgment claim that SEC filings by RDI describe the non-Cotter directors as "independent," that I signed one or more of those SEC filings and that I therefore admit that those directors are independent for the purposes of this action. That is inaccurate. The term "independent" as used in RDI's SEC filings do not refer to matters of Nevada law. It referred usually to the fact that, pursuant to the terms of the Company's listing agreement with NASDAQ, the stock exchange on which RDI stock trades, directors meet the standard of independence of NASDAQ. None of the director defendants have ever suggested to me that they understood use of the term "independent" in RDI's SEC filings to communicate anything other than that non-Cotter directors were not members of the Cotter family which, in one manner or another, controlled approximately 70% of the voting stock of RDI. As among members of the RDI Board of Directors, the term "independent" was used historically to refer to directors who were not members of the Cotter family.

18. Ed Kane was a life-long friend of my father, having met when they were graduate students. Kane was in my father's wedding and was a speaker at my father's funeral. Over my

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lengthy tenure as a director at RDI, I observed Kane as a director of RDI acting at all times as if his job as a director was to carry out my father's wishes. Kane admitted to me that he was not independent for purposes other than the NASDAQ listing agreement and suggested after I became CEO that the Company would benefit from independent directors knowledgeable about its two principal businesses, cinemas and real estate.

19. On the contentious issue between me and my sisters regarding who would be the trustee(s) of the voting trust, Kane communicated to me that his view was that it was my fathers' wishes that Margaret alone be the trustee, and he pressured me to agree to that. At one point in the context of discussions regarding terminating me as President and CEO of RDI, Kane said to me angrily that he thought I "f*#*ed Margaret" by the 2014 amendment to my father's trust documentation, which amendment made me a co-trustee with Margaret of the voting trust.

20. Kane remains very close with my sisters, who still call him "Uncle Ed"" (which I ceased doing after joining RDI). They continue to get together socially, including for family meals during holiday periods, which is what they admittedly did around the Christmas holidays in 2015.

21. Guy Adams is a long time friend of my father. After Adams effectively became unemployed, my father attempted to provide him work and income. Eventually, my father through a company he wholly-owned entered into an agreement with Adams to pay Adams $1000 per month. That company now is part of my father's estate, of which my sisters are executors, such that they are in a position to control whether Adams is paid that money or not. Adams also has carried interests in certain real estate in which my father invested. My sisters as executors of my father's estate are in position to see to it that Adams is or is not paid any monies he is owed on account of those carried interests.

22. Prior to on or about May 2015, Adam's financial condition and, more particularly, his dependence on or independence from my sisters, in terms of his financial situation, had not arisen as a subject. When I suspected that Adams had agreed with my sisters to vote to terminate me as President and CEO of RDI, that raised the issue of whether he was financially dependent on them. I now know that he is. I learned from Adams' sworn declarations in his California state court divorce case that almost all of his income comes from RDI and from one or more companies

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that my sisters control. Adams is not independently wealthy. I asked him about his financial dependence or independence at the (supposed) May 21, 2015 special board meeting, at which time he refused to answer.

23. Michael Wrotniak's wife Trisha was Margaret's roommate in her freshman year of college at Georgetown University. Margaret and Trisha have been life-long best friends starting with their first year in college together. Michael also went to Georgetown University where he met his wife Trisha and also developed a very close friendship with Margaret in college. Given that Margaret only has a few friends, her relationship with Trisha and Michael is extremely important. Margaret has spent a lot of time with Michael and his wife over the years, as all three live in metropolitan New York City. Margaret became like an aunt to Trisha and Michael's children. My sister Ellen and mother also know Trisha and Michael very well, and they have all attended social events together in New York, such as birthday and cocktail parties my sister Margaret has hosted at her apartment in New York City. I believe Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle. Michael's communication with me as a director has been very guarded, which I understand to reflect his knowledge of the lawsuit and his close relationship with Margaret.

24. Judy Codding has had a very close personal relationship with my mother for more than thirty years. (Ellen lives with our mother, who has chosen my sisters' side in the disputes between us.) Ms. Codding has become close with my sisters Ellen and Margaret. On October 13, 2015, over breakfast I had with her, she expressed to me that RDI is a family business and that the only people who should manage it should be one of the Cotters and that she would help make sure of that, whether it be Ellen or me. Her reaction to the offer to purchase all of the stock of the Company at a price in excess of what it trades in the market (the "Offer"), first made by correspondence dated on or about May 31, 2015, reflected Ms. Codding's unwavering loyalty to Ellen. Before the board meeting at which the Board was going to discuss the Offer, she indicated to me that there was no way that the Offer should even be considered (clearly having spoken to Ellen about it before the board meeting).

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25. Bill Gould was a professional acquaintance and friendly with my father for years. Repeatedly since my termination as President and CEO, he has said to me that he has acquiesced as an RDI director to conduct to which he objects and/or to conclusions with which he disagrees, stating in words or substance that he must "pick his fights."

26. For example, at a board meeting at which the board was asked to approve minutes from the (supposed) special board meetings of May 21 and 29, 2015 in June 12, 2015, at which I objected because the minutes contained significant factual inaccuracies, at which I voted against approving the minutes and at which Tim Storey abstained, reflecting that he that too thought the minutes inaccurate (as he testified unequivocally in deposition in this case), Bill Gould voted to approve the minutes. When I asked him afterwards why he had voted to approve inaccurate minutes, he said that, although he could not remember the meetings well enough to state that the minutes were accurate, he thought the ultimate descriptions of action taken, meaning the termination of me, the appointment of Ellen as interim CEO and the repopulation of the executive committee, were accurate, and that he did not want to fight about them.

27. Also as an example, Bill Gould admitted to me that he thought the process deficient, and the time inadequate, to make a genuinely informed decision about whether to add Judy Codding to the RDI Board of Directors. At the board meeting when that happened, he described the decision to add her as a director as having been "slammed down," but he acquiesced.

28. It is clear to me that Bill Gould effectively has given up trying to do what he thinks is the proper thing to do as an RDI director, and is and since June 2015 has been in "go along, get along" mode. He first failed to cause any proper process to occur regarding my termination, and allowed the ombudsman process (by which then director Tim Storey as the representative of the non-Cotter directors was working with me and my sisters to enable us to work together as professionals, which process was to continue into June 2015) to be aborted. That, together with the forced "retirement" of Tim Storey, apparently so chastened Bill Gould that he became unwilling to take a stand on any matter in which doing so would place him in disagreement with my sisters. For example, he has acknowledged that Margaret lacks the experience and qualifications to hold the

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highly compensated job she now holds at RDI, but Bill Gould did not object to it or the compensation being given to her.

The Executive Committee

29. My sisters first proposed an executive committee as a means to avoid reporting to me or, as a practical matter, to anyone, in the Fall of 2014. I resisted that executive committee construct, which was not implemented at that time. As part of the resolution of our disputes that they attempted to force me to accept in May and June 2015, described above, they included an executive committee construct that would have had them reporting to the executive committee that they, together with Guy Adams who is financially beholden to them, would control. As part of their seizure of control of RDI, in addition to terminating me as President and CEO, they activated and repopulated RDI's Board of Directors executive committee. That executive committee previously had never met and never made a decision. After it was activated and repopulated on June 12, 2015, it was used as a means to exclude me and then director Tim Storey, and to a lesser extent Bill Gould, from functioning as directors of RDI and, in some instances, even having knowledge of matters that were handled by the executive committee that historically and ordinarily were handled by RDI's Board of Directors.

The Supposed CEO Search

30. When RDI filed a Form 8-K with the SEC and issued a press release announcing the termination of me as President and CEO, RDI also announced that it would engage a search firm to conduct the search for a new President and CEO. The board empowered Ellen to select the search firm. Ellen selected Korn Ferry ("KF"). She explained to the RDI Board of Directors the she selected KF because KF offered a proprietary assessment tool, which would be used to assess the three finalists for the position of President and CEO, which assessment she asserted would "de-risk" the search process. The Board agreed. Ellen also told the Board that the three final candidates would be presented to the Board for interviews. The Board agreed. Ellen selected herself, Margaret, Bill Gould and Doug McEachern to be members of the CEO search committee, which the Board accepted without substantive discussion.

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31. After the CEO search committee was put in place and KF engaged, the full board received effectively no information about whether and how the CEO search was proceeding. In the time frame from August through December 2015, Ellen for the CEO search committee provided approximately two reports, the latter of which was in mid-December which, as it turned out, was after the process had been aborted and Ellen selected, at least preliminarily. Tim Storey objected to the full board not being apprised of the status of the CEO search, prior to his forced "retirement."

32. Ultimately, in early January 2016, the CEO search committee presented Ellen as their choice for President and CEO. They did not offer, much less present, three finalists to the Board for interviews. They did not have KF perform its paid for, proprietary assessment of the finalists, or of anyone. Before that Board meeting, at which Ellen was made President and CEO, the material provided to the Board effectively amounted to a memorandum prepared by Craig Tompkins, which memorandum claimed to summarize the reasons for the CEO search committee selecting Ellen. The stated reasons are reasons thay no outside candidate could have met. The stated reasons are reasons that do not approximate, much less match, the criteria that the CEO search committee created and KF memorialized as the criteria to identify candidates and ultimately select a new President and CEO. The stated reasons for selecting Ellen were, as I heard them explained at the January board meeting, effectively distilled into a single consideration, namely, that Ellen and Margaret were controlling shareholders.

33. Although I did not agree with the termination of me as President and CEO, and thought and maintain that it was improper, I had hoped that the CEO search committee would conduct a bona fide search and provide to the board for interview three qualified finalists, as had been agreed. I now know that not only did that not happen, but that the CEO search committee terminated the search, and effectively terminated KF, after meeting with Ellen as a declared candidate for the positions of President and CEO. Independent of the results of that process, which at the time I asserted did not serve the interests of the Company, that the process was manipulated and/or aborted in my view amounts to abdication of the board's responsibilities.

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Actions to Secure Control and Use It to Pay those Who Have It

34. In April 2015, I learned that Ellen and Margaret had exercised options they held personally to acquire RDI class B voting stock and that, with the advice and assistance of Craig Tompkins, a lawyer who was a consultant to the Company, they sought to exercise a supposed option in my father's name to acquire 100,000 shares of RDI Class B voting stock. The factual context for the effort to exercise the supposed 100,000 share option is that a majority of the voting stock controlled by my father was held in the name of his Trust, of which the three of us were trustees. Because of that, Ellen and Margaret could not properly vote that stock without my agreement. The stock that was held—not owned—in my father's estate, which was controlled by Ellen and Margaret as the executors, approximated the amount of RDI class B voting stock held by third parties, including Mark Cuban. The point of the effort to exercise the supposed 100,000 share option was to ensure that Ellen and Margaret as executors would have more class B stock then third parties, including Mark Cuban.

35. There were a host of issues faced by the Company due to the request of Margaret and Ellen to exercise these supposed 100,000 share option. For example, one threshold question the Company would have needed to have answered was whether the option was legally effective. That question was not answered. Another threshold question was whether the supposed 100,000 share option automatically had transferred to my father's trust upon his death. That also was not answered, to my knowledge. Possibly due to such unanswered questions, the compensation committee of the Board did not authorize the exercise of the supposed 100,000 share option in April. Margaret and Ellen therefore delayed to the 2015 annual shareholders meeting. After the executive committee (at Ellen's request) had set the annual shareholders meeting for November (meaning that as a board member I had no say on the subject) and the record date for it in October 2015, Ellen had Kane and Adams as two of three members of the compensation committee authorize the request to exercise the supposed 100,000 share option, which was done in September shortly before a hearing in the Nevada probate case. I understand they did so so that the 100,000 shares supposedly could be registered with the Company in the name of Ellen and Margaret as executors prior to the record date. The Company received no benefit from this, in fact suffered the

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injury from replacing outstanding liquid class A stock with effectively illiquid class B stock and, I am informed and believe, from covering the tax obligation that belong to the person or entity exercising the option.

Monetary Rewards to Margaret, Ellen and Adams

36. In March 2016, the Board approved giving Margaret employment at the Company as the senior executive in charge of development of the Company's valuable New York real estate. That is a position Margaret had sought since my father passed. It is a position that I refused to give her, with the then support of all of the non-Cotter directors, because she was unqualified to hold it. She has no prior real estate development experience. What was discussed during my tenure as President and CEO was providing Margaret employment at the Company, so that she could have health benefits for herself and her two children, in a position in which she would continue to be responsible for the modest live theater operations and in which she could work in connection with any development of the Company's New York real estate, but not as the senior executive responsible for the development of the Company's New York real estate. In other words, Margaret could have a position, but she would not have a position that called upon her to do that which she had no experience doing and that which she was unqualified to do. That is the position Margaret was given in March. It is a highly compensated position that reflects its responsibilities. But Margaret has neither the prior experience nor the qualifications to hold it. Nevertheless, she is paid as if she does. Which, in my view, amounts to waste of Company monies. Additionally, the $200,000 paid to Margaret, ostensibly for concessions Margaret previously was willing to make for free to become an employee of the Company, and reportedly for prior services rendered which the Board year after year had not chosen to pay her, is simply a gift, presumably because Margaret made less money in 2015 due to the Stomp debacle.

37. The compensation package provided to Ellen in March 2016, like the one provided to Margaret, is a departure from the Company's practices, in terms of the amount paid relative to the skill and experience of the person being paid. Ellen now is the CEO of what basically is the same company of which I was CEO, but she has a compensation package that could pay her twice to three times as much. No board member has ever explained to me why they think this is

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RDI-A06364

appropriate, except to the extent they have alluded to the fact that they view Ellen and Margaret as controlling shareholders.

38. Adams in March 2016 was awarded what amounted to a $50,000 bonus for being a director. As a director, I have not seen him provide extraordinary service that warrants a payment such as that, which is a material departure from past practices at the Company, in which extra cash payments to Directors typically were $10,000. The sole notable exception was the $75,000 paid to Tim Storey for his work as ombudsman, but the amount of time and effort he put in that role, including travel between New Zealand and Los Angeles, exceeded by a multiple the amount of time Adams has devoted to being a director in 2015 and 2016. I have no doubt that Adams was paid $50,000 for what amounted to exemplary loyalty to Ellen.

The Offer

39. Ellen shared with the full Board, in or about early June, an offer by third parties to purchase all of the outstanding stock of RDI for cash consideration at a price of approximately 33% above the prices of which RDI stock then traded (i.e., the "Offer"). The Board met on June 2, 2016 regarding the Offer. At that time, Ellen proposed to have management prepare documentation regarding the value of the Company to be provided to Board members for their review and consideration in advance of another board meeting to consider the Offer. I objected, suggesting that an independent person or company be charged with preparing such documentation for review by the Board. My objection was noted and overruled, and the Board agreed to proceed in the manner Ellen suggested. Additionally, board members inquired what Elllen and Margaret as controlling shareholders wanted to do in response to the Offer.

40. On or about June 7, 2016, in view of the Offer, I asked Ellen to provide me the Company's business plan. I understood that there was none and her failure to respond confirmed that.

41. The Board reconvened on June 23, 2016, regarding the Offer. No materials had been delivered to Board members prior to that meeting. At that meeting, Ellen made an oral presentation regarding the supposed value of the Company. I found it difficult to follow her oral presentation with no prior or contemporaneous documentation. I cannot imagine how outside

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directors less familiar with the details of the Company followed it. Not one of the directors other than Ellen indicated that they had taken any action at all, whether reviewing Company documentation, speaking with experts such as counsel or bankers or doing anything else at all, to prepare to discuss the Offer. At that meeting, Ellen also indicated that she and Margaret would oppose any response other than rejecting the Offer, and added that it was their belief that the Company should proceed on its course as an independent company. No director asked questions about whether and how the Company could ever actualize the supposed value Ellen claimed it had. None asked questions about whether management was preparing a business plan to do so or, for that matter, simply preparing a long-term or strategic business plan. None exists. Instead, the non-Cotter directors simply ascertained that Ellen and Margaret wanted to reject the Offer and agreed that the price offered was inadequate. They all voted to proceed in the manner Ellen recommended.

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

DATED this 13th day of October, 2016

James J. Cotter, Jr.

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RDI-A06367-6554
Filed Under Seal

IN THE SUPREME COURT OF THE STATE OF NEVADA

JAMES J. COTTER, JR., DERIVATIVELY ON BEHALF OF READING INTERNATIONAL, INC.,

Appellant,

v.

EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, AND MICHAEL WROTNIAK, READING INTERNATIONAL, INC., A NEVADA CORPORATION,

Respondents

Electronically Filed
May 31 2019 07:14 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

Supreme Court Case No.: 75053

Dist. Court Case No.: A-15-719860-B

Related to Cases: 72261, 72356, 74759, 76981, 77648, 77333

VOLUME IV

APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME IV of VIII FOR CASE 77733 (PAGES RDI-A05979 to RDI-A7424)

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Docket 75053 Document 2019-23834

VOL.	PAGES	DATE	DOCUMENT	FILED UNDER SEAL
I	RDI-A00001-32	6/12/2015	Complaint (Business Court)	
I	RDI-A00033-64	8/3/2015	Plaintiff's Motion to Expedite Discovery and Set a Hearing on Motion for Preliminary Injunction on Order Shortening Time	
I	RDI-A00065-68	8/20/2015	Order Granting Plaintiffs-In-Intervention Motion to Intervene	
I	RDI-A00069-86	8/28/2015	Verified Shareholder Derivative Complaint	
I	RDI-A00087-136	10/22/2015	Plaintiff James J. Cotter, Jr.'s First Amended Verified Complaint	
I	RDI-A00137-153	10/23/2015	Stipulated Confidentiality and Protective Order	
I	RDI-A00154-182	11/6/2015	Transcript of Proceedings: Mandatory Rule 16 Conference and Hearing on Motions October 29, 2015	
I	RDI-A00183-204	3/14/2016	Cotter Defendants answer to JJC First Amended Complaint	
I	RDI-A00205-226	3/29/2016	Reading International, Inc.'s Answer to James Cotter, Jr.'s First Amended Complaint	
I	RDI-A00227-250	4/5/2016	Judy Codding and Michael Wrotniak's Answer to First Amended Complaint	
I	RDI-A00251-278	6/3/2016	Transcript of Hearing on May 26, 2016 re T2's Motion for Preliminary Injunction	
I	RDI-A00279-371	7/12/2016	Joint Motion for Preliminary Approval of Settlement, Notice to Stockholders and Scheduling of Settlement Hearing on Order Shortening Time	
I	RDI-A00372-401	8/3/2016	Transcript of Proceedings: Hearing on July 28, 2016 re Motion for Preliminary Approval of Settlement and Plaintiff's Motion to Compel (filed 8/3/2016)	
I	RDI-A00402-405	8/4/2016	Order Granting Preliminary Approval of Derivative Claim Settlement	
I	RDI-A00406-436	8/8/2016	James J. Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Order Shortening Time	
I	RDI-A00437-450	8/17/2016	Transcript of Proceedings: Hearing on Plaintiff's Motion to Vacate Pending Dates/Reopen Discovery August 12, 2016	
I	RDI-A00451-473	8/24/2016	James J. Cotter, Jr.'s Motion to Permit Certain Discovery Concerning the Recent "Offer" on Order Shortening Time	
I	RDI-A00474-477	8/29/2016	Declaration of Whitney Tilson	
I	RDI-A00478-481	8/29/2016	Declaration of Jon Glaser	
I	RDI-A00482-538	9/2/2016	Second Amended Complaint	
I & II	RDI-A00539-1211	9/23/2016	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	
II	RDI-A01212-2024	9/23/2016	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims (Non- Public)	Filed Under Seal
II	RDI-A02025-2297	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence	
II	RDI-A02298-2707	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence (Non-Public)	Filed Under Seal
II	RDI-A02708-2801	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer	

II	RDI-A02802-3039	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public)	Filed Under Seal
II	RDI-A03040-3070	9/23/2016	Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer	
II	RDI-A3071-3134	9/23/2016	Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public)	Filed Under Seal
II	RDI-A03135-3240	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee	
II	RDI-A03241-3351	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee (Non-Public)	Filed Under Seal
II	RDI-A03352-3522	9/23/2016	Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO	
II	RDI-A03523-3785	9/23/2016	Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO (Non-Public)	Filed Under Seal
II	RDI-A03786-4261	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	
II	RDI-A04262-4792	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams (Non-Public)	Filed Under Seal
II & III	RDI-A04793-5617	9/23/2016	Defendant William Gould's Motion for Summary Judgment	
III	RDI-A05618-5978	9/23/2016	Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment	
IV	RDI-A05979-6036	9/27/2016	Sealed Exhibits 15, 17, 18, 21, 22, 23, 24, 25, 26, 29, 30 to Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment	Filed Under Seal
IV	RDI-A06037-6047	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 1 Re Plaintiff's Termination and Reinstatement Claims	
IV	RDI-A06048-6069	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 2 on the Issue of Director Independence	
IV	RDI-A06070-6076	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 3 Re the Purported Unsolicited Offer	
IV	RDI-A06077-6129	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 4 Re Plaintiff's Claims Related to The Executive Committee	
IV	RDI-A06130-6135	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 5 Re Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO	

IV	RDI-A06136-6144	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 6, Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	
IV	RDI-A06145-6165	10/10/2016	Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Shortened Time (Fourth Request)	
IV	RDI-A06166-6197	10/13/2016	Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 1) Re Plaintiff's Termination and Reinstatement Claims	
IV	RDI-A06197-6366	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 1)	
IV	RDI-A06367-6554	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims (Exs. 3, 5, 6, 9, 19, 24, 25 and 29 Filed Under Seal)	Filed Under Seal
IV	RDI-A06555-6582	10/13/2016	Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence	
IV	RDI-A06583-6728	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 2)	
IV	RDI-A06729-6907	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 2) Re: The Issue Of Director Independence (Exhibits 4 And 19 Filed Under Seal)	Filed Under Seal
IV	RDI-A06908-6939	10/13/2016	Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (and Gould Joinder)	
IV	RDI-A06940-6988	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 3)	
IV	RDI-A06989-7236	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 3) On Plaintiff's Claims Related To The Purported Unsolicited Off (And Gould Joinder) (Exhibits 3, 4, 5, 8, 10, 12, 13, and 14 filed under seal)	Filed Under Seal
IV	RDI-A07237-7270	10/13/2016	Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee	
IV & V	RDI-A07271-7502	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 4)	
V	RDI-A07503-7761	10/13/2016	Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 4) On Plaintiff's Claims Related To The Executive Committee (Exhibits 7, 17 and 18 filed under seal)	Filed Under Seal

V	RDI-A07762-7798	10/13/2016	Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 5) on Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO	
V	RDI-A07799-7928	10/13/2016	Appendix of Exhibits In Support of Plaintiff James J. Cotter, Jr.'s Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 5)	
V	RDI-A07929-8126	10/13/2016	Appendix of Exhibits In Support of Plaintiff James J. Cotter, Jr.'s Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 5) On Plaintiff's Claims Related To The Appointment Of Ellen Cotter As CEO (Exhibits 3, 4, 7, 8, 10, 12, 13, 14, 16 and 19 filed under seal)	Filed Under Seal
V	RDI-A08127-8163	10/13/2016	Cotter, Jr.'s Opposition to William Gould's Motion for Partial Summary Judgment	
V	RDI-A08164-8223	10/13/2016	Appendix of Exhibits In Support of Cotter, Jr.'s Opposition To Defendant Gould's Motion For Summary Judgment	
V	RDI-A08224-8308	10/13/2016	Appendix of Exhibits In Support of Cotter, Jr.'s Opposition To Defendant Gould's Motion For Summary Judgment (Exhibits 2, 7, 9 and 12 filed under seal)	Filed Under Seal
V	RDI-A08309-8323	10/21/2016	Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 attached	
V	RDI-A08324-8332	10/24/2016	Transcript of Proceedings: Pretrial and Scheduling conference October 21, 2016 (filed 10/24/2016)	
V	RDI-A08333-8378	10/25/2016	Cotter, Jr.'s Reply in Support of Motion for Partial Summary Judgment	
V	RDI-A08379-8390	10/26/2016	Individual Defendant's Objections to the declaration of James J. Cotter, Jr. Submitted in Opposition to all individual defendant's motions for partial summary judgment	
V	RDI-A08391-8545	11/1/2016	Transcript of Proceedings: Hearing on Motions October 27, 2016	
V	RDI-A08546-8557	11/4/2016	Plaintiff James J. Cotter, Jr,'s Motion to Reconsider the Court's Order Approving the Settlement and Dismissal of the T2 Complaint	
V	RDI-A08558-8562	11/23/2016	Reading International, Inc.'s Status Report Re: Discovery	
V	RDI-A08563-8592	11/23/2016	Cotter RDI November 2016 Status Report	
VI	RDI-A08593-8603	12/7/2016	Transcript of Proceedings: Status Check Re Resetting of Trial Date December 1, 2016	
VI	RDI-A08604-8629	12/20/2016	Reading International, Inc.'s Answer to Second Amended Complaint	
VI	RDI-A08630-8633	12/21/2016	Order Regarding Defendants' Motions for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony	
VI	RDI-A08634-8652	1/6/2017	Transcript of Proceedings - Status Check on 12.22.16	
VI	RDI-A08653-8663	6/14/2017	Transcript of Proceedings: Status Check June 5 2017	
VI	RDI-A08664-8667	10/4/2017	First Amended Order Setting Civil Jury Trial, Pre-Trial Conference And Calendar Call	
VI	RDI-A08668-8729	10/27/2017	Opposition of Plaintiff James J. Cotter, Jr. to Motion for Evidentiary Hearing Regarding James Cotter, Jr.'s Adequacy as Derivative Plaintiff	

VI	RDI-A08730-8773	11/9/2017	Defendants Margaret Cotter Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak's Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6	
VI	RDI-A08774-8796	11/9/2017	Cotter, Jr.'s Motion in Limine No. 2 Regarding the Submission of Merits-Related Evidence by Nominal Defendant Reading International, Inc.	
VI	RDI-A08797-8799	11/21/2017	Reading International, Inc.'s Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Coddings & Michael Wrotniak's Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 & 6	
VI	RDI-A08800-8829	11/28/2017	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak's Answer to Plaintiffs Second Amended Complaint	
VI	RDI-A08830-8843	12/1/2017	Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment	
VI	RDI-A08844-8854	12/1/2017	Declaration of Akke Levin in Support of Supplemental Opposition to Motions for Summary Judgment Nos. 1 and 2 and Gould Summary Judgment Motion	
VI	RDI-A08855-8875	12/1/2017	Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion	
VI	RDI-A08876-8897	12//17	Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion (Non-Public	Filed Under Seal
VI	RDI-A08898-9086	12/1/2017	Declaration of Akke Levin In Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So-Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion	
VI	RDI-A09087-9221	12/1/2017	Exhibits 3 through 6, 8, 9, 11 and 12 to Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So-Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion	Filed Under Seal
VI	RDI-A09222-9237	12/1/2017	Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 5 and Gould Summary Judgement Motion	
VI	RDI-A09238-9356	12/1/2017	Declaration of Akke Levin In Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 5 and Gould Summary Judgement Motion	
VI	RDI-A09356-9421	12/1/2017	Exhibits 7-11, 15-17 to Appendix to Plaitniff's Supplemental Opposition to Summary Judgment Nos. 2 and 5 and Gould Summary Judgment Motion	Filed Under Seal
VI	RDI-A09422-9433	12/1/2017	Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion	
VI	RDI-A09433-9468	12/1/2017	Declaration of Akke Levin in Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion	
VI	RDI-A09469-9500	12/1/2017	Exhibits 4-11 to Appendix to Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion	Filed Under Seal

VI	RDI-A09501-9528	12/4/2017	Reply in Support of the Individual Defendants' Renewed Motions for Partial Summary Judgment Nos. 1 and 2 - Public	
VII	RDI-A09529-9537	12/4/2017	Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 3	
VII	RDI-A09538-9546	12/4/2017	Reply in Support of the Individual Defendants Renewed Motions for Partial Summary Judgment Nos. 2 and 5	
VII	RDI-A09545-9554	12/4/2017	Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 6	
VII	RDI-A09555-9562	12/4/2017	Reply in Support of the Individual Defendants' Motion in Limine to Exclude Evidence that is more prejudicial than probative	
VII	RDI-A09563-9594	12/8/2017	Joint Pretrial Memorandum	
VII	RDI-A09595-9601	12/28/2017	Order Regarding Defendants' Motions for Partial Summary Judgment and Plaintiff's and Defendants' Motions in Limine	
VII	RDI-A09602-9609	1/2/2018	The Individual Defendants' Opposition to Plaintiff's Motion for Rule 54(b) Certification and Stay	
VII	RDI-A09610-9612	1/4/2018	Order Denying Plaintiff's Motion to Stay and Motion for Reconsideration	
VII	RDI-A09611-9615	1/4/2018	Order Granting Plaintiffs Motion for Rule 54(b) Certification and Stay	
VII	RDI-A09616-9632; RDI-A0932A-9632K	1/10/2018	Sealed Transcript of Proceedings: Jury Trial Day One - 1.8.18	Filed Under Seal
VII	RDI-A09633-9773	5/15/2018	Defendant's Motion to Compel Plaintiff to Produce Communications Relating to Expert Fee Payments	
VII	RDI-A09774-9795	5/18/2018	Plaintiff's Pre-Trial Memorandum	
VII	RDI-A09796-9843	5/18/2018	Defendant's Pre-Trial Memorandum	
VII	RDI-A09844-9858	5/24/2018	Transcript of Proceedings: Hearing on Defendants' Motion to Compel May 21, 2018	
VII	RDI-A09859-9907	6/1/2018	Ellen Cotter, Margaret Cotter, and Guy Adams Motion For Summary Judgment	
VII	RDI-A9908-9968	6/1/2018	Sealed Exhibits to Ellen Cotter, Margaret Cotter, and Guy Adams Motion For Summary Judgment (Exhibits B, C, D, E, H, I)	Filed Under Seal
VII	RDI-A09969-10158	6/13/2018	Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Ratification	
VII	RDI-A10159-10365	6/13/2018	Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Ratification (Non-Public)	Filed Under Seal
VII	RDI-A10366-10408	6/13/2018	Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Demand Futility	
VII	RDI-A10409-10464	6/13/2018	Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Demand Futility (Non-Public)	Filed Under Seal
VII	RDI-A10465-10507	6/13/2018	Sealed Exhibits 1 & 3 to Plaintiff's Opposition to Motion to Dismiss and Exhbits 15, 17-19 and 21 to Defendant's Motion for Summary Judgment (Demand Futility & Ratification Oppositions)	Filed Under Seal
VII	RDI-A10508-10541	6/15/2018	Ellen Cotter, Margaret Cotter, and Guy Adams' Reply in Support of Motion for Summary Judgment	
VII	RDI-A10542-10552	8/14/2018	Findings of Fact and Conclusions of Law	
VII	RDI-A10552A-10552N	8/16/2018	NOE Findings of Fact and Conclusions of Law	

VIII	RDI-A10553-10558	9/4/2018	Stipulation and Order Relating to Process for Filing Motion for Attorneys' Fees	
VIII	RDI-A10559-10641	9/7/2018	Reading International, Inc.'s Motion for Attorneys' Fees	
VIII	RDI-A10642-10647	9/12/2018	Reading s International, Inc.'s Motion for Judgment in its Favor	
VIII	RDI-A10647A-10647C	9/17/2018	Defendants' Joinder to Reading International, Inc.'s Motion for Attorneys Fees	
VIII	RDI-A10648-10707	9/27/2018	Plaintiff's Opposition to Motion for Attorneys Fees	
VIII	RDI-A10708-10720	10/1/2018	Cotter Jr.'s Opposition to Reading International, Inc's Motion for Judgment in Its Favor	
VIII	RDI-A10721-10751	10/16/2018	Reading International, Inc.'s Reply in Support of Motion for Attorneys' Fees	
VIII	RDI-A10752-10757	10/15/2018	Reading International, Inc.'s Reply in Support of Motion for Judgment in Its Favor	
VIII	RDI-A10758-10774	10/24/2018	Transcript of Proceedings: Hearing on Motions for Attorneys' Fees	
VIII	RDI-A10774A-10774E	11/6/2018	Order Granting in Part and Denying in Part Motion to Retax and Settle Costs, and Entering Judgment for Costs	
VIII	RDI-A10775-10778	11/16/2018	Order Denying Reading International, Inc.'s Motion for Attorneys' Fees	
VIII	RDI-A10779-10782	11/16/2018	Order Denying Reading International, Inc.'s Motion for Judgment in its Favor	
VIII	RDI-A10783-10790	11/20/2018	Notice of Entry of Order Denying Reading International, Inc.'s Motion for Attorneys' Fees	
VIII	RDI-A10791-10798	11/20/2018	Notice of entry of Order Denying Reading International, Inc.'s Motion for Judgment in its Favor	
VIII	RDI-A10799-10801	12/14/2018	Notice of Appeal	

CERTIFICATE OF SERVICE

This is to certify that on May 31, 2019, a true and correct copy of the foregoing document, **APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME I of VIII FOR CASE 77733,** was served by via this Court's e-filing system, on counsel of record for all parties to the action below in this matter, as follows:

/s/ Andrea Lee Rosehill
An employee of Greenberg Traurig, LLP

RDI-A05979-6036
Filed Under Seal

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 1 RE PLAINTIFF'S TERMINATION AND REINSTATEMENT CLAIMS

Date of Hearing: October 25, 2016
Time: 8:30 a.m.

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
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READING INTERNATIONAL, INC. ("RDI" or "Company"), hereby submits its *Joinder to the Individual Defendants' Motion for Summary Judgment No. 1 Re Plaintiff's Termination and Reinstatement Claims (the "Motion")*. RDI joins with the Individual Defendants[1] in seeking summary judgment to the extent that Plaintiff James J. Cotter, Jr. ("Cotter, Jr.") is challenging his termination as President and CEO of Reading in the claims asserted the Second Amended Complaint. RDI joins in the arguments advanced on behalf of the Individual Defendants in their Motion and requests judgment in its favor.

This Joinder is based on the following memorandum of points and authorities, the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: this 3rd day of October, 2016

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint ("SAC") filed by Plaintiff James J. Cotter, Jr. ("Plaintiff" and/or "Cotter, Jr."), to the extent that such claims relate to the removal of Cotter, Jr. as the President and CEO or RDI on June 12, 2015, and Cotter, Jr.'s request for reinstatement. Cotter, Jr. is clearly attempting to circumvent his employment agreement and the Company's Bylaws and seeking relief that he, rather than any other RDI stockholder will benefit from.

[1] The Motion was brought on behalf of Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams and Edward Kane, collectively hereinafter "Individual Defendants."

Moreover, Plaintiff's request for reinstatement will greatly harm the Company which has been successfully operating without him for over a year. Summary judgment is appropriate in RDI's favor.

The undisputed facts clearly show that Cotter, Jr.'s approximately 10 month tenure as CEO of RDI was plagued with drama as Board Members were made aware of multiple concerns regarding Plaintiff's: managerial skills; lack of experience in key aspects of RDI's business; inability to effectively communicate with RDI executives, staff and other Board Members; tension related to the trust and estate litigation involving the Cotter siblings; and violent and abusive behavior. Notwithstanding going to great lengths in an effort to aid Plaintiff, including utilizing an ombudsman to provide support and coaching, Cotter, Jr. was unable to demonstrate to RDI Board Members that he could overcome his deficiencies and succeed as an executive of the Company. As such, proper steps were taken to review Cotter, Jr.'s performance and ultimately remove him as the Company's President and CEO.

In an effort to aid the Court and be efficient, RDI provides the following limited additional supplemental arguments in support of the Motion.

LEGAL ARGUMENT

I. Summary Judgment is Warranted.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada*

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Bell, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

Plaintiff's challenge to his termination and request for reinstatement are contrary to law and will cause substantial harm to the Company. Summary judgment is warranted.

A. Nevada Law Supports Defendants' Actions.

The Court need look no further than NRS 78.120 to rule in RDI's favor as the statute provides the board of directors full control over the affairs of the company. Specifically, the statute states that subject only to limitations found in NRS 78, "the board of directors has full control over the affairs of the corporation." Although Cotter, Jr. obviously dislikes the decision of RDI's Board to remove him as the President and CEO of RDI, the board is in control of the Company's affairs and acted appropriately.

Moreover, Article IV, of RDI's Amended and Restated Bylaws ("RDI Bylaws")[2] provides RDI's Board the ability to remove officers of the Company and clearly indicates that the officers of the RDI serve at the pleasure of the Board of Directors. Section 10 of RDI's Bylaws state:

> The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors, or any member of a committee, ***may be removed at any time, with or without cause, by the Board of Directors*** by a vote of not less than a majority of the entire Board any meeting thereof or by written consent. (Emphasis Added.)

Motion, Ex. 19. Pursuant to NRS 78.130(3), a corporation's bylaws govern the term an officer holds office or that the determination of the term is made by the corporation's board of directors. Thus, the removal of Cotter, Jr. by RDI's Board from the position of President and CEO of RDI was consistent with RDI's Bylaws and Nevada law.

What Plaintiff appears to be requesting is that the Court ignore both Chapter 78 of the Nevada Revised Statutes and RDI's Bylaws and substitute its judgment for that of RDI's Board of Directors. The Motion provides ample legal authority that prohibits the Court from taking such action. However, if the Court were to consider any such action, the impact such a decision would have on the Company should be fully evaluated.

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[2] *See*, Motion, Exhibit 19.

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B. Implications of Relief Sought by Plaintiff.

Cotter, Jr. was removed as the President of CEO of RDI more than 15 months ago.[3] The Company has moved on without him in the role as an executive. As the Court is aware, RDI conducted a search for a new CEO and Ellen Cotter was subsequently appointed as the President and CEO of the Company.[4] Since Cotter, Jr.'s removal, RDI has moved forward in developing new policies and procedures and appointed new directors.[5] Additionally, Ellen Cotter has articulated a direction for the Company that is supported by all RDI Board Members, except for Cotter, Jr. Indeed, when new matters have been brought to RDI's Board for consideration, Cotter, Jr. has consistently been the sole dissenting or abstaining vote.[6] Although he has objected to virtually every decision made by RDI's board since June of 2015, Plaintiff has the audacity to suggest that the Court should reinstate him as President and CEO.[7] Any such decision would only serve to disrupt the Company and its employees who have been working diligently to move the company forward.

The efforts of RDI's current management team have been recognized by third parties including the T2 Plaintiffs[8] who have reached a settlement agreement with RDI. As the Court is aware, the T2 Plaintiffs have affirmatively concluded that RDI's "Board of Directors has acted in good faith and has and remains committed to acting in the interests of all stockholders."[9] Moreover, the T2 Plaintiffs announced that their "questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family- or entities they control- have been definitively addressed and put to rest."[10] As set forth in the Motion, these same individuals and other third parties have testified that reinstatement of Cotter,

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[3] Motion, Statement of Facts, p. 11.
[4] Motion, Statement of Facts, p. 12.
[5] Motion, Statement of Facts, p. 12-13.
[6] *See,* SAC ¶¶ 125, 133, and 157.
[7] *See,* SAC Prayer for Relief 1 and 2.
[8] T2 PARTNERS MANAGEMENT, LP, T2 ACCREDITED FUND, LP, T2 QUALIFIED FUND, LP, TILSON OFFSHORE FUND, LTD., T2 PARTNERS MANAGEMENT I, LLC, T2 PARTNERS MANAGEMENT GROUP, LLC, JMG CAPITAL MANAGEMENT, LLC, PACIFIC CAPITAL MANAGEMENT, LLC, WHITNEY TILSON AND JONATHAN GLASER will be referred to collectively herein as the "T2 Plaintiffs."
[9] A true and correct copy of the press release issued by Reading and the managers of the funds that manage the T2 Plaintiffs is attached hereto as **Exhibit A.**
[10] *Id.*

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Jr. is not a priority and have gone as far as to indicate that reinstating Cotter, Jr. would divide the company.[11]

The animosity between Cotter Jr. and RDI's Board is clear from the SAC wherein Plaintiff sues each Board member. It is nonsensical to suggest that Plaintiff could be reinstated as the President and CEO or RDI and required then to answer to and get along with the very Board members he has accused of multiple breaches of fiduciary duties. Cotter, Jr. has not asked and the Court does not have the Authority to remove all of RDI's existing Board members. As such, if Cotter, Jr. were reinstated, RDI's Board could once again terminate him.

The Court should also consider the potential implications of the relief that Plaintiff seeks. There is no legal basis for the chaos that would be created by reinstatement of Cotter, Jr. RDI's Board acted pursuant to Nevada law and its Bylaws when terminating Cotter, Jr. and rightfully exercised their business judgment consistent with NRS 78.130 and NRS 78.138(3) for which they are presumptively protected. Taking Plaintiff's arguments at face value, Nevada's statutes become meaningless and decisions by Board members moot. There is no basis for the Court to substitute its decision for that of the Board. Allowing Plaintiff's claim to proceed would turn Nevada corporate governance on its head.

Moreover, there is no place in a derivate lawsuit for employment termination claims especially in case like this where Cotter, Jr. is currently arbitrating his employment dispute. It is up the arbitrator to make a final decision regarding Plaintiff's employment related claims. There is no reason to duplicate efforts herein.

II. Conclusion

There is no legal basis for claims based on Plaintiff's termination from RDI to proceed in a derivative action. RDI's Board of Directors' actions were consistent with Nevada law and in accordance with RDI's Bylaws. The relief requested by Cotter, Jr. is self-serving and would be disruptive to the Company.

/ / /

[11] Motion, p. 12.

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WHEREFORE, RDI respectfully requests that summary judgment be entered in its favor to the extent that any claims in the SAC relate to the removal of Cotter, Jr. as the President and CEO or RDI on June 12, 2015, and Cotter, Jr.'s request for reinstatement.

DATED: this 3rd day of October, 2016

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 1 Re Plaintiff's Termination and Reinstatement Claims*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 3rd day of October, 2016

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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EXHIBIT A

Stockholders Withdraw Derivative Lawsuit Against Reading International

Los Angeles, California, - (BUSINESS WIRE) – July 12, 2016 – Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") and Messrs. Whitney Tilson and Jonathan M. Glaser, acting on behalf of various funds that they manage (the "Plaintiff Stockholders"), have announced that the Plaintiff Stockholders have withdrawn all of their alleged claims (the "Derivative Claims") in the previously filed derivative lawsuit in the District Court of the State of Nevada for Clark County. Collectively, the Plaintiff Stockholders own approximately 845,000 shares, representing approximately 3.7% of the outstanding equity of our Company. Through their various funds, Mr. Glaser has been a significant stockholder of Reading since 2008, and Mr. Tilson has been a significant stockholder since October 2014.

Commenting on the withdrawal of the lawsuit, the Company stated, "We are pleased that Mr. Glaser and Mr. Tilson have agreed to dismiss their claims. We remain focused on building long term value for all stockholders."

Mr. Tilson stated that the Plaintiff Stockholders brought the Derivative Claims as a result of the allegations contained in a derivative action filed by Mr. James J. Cotter, Jr. on June 12, 2015, in the District Court of the State of Nevada for Clark County. As stockholders in the Company, Messrs. Tilson and Glaser wanted to ensure that the interests of all stockholders were being appropriately protected. In connection with the litigation, the Plaintiff Stockholders conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Tim Storey and James Cotter, Jr. Following their efforts on behalf of all stockholders, Messrs. Tilson and Glaser have concluded that the Reading Board of Directors has acted in good faith and has been and remains committed to acting in the interests of all stockholders. Continuing with their derivative litigation would provide no further benefit.

Messrs. Glaser and Tilson stated, "We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family-or entities they control-have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."

In connection with the dismissal of the Derivative Claims, the parties have agreed to mutual general releases with each party bearing his, her or its own legal fees and expenses. Further, the parties will petition the court for approval of the settlement.

About Reading International, Inc.

Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning, and operating real estate assets. Our business consists primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia and New Zealand; and
- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and

the United States, including entertainment-themed centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various brands:

- In the United States, under the
    - Reading Cinema brand (http://www.readingcinemasus.com);
    - Angelika Film Center brand (http://www.angelikafilmcenter.com);
    - Consolidated Theatres brand (http://www.consolidatedtheatres.com);
    - City Cinemas brand (http://www.citycinemas.com);
    - Beekman Theatre brand (http://www.beekmantheatre.com);
    - The Paris Theatre brand (http://www.theparistheatre.com);
    - Liberty Theatres brand (http://libertytheatresusa.com); and
    - Village East Cinema brand (http://villageeastcinema.com).

- In Australia, under the
    - Reading Cinema brand (http://www.readingcinemas.com.au);
    - Newmarket brand (http://readingnewmarket.com.au); and
    - Red Yard brand (http://www.redyard.com.au).

- In New Zealand, under the
    - Reading Cinema brand (http://www.readingcinemas.co.nz);
    - Rialto brand (http://www.rialto.co.nz);
    - Reading Properties brand (http://readingproperties.co.nz);
    - Courtenay Central brand (http://www.readingcourtenay.co.nz); and
    - Steer n' Beer restaurant brand (http://steernbeer.co.nz).

For more information from Reading International, Inc., contact:

Dev Ghose
Executive Vice President & Chief Financial Officer
(213) 235-2240

or

Andrzej Matyczynski
Executive Vice President for Global Operations
(213) 235-2240

For more information from Plaintiff Stockholders, Whitney Tilson and Jonathan Glaser, contact:

Robertson & Associates, LLC
Alexander Robertson, IV
(818) 851-3850

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 2 RE THE ISSUE OF DIRECTOR INDEPENDENCE

Date of Hearing: October 25, 2016
Time: 8:30 a.m.

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LV 420780428v2

READING INTERNATIONAL, INC., hereby submits its *Joinder to the Individual Defendants' Motion for Summary Judgment No. 2 on the Issue of Director Independence (the "Motion")*. Reading International, Inc. ("RDI"), joins with the Individual Defendants in seeking summary judgment as to the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint filed by Plaintiff James J. Cotter, Jr. ("Plaintiff" and/or "Cotter, Jr.") to the extent that such claims rely on a claim that Guy Adams, Judy Codding, Edward Kane, Douglas McEachern, and/or Michael Wrotniak were/are not "independent" of influence by Ellen or Margaret Cotter. RDI joins in the arguments advanced on behalf of the Individual Defendants in their Motion, and also requests judgment in its favor on these claims for the reasons set forth in the attached memorandum of points and authorities. This Joinder is based on the following memorandum of points and authorities, the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint ("SAC") to the extent that such claims relate to the issue of the independence of Guy Adams, Judy Codding, Edward Kane, Douglas McEachern, and/or Michael Wrotniak (the "non-Cotter Directors"). Cotter, Jr. has failed to produce any evidence sufficient to rebut Nevada's statutory presumption that Directors act in good faith for the best interests of the corporation, as he has failed to present evidence sufficient

to show by a preponderance of the evidence that any of the non-Cotter Directors are willing to sacrifice their integrity and reputations in order to preserve certain personal or financial relationships. In the absence of such evidence, Cotter, Jr.'s claims must fail.

Significantly, Cotter, Jr. bases his claims of non-independence of Directors Kane and Codding on nothing more than the friendships between these directors and the *parents* of the Cotter siblings. Director Wrotniak is purported to lack independence simply because his wife has been the friend of Margaret Cotter since the latter's college days. Only Director Adams is purported to lack independence due to financial influences, but that accusation does not stand up to scrutiny, as it not only fails to acknowledge Mr. Adams' net worth, but also fails to acknowledge that the income Adams derives from transactions with the late James J. Cotter, Sr.'s ("Cotter, Sr.") concerns are contractual, and therefore, are not subject to any discretionary decisions by the Cotter sisters as executors of Cotter, Sr.'s estate. And, of course, Cotter, Jr. has admitted that as to Director McEachern, there is no basis for claiming a lack of independence at all.

In short, Cotter, Jr. does not have evidence sufficient to show *any* director has made any decision based on an improper motivation, and thus, cannot overcome the statutory presumption that each director has acted in good faith. Instead, Cotter, Jr.'s allegations are exposed as nothing more than the embittered theories of an ousted former executive.

Cotter, Jr. bears the burden to prove that each of the individual directors acted in good faith. He cannot do so. Accordingly, this Court should grant the motion for summary judgment.

LEGAL ARGUMENT

This Court should put an end to Cotter, Jr.'s claims that the "non-Cotter Directors" lack independence with respect to matters proposed by or for the benefit of Ellen Cotter or Margaret Cotter. Cotter, Jr. is unable to present evidence sufficient to show that a material issue of fact exists as to RDI's entitlement to judgment as to this issue.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d

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1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada Bell*, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

Cotter, Jr. cannot present evidence sufficient to show that any of the non-Cotter Directors lack independence. "[A] plaintiff seeking to show that a director was not independent must meet a materiality standard, [and show that] the director in question's material ties to the person whose proposal or actions she is evaluating are sufficiently substantial that she cannot objectively fulfill her fiduciary duties." *In re MFW S'holders Litig.*, 67 A.3d 496, 509 (Del. Ch. 2013); see also *La. Mun. Police Emps.' Ret. Sys. v. Wynn*, --- F.3d ----, 2016 WL 3878228, at *7 (9th Cir. July 18, 2016) (same, applying Nevada law). The same materiality requirement applies regardless of whether the alleged relationship is personal or financial. *In re MFW S'holders Litig.*, 67 A.3d at 509 n. 37.

Cotter, Jr. cannot satisfy this burden by asserting the controlling director proposed the defendant for election. "It is well-settled .... that a director's independence is not compromised simply by virtue of being nominated to a board by an interested stockholder. *In re KKR Fin. Holdings LLC S'holder Litig.*, 101 A.3d 980, 996 (Del. Ch. 2014), *aff'd sub nom. Corwin v. KKR Fin. Holdings LLC*, 125 A.3d 304 (Del. 2015); *Blaustein v. Lord Baltimore Capital Corp.,* 2013 WL 1810956, at *18 n. 114 (Del.Ch. Apr. 30, 2013) (stating that allegations that a director was appointed to the board by and has consistently voted with alleged controller are insufficient to challenge the director's independence), *aff'd,* 84 A.3d 954 (Del.2014).

Here, Cotter, Jr. cannot show that the alleged relationships, whether personal or financial, are so significant and material to the non-Cotter Directors that each of them "would be more

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willing to risk his or her reputation than risk the relationship with the interested director." *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1052 (Del. 2004). Because Cotter, Jr. cannot present such evidence, his claims regarding a lack of independence must fail.

I. PLAINTIFF ADMITTED THAT DIRECTOR MCEACHERN IS INDEPENDENT OF INFLUENCE BY ELLEN COTTER AND MARGARET COTTER.

There is no dispute as to the independence of Director McEachern, as Cotter, Jr. has testified as to such independence. **Ex. A, Cotter, Jr. Depo, 84:21-86:4.** Additionally, on May 8, 2015, Cotter, Jr. certified in a document filed with the SEC that Douglas McEachern—along with, as relevant here, Edward Kane and Guy Adams -- was an independent director. **Ex. B, RDI Form 10-K, Amendment 1, dated May 8, 2015.** Accordingly, RDI is entitled to judgment as to any of Cotter, Jr.'s claims that rely on the purported lack of independence of Director McEachern.

II. COTTER, JR. CANNOT SHOW THAT DIRECTOR ADAMS IS MATERIALLY DEPENDENT UPON ANY INCOME IN THE CONTROL OF THE COTTER SISTERS.

Cotter, Jr. bases his challenge to the independence of Director Adams upon claims that Mr. Adams depends on entities controlled by the Cotter sisters for his income. However, this claim simply does not bear up to scrutiny.

First, as noted above, Cotter, Jr. actually *certified* that Director Adams was an independent director. Moreover, he did so on May 8, 2015, even though he now claims he had doubts as to Adams's independence dated to September 2014. **Ex. A, Cotter, Jr. Depo, 801:20-802:12.** Thus, up until Director Adams voted to terminate Cotter, Jr. as CEO, Cotter, Jr. made no complaint regarding Director Adams's independence.

Additionally, Cotter, Jr. bases his challenge to the independence of Director Adams upon claims that Mr. Adams depends on entities controlled by the Cotter sisters, as Executors of Cotter, Sr.'s estate, for his income. However, this claim simply does not bear up to scrutiny, as demonstrated by the review of the claim undertaken by RDI's counsel. ***See* Motion, p. 10.**

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Significantly, Cotter, Jr. cannot show that, as Executors of Cotter, Sr.'s Estate, the Cotter sisters have any *discretion* with respect to payments due to Director Adams. Instead, the payments to Mr. Adams are based on contractual agreements made with Cotter, Sr., which agreements survive his death. ***See* Exhibit 2 to Independent Directors Motion, Deposition of Guy Adams, 41:16-58:14.**

III. COTTER, JR. CANNOT SHOW THAT DIRECTORS KANE OR CODDING LACK INDEPENDENCE BECAUSE LONGTERM FRIENDSHIPS WITH A FELLOW DIRECTOR'S PARENT CANNOT SUFFICE TO ESTABLISH A LACK OF INDEPENDENCE.

Cotter, Jr. contends that because of Director Kane's long term friendship and working relationship with Cotter, Sr., and Director Codding's long term friendship with Mary Codding, Cotter, Sr.'s widow and the mother of Cotter, Jr., Margaret Cotter and Ellen Cotter, neither director can make informed decisions in disregard of the wishes of Ellen Cotter and Margaret Cotter. It is, perhaps telling, that Cotter, Jr. assumes that any director who maintained long term friendships with either of his parents would necessarily be inclined to favor his sisters over him. However, regardless of any feelings of a lack of parental approval Cotter, Jr. may suffer, such feelings cannot satisfy the burden of proof that Cotter, Jr. must meet to rebut the statutory presumption of good faith.

As noted above, Cotter, Jr. is required to show that the director would be willing to risk his or her reputation rather than risk disruption of the personal relationship. *In re MFW S'holders Litig.*, 67 A.3d 496, 509 (Del. Ch. 2013); see also *La. Mun. Police Emps.' Ret. Sys. v. Wynn*, --- F.3d ----, 2016 WL 3878228, at *7 (9th Cir. July 18, 2016). Cotter, Jr. has produced no evidence that these personal relationships are, in fact, of such significance to the Directors that either would choose to risk their integrity and reputation rather than sacrifice the relationship. Indeed, with respect to Director Kane, the question of risking the long term friendship is absurd, in light of the fact that Cotter, Sr. is deceased. And as to Director Codding, Cotter can produce no admissible evidence that Mary Cotter, the mother of the Cotter siblings, has taken sides in the dispute among the siblings. Thus, there is no evidence that, if she favored Cotter, Jr.'s proposals over those of his sisters, Director Codding would actually face any risk of losing her friendship

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with Mary Cotter.

IV. COTTER, JR. CANNOT SHOW THAT DIRECTOR WROTNIAK LACKS INDEPENDENCE BECAUSE A LONG TERM FRIENDSHIP BETWEEN A DIRECTOR'S SPOUSE AND ANOTHER DIRECTOR DOES NOT CREATE ANY INFERENCE OF DEPENDENCE

Cotter, Jr.'s claims as to Director Wrotniak are even more attenuated than those of Directors Kane and Codding, given that Mr. Wrotniak is not even the person with the long term friendship. In the case of Mr. Wrotniak, Cotter, Jr. is required to show that the friendship between his wife and Margaret Cotter is of such material significance to *Mr. Wrotniak*, that he would ignore his own integrity for the sake of preserving that friendship. Cotter cannot produce evidence to support such a conclusion.

CONCLUSION

Cotter, Jr. cannot demonstrate that Directors Adams, Codding, Kane, McEachern, or Wrotniak have such material significant personal or financial relationships with the Cotter sisters that none could exercise independent judgment with respect to decisions involving the Cotter siblings. Cotter, Jr. has acknowledged that there is nothing to indicate McEachern is not independent. Cotter, Jr. has nothing more than Kane's long term friendship with Cotter, Sr., through which each of the Cotter children came to know Kane and refer to him as "Uncle Ed," with which to challenge Kane. But that long term friendship is one from which Cotter, Jr. himself would presumptively benefit as much as his sisters. Similarly, the mere fact that Codding has long been friends with Mary Cotter, the mother of Cotter, Jr., Ellen Cotter and Margaret Cotter, does not give rise to any inference of favoritism towards the sisters. And still less can there be an inference of a lack of independent judgment merely because of a friendship between Wrotniak's *wife* and Margaret Cotter. Finally, Cotter, Jr. cannot present evidence that the Cotter sisters actually have *discretion* over any payments made to Adams by entities included within Cotter, Sr.'s estate. Therefore, Cotter, Jr. cannot show that Adams is financially dependent upon the Cotter sisters.

Cotter's challenges to the independence of these directors are not based on any actual

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evidence of dependence on or domination by the Cotter sisters. Instead, the challenges are based on nothing more than Cotter, Jr.'s embittered speculation and theory as to why his sisters' visions for RDI were preferred over his. This Court should not allow this litigation wrought by nothing more than petulance and resentment to continue. RDI is entitled to summary judgment as to any claims premised on the purported lack of independence of these directors.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 2 on the Issue of Director Independence*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 3rd day of October, 2016.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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EXHIBIT A

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.

Los Angeles, California

Monday, May 16, 2016

Volume I

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312188
Pages 1 - 297

He would often go out to dinner with the two of them and his family.

I really didn't have that level. So I would describe my two sisters' relationship with Ed Kane and his family to be different than the one that I had. 11:33:59

BY MR. TAYBACK:

Q. And do you feel that was your choice or his choice to not have that kind of relationship with Mr. Kane? 11:34:08

A. I mean, I don't know what he was thinking. I just didn't have it with him. I mean, I --

Q. Were there occasions where you asked him to go to dinner more and he --

A. No.

Q. -- wouldn't?

A. No, no, no. No. I would never -- outside of Reading, my interaction with Ed Kane and his family was limited, or certainly much more limited than Ellen and Margaret's. 11:34:37

Q. Mr. McEachern, is he independent, in your view?

A. Yes. I mean, he's -- I mean, again, he's independent. He's got no relationship with Ellen and Margaret or, you know, no business relationship 11:34:58

with Ellen and Margaret. So --

Q. No business relationship -- Mr. Kane has no business relationship with Ellen and Margaret also; correct?

A. That's correct. 11:35:20

Q. So in your view, Mr. McEachern is independent and has always been independent?

MR. KRUM: Asked and answered.

THE WITNESS: Yeah, the testimony speaks for itself. 11:35:30

BY MR. TAYBACK:

Q. So the answer's yes?

MR. KRUM: Well, asked and answered. He said what he said.

BY MR. TAYBACK:

Q. Well, was your answer --

MR. KRUM: But it was yes with an explanation.

Do you want him to withdraw the explanation? 11:35:41

MR. TAYBACK: No. I was going to say, he's independent and he's always been independent.

BY MR. TAYBACK:

Q. I think you can answer it yes -- or not. But I think the answer's yes, and I want to make 11:35:48

sure I understand the answer.

MR. KRUM: All right. Same objections.

You can answer.

THE WITNESS: Okay. Yes.

BY MR. TAYBACK: 11:35:54

Q. Guy Adams, is he independent?

MR. KRUM: Same -- may call for a legal conclusion.

BY MR. TAYBACK:

Q. In your view? 11:36:03

A. No.

Q. Okay. Why not?

A. A significant portion of his income derives from entities that are controlled by my two sisters, a significant portion. And I don't see how 11:36:28 Mr. Adams can make decisions that, in one way or the other, impact Ellen and Margaret and do so in an independent way.

He is fully involved with a number of entities that my two sisters now purportedly 11:36:48 control, and his livelihood really depends on them.

Q. Would he be independent if you controlled those entities?

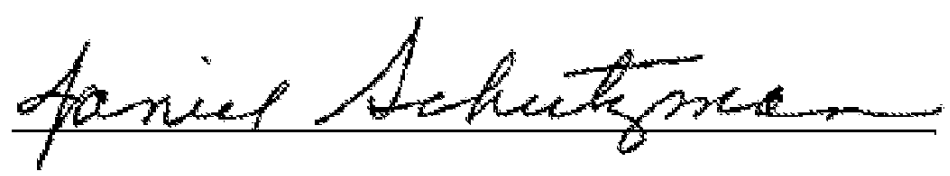
MR. KRUM: Objection, calls for a legal conclusion, incomplete hypothetical. 11:37:11

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 19th day of May, 2016.



JANICE SCHUTZMAN

CSR No. 9509

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,
Defendants.

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.
Los Angeles, California
Wednesday, July 6, 2016
Volume III

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2343561
Pages 568 - 838

compensation committee, comprised entirely of independent directors."

Do you see that?

A. Right.

Q. And it lists the current members of the compensation committee as Mr. Kane, Mr. Adams, and Mr. Storey. 04:18PM

When you certified this document, you also believed that Mr. Kane, Mr. Adams, and Mr. Storey were also properly characterized to the market as independent directors; correct? 04:18PM

MR. KRUM: Same objections.

THE WITNESS: Well, again, at the time that this was filed and I signed the certification, I didn't realize the extent of Guy Adams' reliance for his livelihood on the Cotter entities. So -- 04:18PM

BY MR. TAYBACK:

Q. You told me you had some concerns going back at least to September of 2014 with respect to Guy Adams. 04:19PM

A. Right, I did.

Q. And you don't -- you nonetheless were comfortable certifying an SEC filing that identified him as being independent?

MR. KRUM: Objection -- 04:19PM

THE WITNESS: The --

MR. KRUM: -- argumentative, mischaracterizes the prior testimony.

You can answer.

THE WITNESS: The certification is to the best of my knowledge. And these matters are -- to the best of my knowledge, there's no material misstatement in this filing. 04:19PM

So I reviewed the document as carefully as I could. And to the best of my knowledge at that time, I felt that everything here was materially true. 04:19PM

BY MR. TAYBACK:

Q. So the first meeting at which your potential termination was discussed was May 21st; correct? 04:19PM

A. Yes.

Q. That was 13 days after you certified this document?

A. Yes. 04:19PM

Q. By that point in time, you had decided firmly that Mr. Adams was not independent; correct?

MR. KRUM: Objection. That --

THE WITNESS: I --

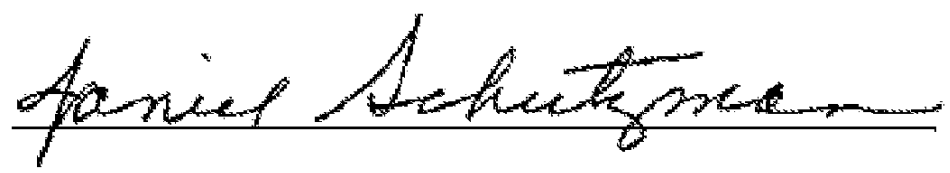
MR. KRUM: -- squarely contradicts the 04:20PM

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 19th day of July, 2016.



JANICE SCHUTZMAN

CSR No. 9509

EXHIBIT B

EX-31.1 2 rdi-20150508xex311.htm EX-31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, James J. Cotter, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d –15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial

reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.

James J. Cotter, Jr.
Chief Executive Officer

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CLERK OF THE COURT

JOIN
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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT NO. 3 RE THE PURPORTED UNSOLICITED OFFER

Date Of Hearing: October 25, 2016
Time: 8:30 a.m.

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READING INTERNATIONAL, INC. hereby submits its *Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 3 Re Plaintiff's Claims Related to Purported Unsolicited Offer*. Reading International, Inc., ("RDI") joins with the Individual Defendants in seeking summary judgment as to the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint filed by Plaintiff James J. Cotter, Jr. ("Plaintiff" and/or "Cotter, Jr.") to the extent that such claims relate to RDI's response to the purported unsolicited offer. In addition to joining the arguments advanced on behalf of the Individual Defendants in their Motion, RDI requests judgment in its favor on these claims for the reasons set forth in the attached memorandum of points and authorities, and based on the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: October 3, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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KARA B. HENDRICKS, ESQ.
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TAMI D. COWDEN, ESQ.
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Counsel for Reading International, Inc.

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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the Cotter, Jr.'s First, Second, Third, and Fourth Causes of Action to the extent that such claims challenge the following actions relate to RDI's response to the non-binding, unsolicited offer. At the heart of his claims is Cotter, Jr.'s apparent insistence that any indication of interest in a purchase of the company's outstanding shares *requires* the Board of Directors to engage an independent investment consultant before responding. There is no support for such a claim.

Here, the purported offer was, in fact, nothing more than an expression of interest, and proposed a share price that amounted to barely half the value of RDI's assets. Declining to enter into discussions with respect to such a casual expression of interest cannot constitute a breach of fiduciary duty. Because Cotter, Jr. is unable to present sufficient evidence to satisfy the elements of his claims for breach of fiduciary duty with respect to this issue, the Motion for Partial Summary Judgment should be granted.

LEGAL ARGUMENT

This Court should grant RDI summary judgment as to Cotter, Jr.'s First, Second, Third and Fourth causes of action in the SAC to the extent such claims rely on allegations that the Board of Director's decision to decline to pursue an expression of interest for the purchase of RDI's shares was breached their fiduciary duties. Cotter, Jr. is unable to present evidence sufficient to show the Directors were not sufficiently informed in making their decision, and is unable to show that any damages have resulted from the decision.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material

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issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, is if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada Bell*, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

Here, Cotter, Jr. bears the burden of proof on his breach of fiduciary duty claims, which requires he establish that the Independent Directors breached their duties of loyalty and care, and that RDI and its shareholders suffered damages as a result of that breach. In Nevada, a derivative action for breach of fiduciary duty requires proof of an actual injury resulting from the tortious conduct of a defendant who owes a fiduciary duty to the shareholders. *Foster v. Dingwall*, 126 Nev. 56, 69, 227 P.3d 1042, 1051 (2010), citing *Stalk v. Mushkin*, 125 Nev. 21, 28, 199 P.3d 838, 843 (2009) ("fiduciary duty claim seeks damages for injuries that result from the tortious conduct of one who owes a duty to another by virtue of the fiduciary relationship."). Additionally, in order to satisfy the breach element of his claims, Cotter, Jr. must present evidence sufficient to rebut NRS 78.138(3)'s statutory presumption that directors have acted in the best interests of the corporation. NRS 47. 180(1). Finally, in order to satisfy the damages element of his claims, Cotter, Jr. must present evidence to show that an actual injury occurred as a result.

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I. SUMMARY JUDGMENT SHOULD BE GRANTED COTTER JR.'S CLAIMS RELATED TO THE PURPORTED UNSOLICITED OFFER

Plaintiff's claims that the Independent Directors failed to become properly informed is apparently based on his assumption that a director can be sufficiently familiar with the value of a company only if advised as to its value by outside consultants. The evidence presented by the Individual Defendants in the Motion belies this claim.

As detailed in the Independent Director's Motion for Summary Judgment No. 3, after the unsolicited expression of interest was received, RDI's Board of Directors discussed it at two board meetings. At the first meeting, the Board resolved that management should compile its available relevant information to facilitate further discussion by the Board at a subsequent meeting. The Board considered engagement of an outside consultant, but determined that

outside financial advisors would not be cost effective at that time. At a subsequent board meeting, the Board heard RDI's management's views that the proposed $17 per share price reflected a valuation that was well below what the company's assets were worth, based on existing valuation documents, which documents represented conservative figures. The Board was also presented with information regarding the data that formed the basis of Management's assessment, the value of RDI's assets, and a valuation figure of $590-725 million. Due to the disparity between the valuation and the proposed price, which amounts to about $400.7 million, RDI's management did not support spending additional assets in further evaluation. ***See* Motion, 5-6.**

Armed with the above information, as well as their own knowledge of RDI, the Board discussed the expression of interest. That discussion included the nonbinding nature of the expression of interest; the price; RDI's present course, with its dual foci on entertainment and real estate; RDI's strong financial position; its ability to generate capital for use in its growth strategies; the likelihood that continuing with RDI's current business strategies would yield a greater return to shareholders than an immediate sale; and the likely negative impact on RDI's employees and operations by the prospect of pursuing a change of control. With all of the above in mind the majority of the members of the Board of Directors resolved that the best interests of the shareholders and RDI were best served by continued independence of the company. Cotter, Jr. did not oppose the resolution, but instead, abstained. ***See* Motion, pp. 5-7.**

As shown, there is no dispute that the Board of Directors was informed as to the particulars of the expression of interests itself, and as to the *minimum* value of the company's real property and cinema assets, which together was much higher than the offer. The Board members were entitled to rely on Management's report of the value of RDI. NRS 78.138(2). Cotter, Jr. bears the burden of presenting direct evidence showing that Board of Directors was not properly informed in making this decision. See NRS 78.138(3); NRS 47.180. He cannot do so.

Cotter, Jr. also has bears the burden of showing that RDI and its shareholders were damaged by this purported breach of fiduciary duty. However, Cotter, Jr. cannot show any

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potential damage to RDI, as the expression of interests referenced a purchase of shares. RDI would not have received any benefit in such a transaction. Nor can Cotter, Jr. show any damage to the shareholders, as Cotter, Jr. cannot show that any transaction would ever have resulted.

As Cotter, Jr. cannot present evidence sufficient to satisfy the elements of his claims, summary judgment must be granted.

CONCLUSION

Cotter, Jr. is unable to present evidence sufficient to rebut the statutory presumption that decisions of the Board of Directors are made in good faith, or that either RDI or its shareholders were damages by the Board of Directors' decision to decline to pursue the expression of interest. Accordingly, RDI is entitled to judgment as a matter of law.

DATED: October 3, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 3 Re the Purported Unsolicited Offer*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 3rd day of October, 2016.

/s/ Andrea Lee Rosehill

An employee of GREENBERG TRAURIG, LLP

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CLERK OF THE COURT

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DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of JAMES J. COTTER, Deceased. 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** **Coordinated with:** Case No. P 14-082942-E Dept. XI Case No. A-16-735305-B Dept. XI **READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 4 RE PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE** **Date of Hearing: October 25, 2016** **Time: 8:30 a.m.**

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READING INTERNATIONAL, INC., hereby submits its *Joinder to the Individual Defendants' Motion for Summary Judgment No. 4 Re Plaintiff's Claims Related to the Executive Committee (the "Motion")*. Reading International, Inc. ("RDI") joins with the Individual Defendants in seeking summary judgment as to the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint filed by Plaintiff James J. Cotter, Jr. ("Plaintiff" and/or "Cotter, Jr.") to the extent that such claims relate to the existence and decisions of RDI's Executive Committee. In addition to joining the arguments advanced on behalf of the Individual Defendants in their Motion, RDI requests judgment in its favor on these claims for the reasons set forth in the attached memorandum of points and authorities, and based on the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint ("SAC") to the extent that such claims rely on the existence of, and the decisions made by, RDI's Executive Committee. Cotter, Jr.'s attack on the Executive Committee most clearly illustrates the absurdity of this entire litigation. He offers the existence and use of the Executive Committee as a purported example of a breach of fiduciary duty, even though he not only admits that the Executive Committee has existed for a decade, if not longer, but also admits that he, himself, had been a member of this committee until his termination. Indeed, his complaint that the Executive Committee has been "repopulated" is

revealed as being based on nothing more than the fact that his sister Ellen Cotter is now Chair of the Executive Committee, in place of him.

Significantly, when first asked which decisions made by the Executive Committee he claimed represented breaches of fiduciary duty, Cotter, Jr. could not even think of a single decision to condemn. And while one might expect that he would have been much better prepared on his subsequent depositions dates, even then he was able to come up with only two Executive Committee decisions to challenge: the Executive Committee's selection of a "record date" for the 2015 annual shareholder's meeting; and the appointment of Michael Wrotniak to RDI's Audit and Conflicts Committee, to replace the retiring Timothy Storey.

Moreover, as to the first, Cotter, Jr. could explain his objection only by asserting that the Board of Directors could easily have made the decision. As to the latter, Cotter, Jr. claimed that Mr. Wrotniak was unqualified for the committee. However, Cotter, Jr. admitted that he was not personally aware of any qualifications for that committee. Furthermore, Cotter, Jr. was apparently oblivious to the fact that a mere sixteen days after the Executive Committee appointed Mr. Wrotniak, the Board of Directors voted to continue Mr. Wrotniak's assignment to that committee, rendering the complaint about such an appointment being made by the Executive Committee wholly moot.

In short, Cotter, Jr.'s attack on the Executive Committee is not actually based on any *realistic* belief or theory ---let alone, any ***evidence***---that the committee's existence or actions have actually caused any harm to RDI or its shareholders. Instead, this attack is simply another example of Cotter, Jr.'s condemnation of virtually *every* action taken by the Board of Directors since his termination. Even if Cotter, Jr. honestly believes that any decision not personally blessed by him must necessarily be harmful to RDI, such irrational thought patterns do not, and should not, suffice to perpetuate litigation against RDI. Cotter, Jr.'s continuation of this litigation is, itself, harmful to RDI, and must be brought to a halt.

Cotter, Jr. is unable to show that the Executive Committee's existence is a breach of any defendant's fiduciary duty to the RDI shareholders. He is also unable to show that RDI's shareholders have suffered any damage as a result of the challenged decisions of the Executive

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Committee. Accordingly, summary judgment in favor of RDI and the Individual Defendants should be granted.

STATEMENT OF UNDISPUTED MATERIAL FACTS

1. RDI's By-Laws permit the Board of Directors to form committees having at least one director, and to delegate to such committee powers of the Board of Directors in the management of the company. Specifically, the RDI Bylaws provide:

> The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees of the Board of Directors, each committee to consist of at least one or more directors of the Corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation . . .".

Ex. A, RDI Bylaws, Art. II, § 10. The bylaws exclude from this authorization only such substantial decisions as amendment of the Articles of Incorporation or Bylaws, approvals of mergers or consolidation, recommendations for a sale of all of RDI's assets, or declaration of dividends or issuance of stock. ***Id.***

2. RDI has had an executive committee, composed solely of members of the Board of Directors, for at least the past ten years. **Ex. B, Deposition of James J. Cotter, Jr. (Vol. I) 43:23-44:16; (Vol. III) 803:25-804:15.**

3. While Cotter, Jr. was CEO of RDI, RDI's Executive Committee was composed of Cotter, Jr., Margaret Cotter, Guy Adams, and Edward Kane. The Executive Committee was authorized to take action on matters between meetings of the full board. **Ex. B,** ***id.***

4. Subsequent to Cotter, Jr.'s termination as CEO, Ellen Cotter replaced Cotter, Jr. as a member of the Executive Committee. Otherwise, the composition of the Executive Committee is the same as when Cotter, Jr. chaired the Committee. *Id.*

5. The powers of the Executive Committee have not changed since Cotter, Jr. chaired the committee. **Ex. B, 805:6-10.**

6. Cotter, Jr. testified that he does not object to an Executive Committee existing, but that it should be used only "as a normal public company would use an executive committee." **Ex. B. 54:18-25.** However, Cotter, Jr. was unable to provide an example of a "normal public

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company" whose practices RDI should emulate. **Ex. B, 57:4-11.**

7. When initially questioned as to Executive Committee actions to which he objected, Cotter, Jr. was unable to recall *any* such actions. **Ex. B, 49:8-50:13.** At a subsequent deposition, he identified only two actions taken by the Executive Committee that he considers inappropriate. These two actions are:

a. Deciding upon a "record date" for the 2015 Annual meeting of RDI; and

b. Appointing Michael Wrotniak as a member of RDI's Audit and Risk Committee.

Id.

8. RDI's Bylaws contain the following provision:

> The Board of Directors may fix in advance a date not more than sixty days nor less than ten days preceding the date of any meeting of stockholders . . . as a record date for the determination of the stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof . . . and in such case, such stockholders, and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof. . . notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Ex. A RDI Bylaws, Art. V, § 4.

9. On August 28, 2015, RDI's Executive Committee set October 6, 2016 as the "record date" for the RDI's 2015 annual meeting. **Ex. C, August 28, 2015 Ex. Com. Minutes.** This date was more than ten days, and fewer than 60 days from the November 10, 2015 annual meeting date.

10. On October 25, 2015, the Executive Committee appointed Mr. Wrotniak to take the seat on RDI's Audit and Conflicts Committee left vacant as a result of the retirement of Mr. Storey as a director. **Ex. D October 25, 2016 Ex. Com. Minutes**. The Minutes of the Executive Committee's meeting show that the Committee was expressly informed that Mr. Wrotniak had been the tax matters partner for several years at Minico Resources, LLC, a privately held international commodities trading firm. ***Id.*** Other than the replacement of Mr. Storey, the composition of the Audit and Conflicts Committee, which also included Messrs. McEachern and Kane, remained the same. ***Id.***

11. Sixteen days later, on November 10, 2015, immediately following RDI's Annual

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Shareholder Meeting, the Board of Directors met and assigned all directors to various committees. Michael Wrotniak was again appointed to RDI's Audit and Conflicts Committee, as were Messrs. McEachern and Kane; thus, the composition of the committee remained the same. **Ex. E, Nov. 10, 2015 BOD Minutes.** Only Cotter, Jr. voted against the committee assignments.

12. Cotter, Jr. contends that Mr. Wrotniak is unqualified to be appointed to the Audit and Conflicts Committee. **Ex. B, 807:10-16.** However, Cotter, Jr. admitted to being unaware of any qualifications for appointment to the Audit and Conflicts Committee. **Id. at 808:7-15.**

13. RDI is listed on the NASDAQ exchange. **SAC, ¶ 26.**

14. NASDAQ's listing rules related to company's audit committees include the following relevant provisions:

> 5605. Board of Directors and Committees
>
> **(a)** Definitions
>
> > **(1)** "Executive Officer" means those officers covered in Rule 16a-1(f) under the Act.
> >
> > **(2)** "Independent Director" means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. The following persons shall not be considered independent:
> >
> > > **(A)** a director who is, or at any time during the past three years was, employed by the Company;
> > >
> > > **(B)** a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of $120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
> > >
> > > > **(i)** compensation for board or board committee service;
> > > >
> > > > **(ii)** compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or
> > > >
> > > > **(iii)** benefits under a tax-qualified retirement plan, or non-discretionary compensation.

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Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements under Rule 5605(c)(2).

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an Executive Officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling Shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the Company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

* * *

(c) Audit Committee Requirements

* * *

(2) Audit Committee Composition

(2) Audit Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom must: (i) be an Independent Director as defined under Rule 5605(a)(2); (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act); (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and (iv) be able to read and understand fundamental financial statements, including a Company's balance sheet, income statement, and cash flow statement. Additionally, each Company must

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certify that it has, and will continue to have, at least one member of the audit committee who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities

NASDAQ Listing Rules, § 5605.

15. Rule 10A-3(b)(1) of the Securities Act provides:

> **(b)** *Required standards -*
>
> **(1)** *Independence.*
>
> **(i)** Each member of the audit committee must be a member of the board of directors of the listed issuer, and must otherwise be independent; provided that, where a listed issuer is one of two dual holding companies, those companies may designate one audit committee for both companies so long as each member of the audit committee is a member of the board of directors of at least one of such dual holding companies.
>
> **(ii)** *Independence requirements for non-investment company issuers.* In order to be considered to be independent for purposes of this paragraph (b)(1), a member of an audit committee of a listed issuer that is not an investment company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee:
>
> > **(A)** Accept directly or indirectly any consulting, advisory, or other compensatory fee from the issuer or any subsidiary thereof, provided that, unless the rules of the national securities exchange or national securities association provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the listed issuer (provided that such compensation is not contingent in any way on continued service); or
> >
> > **(B)** Be an affiliated person of the issuer or any subsidiary thereof.

17 CFR 240.10A-3(b)(1).

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16. Cotter Jr. has not alleged, and cannot show, that Mr. Wrotniak is not qualified under the requirements set forth in NASDAQ Listing Rule § 5605 or 17 CFR 240.10A-3(b)(1).

17. None of the circumstances that disqualify a director from membership on the Audit and Conflicts Committee, as set forth in the NASDAQ listing rules or under federal law, are present as to Mr. Wrotniak. **Ex. F, Decl.. of Wrotniak. ¶5.**

18. Mr. Wrotniak is able to read and understand corporate financial reporting documents. ***Id.***

19. Cotter, Jr.'s damage expert has not assigned any damages purporting to have been caused by any issue related to the Executive Committee. *See* Report of Tiago Duarte-Silva.

LEGAL ARGUMENT

This Court should grant RDI summary judgment as to Cotter, Jr.'s First, Second, Third and Fourth causes of action of the SAC, to the extent such claims rely on assertions that RDI's maintenance of an Executive Committee, or any action by that committee, constitutes a breach of duty to RDI shareholders. Cotter, Jr. is unable to present evidence sufficient to show that a material issue of fact exists as to RDI's entitlement to judgment as to this issue.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada Bell*, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

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Here, plaintiff, Cotter, Jr. bears the burden of proof on his breach of fiduciary duty claims. Accordingly, he can survive this motion for summary judgment only if he affirmatively presents admissible evidence sufficient to persuade a reasonable jury that the existence of RDI's Executive Committee, or the decisions it made regarding the record date for RDI's 2015 shareholder meeting or Mr. Wrotniak's appointment to the Audit and Conflicts Committee violated a fiduciary duty to RDI's shareholders. This he cannot do. Accordingly, RDI is entitled to judgment as a matter of law.

I. BECAUSE COMMITTEES AUTHORIZED TO PERFORM DUTIES OF THE BOARD ARE PERMITTED BY RDI'S BY-LAWS, THE EXISTENCE AND ACTIONS OF SUCH A COMMITTEE CANNOT, WITHOUT MORE, CONSTITUTE A BREACH OF FIDUCIARY DUTY.

Cotter, Jr. cannot present any evidence to show that either the maintenance or the challenged uses of RDI's Executive Committee constitute a breach of fiduciary duty. Under Nevada law, corporations are free to permit any and all board functions to be delegated to committees. Specifically, Nevada's corporate statutes provide, in relevant part:

> **NRS 78.125 Committees of board of directors: Designation; powers; membership.**
>
> 1. Unless it is otherwise provided in the articles of incorporation, the board of directors may designate one or more committees which, to the extent provided in the resolution or resolutions or in the bylaws of the corporation, ***have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation.***
>
> 2. Each committee must include at least one director. Unless the articles of incorporation or the bylaws provide otherwise, the board of directors may appoint natural persons who are not directors to serve on committees.
>
> * * *

NRS 78.125 (emphasis added). As can be seen, provided at least one member of the board of directors sits on the committee, and provided the corporation's bylaws do not prohibit such delegation, Nevada law expressly permits the use of a committee to exercise board functions.

So far from prohibiting such delegation, RDI's bylaws expressly permit the delegation of most director actions to committees. **SUF 1.** Like the statute, RDI also requires such committees to have only one board member. ***Id.*** Notably, RDI's four-person Executive

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Committee consists *solely* of members of its Board of Directors.

While RDI limits the type of actions that may be taken by Committee, *id.,* Cotter, Jr. does not contend that the Executive Committee has taken any such action not permitted under the bylaws. There can be no dispute that there is no preclusion for any committee to make such decisions as determining record dates for purposes of the annual shareholders' meeting, or from appointing board members to other committees.

The Executive Committee's authority is to make decisions as matters arise between meetings of the full Board of Directors. Both of the decisions attacked by Cotter, Jr. were made on days when no Board of Directors meeting was held. Accordingly, the decisions were made in accordance with the Committee's express authority.

II. COTTER, JR. CANNOT SHOW THAT RDI'S SHAREHOLDERS HAVE BEEN INJURED BY THE TWO EXECUTIVE COMMITTEE ACTIONS HE CLAIMS WERE IMPROPER.

RDI is entitled to judgment on Cotter, Jr.'s claims related to the Executive Committee, because he is unable to satisfy the elements of such claims. In Nevada, a derivative action for breach of fiduciary duty requires proof of an actual injury resulting from the tortious conduct of a defendant who owes a fiduciary duty to the shareholders. *Foster v. Dingwall*, 126 Nev. 56, 69, 227 P.3d 1042, 1051 (2010), citing *Stalk v. Mushkin*, 125 Nev. 21, 28, 199 P.3d 838, 843 (2009) ("fiduciary duty claim seeks damages for injuries that result from the tortious conduct of one who owes a duty to another by virtue of the fiduciary relationship."). Additionally, in order to satisfy the breach element of his claims, Cotter, Jr. must present evidence sufficient to rebut NRS 78.138(3)'s statutory presumption that directors have acted in the best interests of the corporation. NRS 47. 180(1). Additionally, in order to satisfy the damages element of his claims, Cotter, Jr. must present evidence to show that an actual injury occurred as a result of the existence of, or decisions made by, RDI's Executive Committee. Because Cotter, Jr. cannot do either of these things, summary judgment should be granted.

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A. Cotter, Jr. Cannot Show any Impropriety in the Executive Committee's 2015 Determination of the Record Date for the 2015 Annual Meeting.

Cotter, Jr.'s objection to the Executive Committee deciding on the record date for the 2015 Shareholder's meeting is apparently based on nothing more than the fact that the Board of Directors could have made that decision. He has produced no evidence that would show that the date itself, which falls within the requirements of both RDI's Bylaws, and Nevada's statutes, was somehow improper. Nor has Cotter, Jr. produced any evidence that would indicate that the Executive Committee's making of the choice, as opposed to the entire Board of Directors, was improper. As shown above, the Executive Committee was duly authorized to exercise Board powers between meetings of the Board. Accordingly, this decision was wholly within the authority of the Executive Committee.

Cotter, Jr. has not presented any evidence that the choice of the record date was motivated by anything other than the subjective belief by members of the Executive Committee that such date was appropriate and in the best interests of RDI. Nor has he produced any evidence to show that the record date somehow caused harm to RDI. Accordingly, his claim that the choice of the record date by the committee was a breach of fiduciary duty must fail.

B. Cotter, Jr. Cannot Show any Impropriety in the Executive Committee's Appointment of Director Michael Wrotniak to RDI's Audit and Conflicts Committee.

Cotter, Jr. is unable to support his assertion that the Executive Committee should not have appointed Michael Wrotniak to RDI's Audit and Conflicts Committee to complete Mr. Storey's term. Cotter, Jr. has produced no evidence to show that Mr. Wrotniak does not meet the qualifications for membership on the Audit and Conflicts Committee. Indeed, Cotter, Jr. admitted that he does not even know what qualifications a member of this committee must have, **SUF 12.**

Significantly, upon Mr. Storey's retirement from the Board of Directors, appointment of another member of the Board of Directors to the Audit and Financial Committee was necessary, pursuant to the NASDAQ listing rules. **SUF 13**. Nor can Cotter, Jr. show that RDI suffered any

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Las Vegas, Nevada 89169
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harm from such appointment. Indeed, to do so, he would have to show some harm arising from Mr. Wrotniak's presence on the Audit and Conflicts Committee during the sixteen days between Mr. Wrotniak's October 25, 2015 appointment, and his November 10, 2015 reappointment by the Board of Directors. Cotter, Jr. has not produced any such evidence.

CONCLUSION

Cotter, Jr. cannot demonstrate that the existence or actions of RDI's Executive Committee constituted a breach of a fiduciary duty to the shareholders. Nor can Cotter, Jr. prove that the shareholders were injured as a result of the existence of actions of RDI's Executive Committee. Therefore, RDI is entitled to summary judgment as to any claims premised on the existence or actions of the Executive Committee.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
TAMI D. COWDEN, ESQ.
(NV Bar No. 8994)
Counsel for Reading International, Inc.

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

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 4 Re Plaintiff's Claims Related to The Executive Committee*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 3rd day of October, 2016.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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EXHIBIT A

EXHIBIT 3.6

AMENDED AND RESTATED

BYLAWS

OF

Reading International, Inc.

A Nevada Corporation

(formerly Citadel Holding Corporation)

shall be as valid and effective in all respects as if passed by the Board of Directors in a regular meeting.

A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time, without notice other than announcement at the meeting, until a quorum is present.

Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place are fixed at the meeting adjourned.

SECTION 10 COMMITTEES

The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees of the Board of Directors, each committee to consist of at least one or more directors of the Corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power to amend the Articles of Incorporation, to adopt an agreement or plan of merger or consolidation, to recommend to the stockholders a sale, lease or exchange of all or substantially all of the Corporation's assets, to recommend to the stockholders dissolution or revocation of dissolution, or to amend these Bylaws, and, unless the resolution or the Articles of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees, if required by the Board, shall keep regular minutes of their proceedings and report the same to the Board of Directors.

SECTION 11 ACTION WITHOUT MEETING; TELEPHONE MEETINGS

Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to certificates of stock.

SECTION 2 SURRENDERED; LOST OR DESTROYED CERTIFICATES

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or the owner's legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

SECTION 3 REGULATIONS

The Board of Directors shall have the power and authority to make all such rules and regulations and procedures as it may deem expedient concerning the issue, transfer, registration, cancellation and replacement of certificates representing stock of the Corporation.

SECTION 4 RECORD DATE

The Board of Directors may fix in advance a date not exceeding sixty days nor less than ten days preceding the date of any meeting of stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such stockholders, and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

SECTION 5 REGISTERED OWNER

The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such

EXHIBIT B

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.

Los Angeles, California

Monday, May 16, 2016

Volume I

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312188
Pages 1 - 297

Q. So as you're sitting here now, you can't think of the -- any specific issue where you're asking the company to go back and undo it or change it based upon untimely disclosure of agenda items or material in advance of board meetings, as you sit here now? 10:44:51

A. As I sit here now.

MR. KRUM: Objection, misstates the testimony.

BY MR. TAYBACK: 10:44:56

Q. As you sit here now, that's correct; right?

MR. KRUM: Same objection.

THE WITNESS: As I sit here today.

BY MR. TAYBACK:

Q. That's correct? 10:45:01

A. Right.

Q. Ask you about the -- you talked about the -- initially, you said the creation of an executive committee, and then I think you said activation of an executive -- 10:45:12

A. Right.

Q. -- committee.

What's your understanding of the executive committee of the board of Reading? What is it?

A. The executive committee of the board is a 10:45:21

committee of four -- I think it's four members. It's been in existence for some time. It has never been utilized by the company for at least the last five to seven years and maybe longer, but it has never been utilized by the company. 10:45:41

I was the chairman of the executive committee, appointed in May of 2014, I believe. My sister Margaret was on the committee, Guy Adams and Ed Kane.

That committee, on or shortly after my termination, was reconstituted and reactivated so that it took all of the authority of the board, and it acted, in effect, as the board of directors, and it had the effect of disenfranchising the other directors because decisions were made by that executive committee. 10:45:59 10:46:25

Q. Was there a -- I think you said activation.

Was there a moment in time or a particular action at a board meeting or elsewhere where the executive committee became activated? 10:46:42

A. As I testified, shortly after my termination -- or, actually, on the date of my termination, I was removed from the executive committee. It was reconstituted. And then at some -- between that board meeting and the following 10:47:08

A. It's my assumption based on the historical practice of never utilizing the executive committee that clearly existed and based on my recollection of reading through Reading's filings.

Q. Now I want to ask you some questions about the executive committee after it was activated, to use your word. 10:51:19

What decisions are you aware of that that executive committee has made to which you object?

A. Sitting here right now, I cannot think of any specific decisions that were made by the executive committee. 10:51:33

Q. Can you think of any specific actions taken by the executive committee?

A. Again, sitting here today, I cannot recall specifically certain actions taken by the executive committee. 10:51:43

Q. Can you think of any --

Because you're still on the Reading board; correct?

A. Correct.

Q. The executive committee has reported to the board; correct?

A. Correct.

Q. And as you sit here now, you can't recall 10:52:04

any actions or decisions by the executive committee that were reported back to the board at which you were present to which you object; is that correct?

A. There were a number of actions taken by the executive committee that I cannot recall at this point, yes, that's correct. 10:52:27

Q. Meaning there were a number of actions but you can't recall any of them?

A. At this -- today, sitting here, I cannot recall. 10:52:36

Q. Okay. You understand this is your deposition in the derivative suit; right?

A. I do.

Q. Yeah.

A. Of course. 10:52:41

Q. You mentioned that the process for a search for the CEO as something that is a grievance of yours in this case -- withdraw that.

Back to the executive committee.

To redress the perceived wrong of activating this executive committee to take actions that you can't recall now, what do you want the company to do -- 10:53:05

MR. KRUM: Objection --

BY MR. TAYBACK:

seemed.

So there wasn't a lot of thought given when I was appointed to the executive committee. It was only until it was activated and it was used to make decisions in place of the full board of directors. 10:56:50

BY MR. TAYBACK:

Q. When you say that wasn't a lot of thought given, you mean you didn't give it a lot of thought because it wasn't being used.

That's what you mean; right? 10:56:58

A. I can only say what -- yeah, that's correct.

Q. And when you say -- what you're saying is you didn't give it a lot of thought when you were first appointed to the executive committee because 10:57:05 it didn't seem that important at the time?

A. Correct.

Q. And I'm asking you now what you would want the company to do.

Do you want the company to take this 10:57:20 executive committee, keep it, but only use it in case of emergency?

That's one thing; correct?

A. To use it properly as a normal public company would use an executive committee. 10:57:34

BY MR. TAYBACK:

Q. Can you -- I don't want to cut you off.

A. Sure. No, no. Go ahead.

Q. Can you name any publicly held companies that you believe are comparable to Reading and have 11:00:03 an executive committee that you think is more consistent with the executive committee that you believe Reading should have?

A. I can't recall specifically a company of Reading's size and how it uses an executive 11:00:23 committee.

Q. The process for the search of a CEO, you said that you're seeking redress for what you believe to be a breach of fiduciary duty by that process that was used for searching for a CEO. 11:00:48

Describe for me what the redress for that is that you're seeking.

A. I might have --

MR. KRUM: Wait, wait, wait. Let me do my objection. 11:01:03

Objection, calls for a legal conclusion, complaint speaks for itself.

Go ahead.

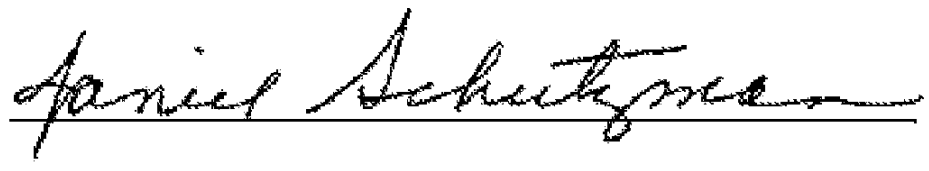
THE WITNESS: Chris, I might have misstated testimony earlier. 11:01:15

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 19th day of May, 2016.



JANICE SCHUTZMAN

CSR No. 9509

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,
Defendants.

and

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

A-15-719860-B

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.
Los Angeles, California
Wednesday, July 6, 2016
Volume III

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2343561
Pages 568 - 838

testimony from today.

THE WITNESS: At some point, I learned of what -- the compensation that Guy Adams was receiving from the Cotters, what that represented of his total overall income. And when I learned that, that was subsequent to the date of this filing. 04:20PM

BY MR. TAYBACK:

Q. So sometime after May 8th and before your termination is when you learned the facts that gave rise to your conclusion that Mr. Adams was not independent; is that correct? 04:20PM

MR. KRUM: Asked and answered.

THE WITNESS: Yes.

BY MR. TAYBACK:

Q. And that just happens to coincide with your discovery that Mr. Adams was not supporting you as CEO; correct? 04:20PM

A. It happens to coincide, yes.

Q. If I could ask you to go up -- higher up on this document. 04:20PM

There's a paragraph that says "Executive Committee."

Do you see that?

A. Yes.

Q. And it states here: 04:21PM

"A standing executive committee currently comprised of Mr. Cotter, Jr., who serves as chair, Ms. Margaret Cotter, and Messrs. Adams and Kane, is authorized to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full board."

Do you see that? 04:21PM

A. I do.

Q. That accurately describes the executive committee that existed in May of 2015; correct?

A. It may accurately describe the committee, but the committee had taken no action for at least the last 10 years. 04:21PM

Q. And that's, in fact, what it says; correct?

A. It --

Q. Well, it doesn't say 10 years. Do you see -- if you read on.

Do you see what it says? 04:21PM

MR. KRUM: In 2014?

BY MR. TAYBACK:

Q. In 2014.

MR. KRUM: The first sentence, the next paragraph. 04:21PM

THE WITNESS: Right. Yes.
BY MR. TAYBACK:
Q. So my question is whether that's an accurate statement of the executive committee?
A. Appears to be. 04:22PM
Q. And whether it's taken action or not taken action is another fact, but the power that the executive committee has is the power that it has now and is the power it had in 2015; correct?
A. Right. 04:22PM
Q. And you didn't object to it having --
MR. KRUM: Objection --
BY MR. TAYBACK:
Q. -- that power?
MR. KRUM: -- vague and ambiguous. 04:22PM
THE WITNESS: I did not object to the executive committee having that power, no, because it had never exercised that power.
BY MR. TAYBACK:
Q. Let me just make sure. 04:22PM
Do you feel like that the power is okay as long as it's not used?
MR. KRUM: Objection.
BY MR. TAYBACK:
Q. Is that your contention? 04:22PM

it took, some of which I felt benefited Ellen and Margaret as stockholders, such as the determination of the record date, a simple determination that has always -- could easily have been made by the board and it had been made by the executive committee. 04:24PM

Q. And do you disagree with the determination it made or the fact that the executive committee made that determination?

A. I disagree with both.

Q. What are the other specific actions taken by the executive committee that you object to? 04:24PM

A. I believe that it appointed Michael Wrotniak to the audit committee, and I objected to the use of the executive committee to appoint a member who I felt was unqualified to serve on the audit committee. 04:24PM

Q. And do you have -- well, let me ask you.

Okay. Any other actions by the executive committee to which you object?

A. I can't think of any at this time. 04:25PM

Q. You agree with me that as you certified previously, whether the executive committee took action or not, that, in fact, the executive committee is authorized to the fullest extent of Nevada law to take action? 04:25PM

MR. KRUM: Asked and answered.

BY MR. TAYBACK:

Q. You don't have an opinion as to whether or not the actions they actually took exceeded Nevada law? 04:25PM

A. I don't have an opinion, no.

Q. The -- with respect to the appointment of Mr. Wrotniak, you agree, as you certified previously, that there are, in fact, no qualifications required to be a director or to sit on even a certain committee; correct? 04:26PM

MR. KRUM: Objection, asked and answered or incomplete hypothetical.

THE WITNESS: I mean, none that I'm aware of. 04:26PM

MR. KRUM: Well --

BY MR. TAYBACK:

Q. So --

MR. KRUM: -- excuse me.

Misstates the testimony, too. 04:26PM

BY MR. TAYBACK:

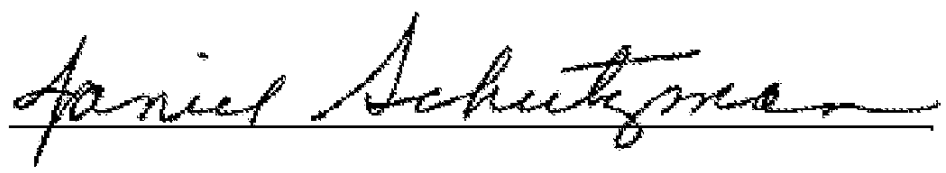
Q. So when you say Mr. Wrotniak was unqualified, that's your opinion. It's not like there were qualifications that are required for appointment to a particular committee? 04:26PM

I, JANICE SCHUTZMAN, Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that the testimony of the witness and all objections made by counsel at the time of the examination were recorded stenographically by me, and were thereafter transcribed under my direction and supervision; and that the foregoing pages contain a full, true and accurate record of all proceedings and testimony to the best of my skill and ability.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have subscribed my name this 19th day of July, 2016.



JANICE SCHUTZMAN

CSR No. 9509

EXHIBIT C

Minutes of the
Meeting of the Executive Committee
of the Board of Directors
of
Reading International, Inc.

August 28, 2015

A duly called meeting of the Executive Committee (the "Committee") of the Board of Directors of Reading International, Inc. (the "Company") was held telephonically on August 28, 2015 at 9:00 a.m. (Los Angeles time). Present by telephone were Guy Adams (Chairman), Ellen Cotter, Margaret Cotter and Edward Kane. Present at the invitation of the Committee was Craig Tompkins, who acted as Recording Secretary. Each of the participants confirmed that they could hear one another.

Setting of Record Date and Annual Shareholder Meeting Date

The Board of Directors on August 4, 2015, delegated to the Committee the authority to set the Record Date and the date of the Annual Shareholders Meeting.

The Committee discussed the matter and set the following dates:

Record Date: October 6, 2015

Annual Shareholder Meeting Date: November 13, 2015

The Committee unanimously authorized management to issue a Form 8-K and press release during the week of August 31, 2015 providing for public disclosure of the record and meeting dates, and including such other information as management should in its discretion determine to be appropriate.

Conclusion of Meeting

There being no further business, the meeting was adjourned at 9:30 a.m. (Los Angeles time).

S. Craig Tompkins, Recording Secretary

EXHIBIT D

Minutes of the
Meeting of the Executive Committee
of the Board of Directors
of
Reading International, Inc.

October 25, 2015

A duly called meeting of the Executive Committee (the "Committee") of the Board of Directors of Reading International, Inc. (the "Company") was held telephonically on October 25, 2015 at 3:00 pm (Los Angeles time). Present by telephone were Ellen Cotter, Margaret Cotter and Edward Kane. Present at the invitation of the Committee was Doug McEachern, the Chairman of the Company's Audit Committee. In Guy Adam's absence, Ellen Cotter acted as Chair of the Meeting and as Recording Secretary. Each of the participants confirmed that they could hear one another. Guy Adams had advised earlier that he would not be able to attend, but had consented to the meeting proceeding in his absence and had waived notice.

Appointment of Michael Wrotniak to the Audit and Conflicts Committee

Ellen Cotter discussed the need to fill the vacancy on the Company's Audit and Conflicts Committee (the "Audit Committee") created by the retirement of Tim Storey. NASDAQ rules require three independent directors be included on the Company's Audit Committee. Michael Wrotniak, a newly elected Director of the Company, was being considered to fill the vacancy on the Audit Committee. Mr. Doug McEachern described a telephonic meeting on October 23, 2015 attended by himself, Dev Ghose, the Company's Chief Financial Officer, Craig Tompkins, the Company's Special Counsel, and Mr. Wrotniak. At that meeting, the participants discussed (i) whether Mr. Wrotniak's financial experience and qualifications were satisfactory to be a member of the Audit Committee and (ii) the time commitment necessary on Mr. Wrotniak's part.

Mr. McEachern described again for the Executive Committee the financial qualifications of Mr. Wrotniak, which included, among other things, being the tax matters partner for several years at Amlnco Resources, LLC, a privately held international commodities trading firm. Mr. McEachern further reported that he had discussed with Mr. Wrotniak the time commitment involved in serving on the Audit Committee, and that Mr. Wrotniak had advised that he would be able to meet that time commitment and was willing to serve on the Audit Committee. Mr. McEachern thereafter recommended to the Executive Committee, Mr. Wrotniak's appointment to the Audit Committee.

Prior to this meeting of the Executive Committee, Mr. McEachern informed those present that he had discussed his recommendation with Guy Adams, the Chair of the Executive Committee. Mr. Adams gave Mr. McEachern his proxy to vote in favor of Mr. Wrotniak's appointment to the Audit Committee.

After discussing the matter, the Executive Committee members on this telephone conference unanimously voted (Mr. McEachern casting Mr. Adams vote in favor) to appoint Mr. Wrotniak to the Audit Committee, effective immediately, such appointment to continue until the reformation of the Board's committees immediately following the Annual Meeting of Stockholders scheduled for November 10, 2015.

Conclusion of Meeting

There being no further business the meeting was adjourned at 3.30pm (Los Angeles time).

Ellen M. Cotter, Recording Secretary

EXHIBIT E

READING
INTERNATIONAL

Minutes of the
Annual Organizational Meeting of
the Board of Directors
of
Reading International, Inc.

November 10, 2015

A duly called and noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held immediately following the Annual Meeting of the Stockholders of the Company, on Tuesday, November 10, 2015, in the Plaza Room at the Ritz Carlton Marina Del Rey Hotel, in Los Angeles, California. In attendance, in person, were Chairperson Ellen Cotter, Vice Chairperson Margaret Cotter, and Board members Guy Adams, Dr. Judy Codding, James J. Cotter, Jr., William Gould, Edward L. Kane, Douglas McEachern, and Michael Wrotniak. Present at the invitation of the Board were Dev Ghose (Chief Financial Officer), Andrzej Matyczynski (Strategic Consultant), William Ellis (General Counsel and Corporate Secretary) and Craig Tompkins (Special Counsel and Recording Secretary). Also present for portions of the meeting at the invitation of the Board were Michael Buckley (Edifice Realty Estate Partners), Robert Smerling (President, Domestic Cinemas), Wayne Smith (Managing Director, Australia and New Zealand), Matthew Bourke (Director of Real Estate, Australia and New Zealand), John Goeddel (Chief Information Officer) and Victor Albizures (Security and Compliance Manager). Messrs. Smith and Bourke participated by telephone.

Chair Cotter called the meeting to order at 12:30 PM, Pacific Savings Time.

U.S. Real Estate Operations

The first business taken up was a report by Mr. Buckley and Margaret Cotter on the status of the Company's Union Square and C123 redevelopment projects. Mr. Buckley and Ms. M. Cotter advised the Board that:

- As to the Union Square redevelopment project, they advised, among other things, that:
  - The project continues to proceed on time and on budget;
  - Edifice Real Estate Partners (the Company's development manager) and Newmark Grubb Knight Frank (the Company's broker) have each conducted recent analyses as to likely gross rents for the project and have come out very close to the estimated gross rents previously estimated by Edifice and Newmark;
  - The NY Film Academy has vacated the building, and we do not anticipate any problem getting 100% vacant possession by the end of the year;
  - They anticipate that asbestos abatement will begin by the end of the year;

- Newmark is working on marketing materials and they should be ready for the ICSC Convention in New York on December 7th & 8th; and

- The current plans do not provide for any theater space in the building.

➢ As to C123, they advised the Board, among other things, that:

- It is anticipated that a feasibility plan would be ready to circulate to the adjacent land owners by the end of the month;

- The design work is in the early stages. The feasibility study contemplates a mixed use of retail, restaurant, and residential/hotel;

- The adjacent landowners are principally in the restaurant business, have no interest in selling their land (although, if the joint development goes forward, it would be contributed to an LLC), and want to have the right to be the restaurant tenant; and

- We believe it likely that a deal can be worked out with the adjacent landowners, since the economics are compelling for both parties. Factors include not only the larger footprint, but the material increase in street frontage and the ability to spread the cost of the required subway work over a larger project.

➢ Dev Ghose advised that he was working on a financing package for the Union Square project, seeking 100% financing, no amortization and a Libor-based variable interest rate.

➢ Responding to director questions regarding the status of the leasing of the Union Square project, Management responded that:

- We are not currently executing any contracts that do not have early termination clauses, and will not be entering into any material binding obligations before Management's next presentation to the Board with respect to this project;

- It is not currently the anticipation of Management that the property would be developed on a speculative basis (i.e. without any leases in place);

- We will likely have a much better idea of the development schedule, lender requirements and the rental market after the December ICSC conference;

- We are ultimately going to have to balance the benefits of entering into a lease before the commencement of construction or waiting until we have a definite completion date that we can take to market;

- It appears that financing may be available that is not conditioned upon having tenants in place; and

- Management will be coming back to the Board with further information at a meeting sometime in December.

Financial Results, Liquidity and Debt Matters

The next business taken up was a report by Mr. Ghose on third quarter operating results and a proposed modification of the NAB Loan. Mr. Ghose reported that he had been able to negotiate several favorable modifications to the NAB Loan (the "NAB Loan Modification"), as follows:

- Reduction of 45 basis points on borrowing costs from 235 basis points over BBSY to 190 bps over;

- The spread of 190 bps will be split up into a facility fee of 95 bps over BBSY; a drawn margin of 95 bps over BBSY will be paid only on outstanding borrowings;

- Elimination of annual loan amortization of AU$2 M;

- Split up the facility into a Revolving Line of AU$66.5 M and a guarantee facility of $5M; and

- Permission to repatriate up to AU $30 M out of the facility;

Mr. Ghose further reported that cost savings to the Company could be between $220,000 (fully drawn) and $840,000 (undrawn). On motion duly made and seconded, the Board unanimously voted to authorize Management to proceed with the NAB Loan Modification generally as outlined at the meeting and described above in these Minutes.

U.S. Cinema Operations

Chair Cotter and Mr. Smerling next presented their report regarding the results of operations for the domestic cinemas, and responded to questions.

Australia/New Zealand Cinema Operations

At this time, Messrs Smith and Bourke joined the meeting.

Mr. Smith next presented his report on cinema operations in Australia and New Zealand and responded to questions.

Australia/New Zealand Real Estate Operations

Mr. Bourke next presented his report on real property operations in Australia and New Zealand, focusing on a proposed acquisition of the land underlying our cinema in Townsville, Australia, commonly known as Cannon Park. Mr. Bourke reported, among other things, that:

- We have been selected as the preferred bidder for the property, based on an offer of AU$31.5 million (approximately US$22.4 million), and Management is currently negotiating a "heads of agreement" (essentially a letter of intent) with the seller;
- These negotiations are confidential in nature;
- The proposed purchase price represents an approximately 8.5% yield;
- Any transaction will be subject to satisfactory completion of due diligence and approval of the Board;
- We were not the highest bidder, but other terms of our offer (principally a fast close) gave us the edge;
- We are already familiar with the property because it is the location of our Cannon Park Cinema, and we believe that the property offers the opportunity for us to increase the cash flow from the property and to increase the number of auditoriums at our cinema;
- We have the cash on hand to complete the purchase;
- While Management is aware of the potential development of a competitive theater at the Stockland's shopping center, Management believes that any such development (if it were to occur) would be several years away, and the possibility of such potential completion was not, in their view, a good reason for not acquiring the property at the currently proposed price;
- Management will report back to the Board after it has definitive deal terms and completed due diligence; and
- No binding agreement will be entered into until such time as Board approval is obtained.

Mr. Smith advised the Board that he agreed with Mr. Bourke's analysis, including the analysis regarding potential competition at Stockland's.

It was the consensus of the Board that Management should continue to advance this potential transaction, subject to Board approval upon completion by Management of its due diligence.

At this point, Messrs Smith and Bourke left the meeting and Messrs. Goeddel and Albizures joined the meeting.

Cybersecurity Presentation

Next, the Board heard a presentation by John Goeddel (Chief Information Officer) and Victor Albizures (Security and Compliance Manager) regarding cybersecurity, and responded to questions. The Board complemented Messrs. Goeddel and Albizures as to the quality of their presentation, noted the importance of sound cybersecurity, determined that follow up work should be done, and delegated responsibility for conducting such further review and analysis and coordinating with Management the work to be done (if any) to the Audit and Conflicts Committee. It is anticipated that the Audit and Conflicts Committee will report back to the Board at an appropriate time during the first quarter of next year.

Review of Board of Directors Minutes

After a discussion regarding the draft minutes of the Board Meetings held on October 5, 2015 and October 12, 2015, on motion made by Director Adams, seconded by Director Kane, with Mr. Cotter Jr. voting no as to both sets of minutes, Mr. Wrotniak abstaining as to both sets of minutes, and Dr. Judy Codding abstaining as to the minutes dated October 5, 2015 and voting in favor of the minutes dated October 12, 2015, the minutes of the Board Meetings held on October 5, 2015 and October 12, 2015 were approved.

Committee Assignments

The Board next took up the topic of Board Committee assignments. Chair Cotter made the following recommendations to the Board:

Executive Committee:

Guy Adams: Chair
Ellen Cotter
Margaret Cotter
Edward L. Kane

Audit Committee:

Douglas McEachern: Chair
Edward L. Kane
Michael Wrotniak

Compensation Committee:

Edward L. Kane: Chair
Guy Adams
Dr. Judy Codding

Tax Oversight Committee:[1]

Edward L. Kane, Chair
James J. Cotter, Jr.

Mr. Cotter, Jr. raised the issue of the ongoing role of the Executive Committee and the matter was discussed. During this discussion, it was disclosed that the only action taken by the Executive Committee that would have otherwise required Board action was the appointment of Mr. Wroniak to the Audit Committee, and the directors were given the opportunity to identify any actions taken by the Executive Committee to which they took exception. No actions were identified. While no formal motion was presented or considered, no director other than Mr. Cotter, Jr. took any exception to the continuation of the authority previously delegated to the Executive Committee.

Following further discussion, on motion duly made and seconded, the above Committee assignments were approved by a vote of 8 to 1, with Mr. Cotter, Jr. voting no. Mr. Cotter, Jr. did, however, agree to serve on the Tax Oversight Committee, to the extent that such committee had work to do.

Discussion Regarding Insider Trading Policy

The Board next discussed the Blackout period established that day by the Company's Chief Compliance Officer (Mr. Craig Tompkins), after consultation with the Company's Chief Executive Officer. Mr. Cotter, Jr. expressed his view that the Company's insider trading policies had been adopted not for sound business or regulatory reasons, but in order to harass him and prevent him from selling shares in the Company and that something needed to be done so that he could sell his shares. He stated that he believed it to be inappropriate that his sister (Ellen Cotter) be involved in decisions relating to when he could and could not sell his stock in the Company.

Mr. Tompkins explained that:

[redacted]

[1] It is not anticipated that the Tax Oversight Committee will have any regular meeting schedule or any specific duties, other than to be available to consult with and assist the Chief Financial Officer, to the extent requested from time to time.

[redacted]

Following discussion, no action was proposed or taken to revise the Company's insider trading policy.

Directors McEachern and Kane left the meeting at this time.

Appointment of Officers

The Board next considered Chair Cotter's recommendations as to the appointment of officers. Chair Cotter recommended the following individuals to hold the following offices. The individuals identified with an * are designated as "executive officers" of the Company for purposes of Section 16 of the Securities Exchange Act.

- Ellen M. Cotter, Interim President and Chief Executive Officer, and Chief Operating Officer – Domestic Cinemas*
- Devasis Ghose, Chief Financial Officer and Treasurer*
- William Ellis, General Counsel & Secretary*
- Robert F. Smerling, President, Domestic Cinemas*
- Wayne Smith, Managing Director, Australia and New Zealand*
- Steve Lucas, Chief Accounting Officer and Controller
- Matthew Bourke, Director of Real Estate of Australia and New Zealand

Following discussion, on motion duly made and seconded, the Chair's recommended appointments were approved and such individuals duly appointed to the offices specified above.

During this process, discussion was had as to who should serve going forward as Chairman and Vice Chairman. Mr. Cotter, Jr. reminded Ellen Cotter and Margaret Cotter that

under certain trust documents of James Cotter Sr., the chairmanship was to be rotated on an annual basis between Ms. E. Cotter, Ms. M. Cotter and himself. As Directors Kane and McEachern had left the meeting, it was determined that this matter would be put over until the next meeting.

Legal Update

Next, Mr. Ellis presented his litigation report and responded to questions.

There being no further business, the meeting was adjourned at 3:30 p.m.

S. Craig Tompkins,
Recording Secretary

EXHIBIT F

DECLARATION OF MICHAEL WROTNIAK IN SUPPORT OF RDI'S JOINDER TO INDIVIDUAL DEFENDANTS'MOTION FOR SUMMARY JUDGMETN (No. 4) ON PLAINTIFF'S CLAIMS RELATED TO THE EXECUTIVE COMMITTEE

I, Michael Wrotniak, state and declare as follows:

1. I am over the age of 18, am mentally competent, have personal knowledge of the facts in this matter, except where stated as based upon information and belief, and if called upon to testify, could and would do so.
2. I submit this declaration in support of RDI's Joinder to Individual Defendants' Motion for Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee.
3. I am and have been since October, 2015, a member of the Board of Directors of Reading International, Inc. (the "Company").
4. Since October 25, 2015, I have been a member of the Company's Audit and Conflicts Committee.
5. The Company is listed on the NASDAQ Stock Exchange.
6. I am familiar with the provisions of NASDAQ List Rules Section 5605, which sets forth the qualifications for members of the audit committees of NASDAQ listed companies. As relevant here, such qualifications include that the members be independent directors, as defined therein, and that the members be able to read and understand financial statements. Specifically, the list rule provides:

> 5605. Board of Directors and Committees
>
> (a) Definitions
>
> (1) "Executive Officer" means those officers covered in Rule 16a-1(f) under the Act.
>
> (2) "Independent Director" means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. The following persons shall not be considered independent:

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(A) a director who is, or at any time during the past three years was, employed by the Company;

(B) a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of $120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

(ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements under Rule 5605(c)(2).

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an Executive Officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling Shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the Company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

* * *

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(c) Audit Committee Requirements

* * *

(2) Audit Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom must: (i) be an Independent Director as defined under Rule 5605(a)(2); (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act); (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and (iv) be able to read and understand fundamental financial statements, including a Company's balance sheet, income statement, and cash flow statement. Additionally, each Company must certify that it has, and will continue to have, at least one member of the audit committee who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

NASDAQ Listing Rules, § 5605.

7. I satisfy the qualifications under NASDAQ Listing Rule 5605, because I am an independent director as defined by Sec. 6505(a)(2) and Rule 10A-3(b)(1) under the Act; I have not participated in the preparation of the financial statement of the Company or any such Company's financial subsidiaries; and I am able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

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8. Director Doug McEachern, who is the Chair of the Audit and Conflicts Committee, is the director who has the specific experience required of one of the three minimum director members of a NASDAQ listed company.

I verify under penalty of perjury under the laws of the State of Nevada that the foregoing statement is true and correct.

Executed this 30th day of September, 2016.

MICHAEL WROTNIAK

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 5 RE PLAINTIFF'S CLAIMS RELATED TO THE APPOINTMENT OF ELLEN COTTER AS CEO

Date of Hearing: October 25, 2016
Time: 8:30 a.m.

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LV 420780877v2

READING INTERNATIONAL, INC. ("RDI" or "Company"), hereby submits its *Joinder to the Individual Defendants' Motion for Summary Judgment No. 5 Re Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO (the "Motion")*. RDI joins with the Individual Defendants[1] in seeking summary judgment to the extent that Plaintiff James J. Cotter, Jr. ("Cotter, Jr.") asserts claims and damages related to the appointment of Ellen Cotter as CEO in the Second Amended Complaint. RDI joins in the arguments advanced on behalf of the Individual Defendants in their Motion and requests judgment in its favor.

This Joinder is based on the following memorandum of points and authorities, the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
TAMI D. COWDEN, ESQ.
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Counsel for Reading International, Inc.

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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint ("SAC") filed by Plaintiff James J. Cotter, Jr., to the extent that such claims relate to the appointment of Ellen Cotter to the position of CEO of RDI. This is a personal issue for Plaintiff who holds a grudge against the Company and its Board of Directors because he was removed as the President and CEO of RDI in June of 2015. As set forth in the Motion, there is no factual or legal basis for Plaintiff to proceed on any claim

[1] The Motion was brought on behalf of Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak collectively hereinafter "Individual Defendants."

relating to Ellen Cotter's appointment as CEO. Indeed, summary judgment is appropriate in RDI's favor.

In an effort to aid the Court and be efficient, RDI provides the following limited additional supplemental arguments in support of the Motion.

LEGAL ARGUMENT

I. Summary Judgment is Warranted.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, is if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada Bell*, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

A. The Actions of RDI's Directors Are Protected by Nevada's Business Judgment Rule.

The key issue for the Court's consideration of the Motion is the applicability of the business judgment rule as codified in NRS 78.138(3). The statute clearly provides a presumption that the actions of the directors and officers of a corporation are presumed to have been made in good faith. Specifically, the statute states that "Directors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis with a view to the interests of the corporation." NRS 78.138(3). The decision to appoint Ellen Cotter as permanent CEO of RDI falls squarely within the confines of the statute and the inquiry should end. Moreover, the undisputed facts of this matter clearly show that each of the directors involved in the decision

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making process drew upon a number of resources, including their own experiences with Ellen Cotter, to make the important decision of who should be running the Company.

B. Ellen Cotter has the Experience and Qualities of CEO.

Ellen Cotter had a long standing track record at RDI prior to her appointment as the permanent CEO of the Company. Indeed, she had been employed by the Company for more than seventeen years and for more than thirteen years had served as an executive of the Company overseeing RDI's domestic cinema operations. In this role, her responsibilities included cinema operations, development, marketing, operations and acquisitions. Additionally, Ms. Cotter has proven herself as an executive of the Company and stepped up and agreed to act as interim CEO after Cotter, Jr. was removed from that position. After interviewing key candidates identified by Korn Ferry the CEO Search Committee unanimously decided that Ellen Cotter was the best candidate for the job. Having a CEO with working knowledge of the Company, a proven track record of performance and a demonstrated ability to get along with others was and is a huge asset to RDI.

From the Company's perspective, Ellen Cotter was an obvious choice and in her short tenure in the position has more than proven she is capable of the title bestowed upon her. It is ironic that Plaintiff is challenging the process and circumstances in which Ellen Cotter was appointed as CEO when the process was much more substantial than the process and procedure utilized when Cotter, Jr. was appointed to the same position.

C. Common Sense Supports Defendants' Position.

Cotter, Jr.'s challenge to Ellen Cotter's appointment would create havoc for companies incorporated in Nevada and attempts to impose burdens and obligations that do not exist. Plaintiff cannot point to any legal requirements that were not followed. Allowing, such a claim to proceed would open up the flood gates for candidates not chosen for a position to challenge the same. In the context of a derivative action such as this, shareholders could be incentivized to file suit just because they are unhappy with a candidate that was selected in hopes of strong-arming the Company into making a leadership change. Nevada law clearly gives the discretion to appoint officers to a company's Board of Directors. There is no basis for the Court to

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interfere with the Board's decision. Moreover, here RDI utilized a well-known company to aid in its CEO search, interviewed multiple candidates including a number of external candidates and ultimately concluded that the best person for the position was someone with nearly two decades of experience with the Company and a track record of getting along well with others.

In regard to allegations regarding public filings made by RDI relating to the CEO search and Ellen Cotter's appointment to the CEO position, there is no evidence to support Plaintiff's contention that the statements were misleading and no basis to impose liability on RDI for the same. The fact that Plaintiff may not like the verbiage is of no consequence. The filings clearly reflect what occurred and are supported by the undisputed facts in the Motion.

II. Conclusion.

Plaintiff has no legal basis to challenge the appointment of Ellen Cotter as RDI's President and CEO. In fact, the efforts taken by RDI's board prior to Ellen Cotter's appointment far exceeded the consideration given when Cotter, Jr. was appointed to the same position years ago. After a professional search for a new Company executive, Ellen Cotter was selected for the position based on her wealth of experience and expertise. The process and procedures utilized by RDI's Board were more than adequate and Cotter, Jr.'s wounded pride does not provide a basis for any such claims to proceed to trial.

WHEREFORE, RDI respectfully requests that summary judgment be entered in its favor to the extent that any claims in the SAC relate to the appointment of Ellen Cotter as CEO of RDI.

DATED: this 3rd day of October, 2016

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 5 Re Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 3rd day of October, 2016.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO THE INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT NO. 6, RE PLAINTIFF'S CLAIMS RELATED TO THE ESTATE'S OPTION EXERCISE, THE APPOINTMENT OF MARGARET COTTER, THE COMPENSATION PACKAGES OF ELLEN COTTER AND MARGARET COTTER, AND THE ADDITIONAL COMPENSATION TO MARGARET COTTER AND GUY ADAMS

Date of Hearing: October 25, 2016
Time: 8:30 a.m.

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LV 420780430v2

READING INTERNATIONAL, INC. hereby submits its *Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 6 Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the additional Compensation to Margaret Cotter and Guy Adams.* Reading International, Inc., ("RDI") joins with the Individual Defendants in seeking summary judgment as to the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint filed by Plaintiff James J. Cotter, Jr. ("Plaintiff" and/or "Cotter, Jr.") to the extent that such claims challenge the above actions. In addition to joining the arguments advanced on behalf of the Individual Defendants in their Motion, RDI requests judgment in its favor on these claims for the reasons set forth in the attached memorandum of points and authorities, and based on the pleadings and papers filed in this action, and any oral argument of counsel made at the time of the hearing of this Motion.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should grant judgment in favor of RDI on the First, Second, Third, and Fourth Causes of Action in the Second Amended Complaint ("SAC") to the extent that such claims challenge the following actions by the Individual Defendants in their capacity as members of the RDI Board of Directors or committees thereof:

- the Approval of Cotter, Sr.'s Estate's Option Exercise;
- the Appointment of Margaret Cotter to an executive vice president;
- the approval of compensation packages of Ellen Cotter and Margaret Cotter; and
- the approval of additional compensation to Margaret Cotter and Guy Adams.

Cotter, Jr. is unable to present evidence sufficient to overcome the statutory presumption that any of the above decisions was not based on good faith and in furtherance of the best interests of the corporations. Significantly, a statutory presumption of good faith exists as to the approval of compensation to these directors, *regardless* of personal interest in such compensation.

In short, Cotter, Jr.'s attack on the Executive Committee is not actually based on any *realistic* belief or theory ---let alone, any ***evidence***---that the committee's existence or actions have actually caused any harm to RDI or its shareholders. Instead, this attack is simply another example of Cotter, Jr.'s condemnation of virtually *every* action taken by the Board of Directors since his termination. Even if Cotter, Jr. is sufficiently deluded so as to be personally so convinced of his own superiority that he honestly believes that any decision not personally blessed by him must necessarily be harmful to RDI, such irrational thought patterns do not, and should not, suffice to perpetuate litigation against RDI. Cotter, Jr.'s continuation of this litigation is, itself, harmful to RDI, and must be brought to a halt.

Cotter, Jr. is unable to show that the Executive Committee's existence is a breach of any defendant's fiduciary duty to the RDI shareholders. He is also unable to show that RDI's shareholders have suffered any damage as a result of the challenged decisions of the Executive Committee. Accordingly, summary judgment in favor of RDI and the Individual Defendants should be granted.

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LEGAL ARGUMENT

This Court should grant RDI summary judgment as to Cotter, Jr.'s First, Second, Third and Fourth causes of action in the SAC to the extent such claims exist. Cotter, Jr. is unable to present evidence sufficient to show that a material issue of fact exists as to RDI's entitlement to judgment as to this issue.

Summary judgment should be granted if the pleadings, admissions, and all other evidence on file demonstrate that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). "[I]f the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by . . . pointing out ... that there is an absence of evidence to support the nonmoving party's case." *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602-03, 172 P.3d 131, 134 (2007). In that event, the non-moving party is then obligated to present admissible evidence to show that there are material issues of fact preventing summary judgment, or summary judgment must be granted. *Id.* Because a plaintiff is required to prove each element of his cause of action, is if any element cannot be proven by admissible evidence, then summary judgment is proper. *Bulbman, Inc. v. Nevada Bell*, 108 Nev. 105, 111, 825 P.2d 588, 592 (1992).

Here, Plaintiff Cotter, Jr. bears the burden of proof on his breach of fiduciary duty claims. Accordingly, he can survive this motion for summary judgment only if he affirmatively presents admissible evidence sufficient to persuade a reasonable jury that any of these decisions constituted a breach of fiduciary duty. To do this, he must present direct evidence sufficient to overcome the statutory presumption that a director's decision was made in good faith. NRS 78.138(3). Because Cotter, Jr. is unable to present evidence sufficient to overcome this presumption, RDI is entitled to judgment as a matter of law.

I. COTTER, JR. CANNOT PRESENT EVIDENCE TO OVERCOME THE PRESUMPTION THAT APPROVAL OF THE ESTATE'S EXERCISE OF ITS STOCK OPTION WAS IN GOOD FAITH, OR THAT THE TRANSACTION WAS UNFAIR.

RDI is entitled to judgment in its favor with respect to claims relating to the approval of

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the exercise of its stock option by the Cotter, Sr. Estate. Cotter, Jr. contends that the exercise of the option was improper because the Estate was permitted to exchange its Class A shares of stock for Class B shares, instead of being required to pay with cash. However, the Stock Option plan expressly authorized numerous methods of payment, including payment through exchange of Class A shares. That provision provides:

> 6.1.6 Payment. Except as provided below, payment in full, in cash, shall be made for all stock purchased at the time written notice of exercise of an Option is given to the Company, and proceeds of any payment shall constitute general funds of the Company. The Administrator, in the exercise of its absolute discretion after considering any tax, accounting and financial consequences, may authorize any one or more of the following additional methods of payment:
>
> * * *
>
> Subject to the discretion of the Administrator and the terms of the stock option agreement granting the Option, delivery by the optionee of shares of Common Stock already owned by the optionee for all or part of the Option price, provided the fair market value (determined as set forth in Section 6.1 .9)[1] of such shares of Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by delivery of such stock.

See Ex. 3, to Motion, § 6.1.6.(b). As relevant here, § 6.1.9. provided that the fair market value of common stock was to be determined by the closing price of the stock on the exchange in which it is traded. ***Id.* at § 6.1.9.** Thus, the plan expressly authorizes that exercise of an option to purchase Class B stock by presenting Class A stock with the same fair market value. Accordingly, Cotter, Jr. is challenging an action that consisted of RDI selling property of a specific fair market value, and receiving, in return, ***property with the exact same fair market value.***

The Independent Directors have appropriately briefed and argued Nevada law on this issue, pointing out that any challenge to the option exercise decision must overcome the statutory presumption that the decision was made in good faith. NRS 78.138. However, even if such presumption did not exist, the fairness to RDI of this transaction, which consisted of a one to one exchange based on fair market value is obvious.

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[1] As relevant here, § 6.1.9. provided that the fair market value of common stock was to be determined by the closing price of the stock on the exchange in which it is traded.

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II. COTTER, JR. CANNOT PRESENT EVIDENCE TO OVERCOME THE PRESUMPTION THAT THE APPOINTMENT OF MARGARET COTTER TO A POSITION WITHIN RDI WAS IN GOOD FAITH.

Cotter, Jr. contends that the appointment of Margaret Cotter as an Executive Vice President constituted a breach of fiduciary duty, because, he claims, that Ms. Cotter is unqualified for the position, because, he claims, she lacked real estate development experience. However, the RDI Board and committee minutes reflect consideration of Ms. Cotter's service to the corporation as an independent contractor, which services had exceeded the scope of her contractual agreement and extended into other areas. Given satisfaction with her service, and the expressed intention of having her continue with the same sorts of services, but as an employee, her experience is apparently precisely what is required. **See Motion, pp. 4-5.** Accordingly, Cotter, Jr.'s personal objection to this business decision is insufficient to overcome the presumption of good faith.

III. UNDER NEVADA LAW, DIRECTOR DECISIONS REGARDING THEIR OWN COMPENSATION ARE PRESUMED TO BE IN GOOD FAITH, REGARDLESS OF THEIR PERSONAL INTEREST IN SUCH COMPENSATION.

This Court should grant summary judgment in favor of RDI with respect to Cotter, Jr.'s challenges to the compensation approved for the Cotter sisters and Director Adams. The Nevada legislature has determined that any decisions made by directors of a corporation with respect to their own compensation are presumed to be fair to the corporation, regardless of such director's personal interest in the issue. Specifically, Nevada law provides:

> Unless otherwise provided in the articles of incorporation or the bylaws, the board of directors, ***without regard to personal interest***, may establish the compensation of directors for services ***in any capacity***. ***If the board of directors establishes the compensation of directors pursuant to this subsection, such compensation is presumed to be fair to the corporation unless proven unfair by a preponderance of the evidence***

NRS § 78.140(5). RDI's Bylaws permit the Board to award compensation to directors. RDI Bylaws, Art. II, § 12. Accordingly, to prevail on his claims of a breach of fiduciary duty, Cotter, Jr. must present direct evidence showing that the approval of compensation for the Cotter sisters and for Guy Adams was unfair to RDI. *See* NRS 47. 180(1). He is unable to do so.

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Under the presumption created in NRS 78.140(5), a member of the board of directors would be permitted to vote in favor of his own compensation, and such compensation would still be presumed fair. However, here, neither the Cotter sisters nor Director Adams actually participated in the vote awarding them compensation. Instead, Cotter, Jr. contends that their votes were made by directors who were beholden to the Cotter sisters. As shown in the briefing of the Independent Defendants' Motion for Partial Summary Judgment re Director Independence, and RDI's Joinder thereto, Cotter, Jr. cannot support this claim. However, even if his allegations of non-independence were true, the presumption that the compensation was fair to the corporation would still apply. As can be seen, the statute notes that the authorization for determining compensation applies "without regard to personal interest." NRS 78.140(5).

The Independent Director's Motion demonstrates that the compensation paid to the Cotter sisters is well within the range of comparable sized companies for positions of similar responsibility, and moreover, that the Directors voting in on the compensation issue had been so informed at the time the decision was made. In these circumstances, Cotter, Jr. cannot demonstrate unfairness to the RDI.

With respect to the one-time payment to Margaret Cotter, the evidence presented by the Individual Defendants shows that Ms. Cotter had given up the rights to certain future compensation. **See Motion, pp. 9-10**. In such circumstances a one-time payment, which payment is apparently less than that which would otherwise have been owed by the company, is obviously not unfair.

Finally, with respect to the payment of special compensation to Director Adams, Cotter, Jr. cannot show that the payment was not made in consideration of the lengthy list of additional services that Mr. Adams, an outside director, has provided to RDI in 2015, including offering advice to Ellen Cotter in the transition to her position as CEO, offering advice on investor relations, and extensive services related to two board committees. **See Motion, p. 10**. RDI's Bylaws expressly permit approval of compensation to board members for additional services. Cotter, Jr. cannot present evidence showing that this compensation was unfair to RDI.

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CONCLUSION

Cotter, Jr. is unable to present evidence sufficient to rebut the statutory presumption that decisions of the Board of Directors are made in good faith, or the presumption that decisions regarding director compensation, in any capacity, are fair to the corporation. Accordingly, RDI is entitled to judgment as a matter of law.

DATED: this 3rd day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 6, Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 3rd day of October, 2016.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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