IN THE SUPREME COURT OF THE STATE OF NEVADA

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Aug 30 2019 12:40 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

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

Appellant,

v.

DOUGLAS MCEACHERN, EDWARD KANE, JUDY CODDING, WILLIAM GOULD, MICHAEL WROTNIAK, and nominal defendant READING INTERNATIONAL, INC., A NEVADA CORPORATION

Respondents.

Supreme Court Case No. 75053
Consolidated with Case Nos.
76981, 77648 & 77733

District Court Case
No. A-15-719860-B

Coordinated with:
Case No. P-14-0824-42-E

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

JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981

Volume XIV
JA 3309- JA3558

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CERTIFICATE OF SERVICE

I certify that I am an employee of MORRIS LAW GROUP; I am familiar with the firm's practice of collection and processing documents for mailing; that, in accordance therewith, I caused the following document to be e-served via the Supreme Court's electronic service process. I hereby certify that on the 28th day of August, 2019, a true and correct copy of the foregoing **JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981**, was served by the following method(s):

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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 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** **JAMES J. COTTER, JR.'S AMENDED RESPONSES TO EDWARD KANE'S FIRST SET OF REQUESTS FOR ADMISSION**
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.	

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and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

GENERAL OBJECTIONS

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

(1) Responding Party objects to the Requests to the extent they seek documents or information which is protected by (or which cannot be provided without disclosing) attorney client privilege, the attorney-work product doctrine and/or otherwise is privileged or protected from disclosure, including in particular communications of counsel of record for Plaintiff in this action, which communications will not be produced or logged;

(2) Responding Party objects to the Requests to the extent they seek documents or information the production or disclosure of which violates any person or entity's right to privacy;

(3) Responding Party objects to the Requests to the extent they seek documents or information not in Responding Party's possession, custody, or control;

(4) Responding Party objects to the Requests to the extent they seek documents or information within the possession or control of the Propounding Party, or seeks documents or information which is publicly available and/or which otherwise is uniquely or equally available to the Propounding Party;

(5) Responding Party objects to the Requests to the extent they seek information or documents that constitute or disclose confidential,

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3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

proprietary, or developmental commercial or business information or research, or seeks documents or information otherwise protected from disclosure;

(6) Responding Party objects to the Requests to the extent they attempt or purport to impose obligations exceeding those authorized or imposed by the Nevada Rules of Civil Procedure;

(7) Responding Party objects to the Requests insofar as they seek documents or information beyond the time and scope of matters at issue in the captioned action and/or which are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence; and

(8) Responding Party objects to the Requests because they generally are unlimited as to time, meaning that they generally provide no time frame or date range to limit the scope of documents or information requested.

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

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REQUESTS FOR ADMISSION

REQUEST NO. 1

Admit that, prior to June 12, 2015, you referred to Edward Kane as "Uncle Ed" on one or more occasions.

RESPONSE TO REQUEST NO. 1

Responding Party admits that, over the course of his life prior to June 12, 2015, he addressed Edward Kane as "Uncle Ed" on one or more occasions in interactions between Edward Kane and Responding Party.

REQUEST NO. 2

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Executive Committee.

RESPONSE TO REQUEST NO. 2

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Executive Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 2, and on that basis denies Request No. 2.

REQUEST NO. 3

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Audit and Conflicts Committee.

RESPONSE TO REQUEST NO. 3

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Audit and Conflicts Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 3, and on that basis denies Request No. 3.

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Las Vegas, NV 89169-5996

REQUEST NO. 4

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Compensation and Stock Options Committee.

RESPONSE TO REQUEST NO. 4

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Compensation and Stock Options Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 4, and on that basis denies Request No. 4.

REQUEST NO. 5

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Tax Oversight Committee.

RESPONSE TO REQUEST NO. 5

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Edward Kane on the Board's Tax Oversight Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 5, and on that basis denies Request No. 5.

REQUEST NO. 6

Admit that, on about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Guy Adams on the Board's Executive Committee.

RESPONSE TO REQUEST NO. 6

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Guy Adams on the Board's Executive Committee, and

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Responding Party therefore lacks information sufficient to admit or deny Request No. 6, and on that basis denies Request No. 6.

REQUEST NO. 7

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Guy Adams on the Board's Compensation and Stock Options Committee.

RESPONSE TO REQUEST NO. 7

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Guy Adams on the Board's Compensation and Stock Options Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 7, and on that basis denies Request No. 7.

REQUEST NO. 8

Admit that, on or about May 15, 2014, you agreed as a member of RDI's Board of Directors to put Douglas McEachern on the Board's Audit and Conflicts Committee.

RESPONSE TO REQUEST NO. 8

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported minutes of a May 15, 2014 RDI Board of Directors meeting, does not refresh Responding Party's memory regarding whether he agreed as a member of RDI's Board of Directors to put Douglas McEachern on the Board's Audit and Conflicts Committee, and Responding Party therefore lacks information sufficient to admit or deny Request No. 8, and on that basis denies Request No. 8.

REQUEST NO. 9

Admit that, prior to your termination as CEO of RDI, you served as Chairman of the Executive Committee of RDI's Board of Directors.

RESPONSE TO REQUEST NO. 9

Responding Party admits that he "served" as Chairman of the Executive Committee only in that he was appointed by the Board as Chairman of the Executive Committee of RDI's Board of

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Directors, but not that he took any action in any capacity, including Chairman, as a member of such committee, which took no action.

REQUEST NO. 10

Admit that, as a member of RDI's Board of Directors, you did not vote against the $50,000 "bonus" to Ellen Cotter referenced in paragraph 40 of your FAC.

RESPONSE TO REQUEST NO. 10

Responding Party admits that he abstained from voting on the $50,000 "bonus" to Ellen Cotter at the Board meeting at which it was approved, and admits that he otherwise did not vote against the $50,000 "bonus" to Ellen Cotter referenced in paragraph 40 of the FAC.

REQUEST NO. 11

Admit that, as a member of RDI's Board of Directors, on or about November 13, 2014 you approved a 20% base salary increase for Ellen Cotter effective January 1, 2015.

RESPONSE TO REQUEST NO. 11

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including purported Board minutes, does not refresh Responding Party's memory regarding whether on or about November 13, 2014 he approved a 20% base salary increase for Ellen Cotter effective January 1, 2015, and Responding Party therefore lacks information sufficient to admit or deny Request No. 11, and on that basis denies Request No. 11.

REQUEST NO. 12

Admit that, as a member of RDI's Board of Directors, you voted in favor of the increased director compensation referenced in paragraph 42 of your FAC.

RESPONSE TO REQUEST NO. 12

Responding Party admits that he voted in favor of the increased director compensation.

REQUEST NO. 13

Admit that, as a member of RDI's Board of Directors, you did not oppose a resolution in January 2015 that you could not be "terminated [as CEO] without the approval of the majority of the independent directors."

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RESPONSE TO REQUEST NO. 13

Responding Party admits that he abstained on voting on such resolution and that he did not otherwise oppose it.

REQUEST NO. 14

Admit that the term "independent directors," as used in the January 2015 Board resolution regarding termination of Cotter family members, referred to Edward Kane, Guy Adams, Douglas McEachern, Tim Storey, and Bill Gould.

RESPONSE TO REQUEST NO. 14

Responding Party admits Request No. 14.

REQUEST NO. 15

Admit that RDI's full Board of Directors discussed the possibility of your termination on May 21, 2015.

RESPONSE TO REQUEST NO. 15

Responding Party admits that his termination was discussed on May 21, 2015 in the presence (in person and/or telephonic) of all members of the RDI Board of Directors.

REQUEST NO. 16

Admit that RDI's full Board of Directors discussed the possibility of your termination on May 29, 2015.

RESPONSE TO REQUEST NO. 16

Responding Party admits that his termination was discussed on May 29, 2015 in the presence (in person and/or telephonic) of all members of the RDI Board of Directors.

REQUEST NO. 17

Admit that RDI's full Board of Directors discussed the possibility of your termination on June 12, 2015.

RESPONSE TO REQUEST NO. 17

Responding Party admits that his termination was discussed on June 12, 2015 in the presence (in person and/or telephonic) of all members of the RDI Board of Directors.

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Las Vegas, NV 89169-5996

REQUEST NO. 18

Admit that, on or about December 9, 2015, you requested at a meeting of the RDI's Board of Directors that the recorded Board minutes contain less detail going forward than had generally been contained in previous sets of minutes.

RESPONSE TO REQUEST NO. 18

Responding Party admits that, in response to Ellen and Craig Tompkins' stated unwillingness to add his suggested comments to RDI's Board minutes which included certain statements made at board meetings by certain directors, he stated that RDI's board minutes should then not contain statements made by other directors if such statements included in the minutes were selectively used to support a particular point of view of the drafter of the minutes to support certain actions taken by the Board.

REQUEST NO. 19

Admit that, as a member of RDI's Board of Directors, on or about October 5, 2015, you voted in favor of approving First Coast Results as the Inspector of Elections for the 2015 Annual Shareholder's Meeting.

RESPONSE TO REQUEST NO. 19

Responding Party admits that he voted in favor of approving First Coast Results as the Inspector of Elections for the 2015 Annual Shareholder's Meeting.

REQUEST NO. 20

Admit that, prior to your termination as CEO of RDI, you did not state an objection at any meeting of the Board of Directors regarding any purported delay in circulation of minutes of Board meetings.

RESPONSE TO REQUEST NO. 20

Responding Party denies Request No. 20.

REQUEST NO. 21

Admit that, prior to May 21, 2015, you never stated at any Board of Directors meeting that you believed Edward Kane lacked sufficient disinterestedness to serve on RDI's Board.

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RESPONSE TO REQUEST NO. 21

Responding Party admits Request No. 21.

REQUEST NO. 22

Admit that, prior to May 21, 2015, you never stated at any Board of Directors meeting that you believed Guy Adams lacked sufficient disinterestedness to serve on RDI's Board.

RESPONSE TO REQUEST NO. 22

Responding Party admits Request No. 22.

REQUEST NO. 23

Admit that, prior to May 21, 2015, you never stated at any Board of Directors meeting that you believed Douglas McEachern lacked sufficient disinterestedness to serve on RDI's Board.

RESPONSE TO REQUEST NO. 23

Responding Party admits Request No. 23.

REQUEST NO. 24

Admit that you authorized RDI's May 11, 2015, 10-K/A filing to be submitted to the Securities and Exchange Commission bearing your signature.

RESPONSE TO REQUEST NO. 24

Responding Party admits that he authorized RDI's May 11, 2015, 10-K/A filing to be submitted to the Securities and Exchange Commission bearing his signature in the form that he last reviewed and approved on May 8, 2015.

REQUEST NO. 25

Admit that, on or about May 8, 2015, you authorized your signature be appended to a certification pursuant to the Sarbanes-Oxley Act of 2002 stating the following with respect to RDI's Form 10-K/A: "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."

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Las Vegas, NV 89169-5996

RESPONSE TO REQUEST NO. 25

Responding Party admits that on May 8, 2015, with respect to the 10-K/A filing in the form that he last reviewed and approved on May 8, 2015, he authorized his signature to be appended to a certification pursuant to the Sarbanes-Oxley Act of 2002 stating the following with respect to RDI's Form 10-K/A: "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."

REQUEST NO. 26

Admit that, on or about May 8, 2015, you authorized your signature be appended to a certification that certified pursuant to the Sarbanes-Oxley Act of 2002 that you reviewed the Annual Report on Form 10-K/A of RDI.

RESPONSE TO REQUEST NO. 26

Responding Party admits that on May 8, 2015, with respect to the 10-K/A filing in the form that he last reviewed and approved on May 8, 2015, he authorized his signature to be appended to a certification that certified pursuant to the Sarbanes-Oxley Act of 2002 that he reviewed the 10-K/A Annual Report on Form.

REQUEST NO. 27

Admit that the document attached hereto as Exhibit 1, bates stamped GA00005636 through GA 00005666, is a true and correct copy of the 10-K/A filing made by RDI with the Securities and Exchange Commission on or about May 11, 2015.

RESPONSE TO REQUEST NO. 27

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including Exhibit 1, bates stamped GA00005636 through GA 00005666, is insufficient to enable Responding Party to admit or deny this request. Responding Party therefore presently lacks information sufficient to admit or deny Request No. 27, and on that basis denies request No. 27.

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REQUEST NO. 28

Admit that, upon learning that you were potentially going to be terminated as CEO of RDI, you caused numerous emails relating to RDI to be sent from the RDI servers to your personal email account for litigation purposes.

RESPONSE TO REQUEST NO. 28

Responding Party has made reasonable inquiry and the information known or readily obtainable by Responding Party, including emails, is insufficient to enable Responding Party to admit or deny this request. Responding Party therefore lacks information sufficient to admit or deny Request No. 28, and on that basis denies request No. 28.

REQUEST NO. 29

Admit that it is not in the best interests of RDI's stockholders to reinstate you as CEO of RDI.

RESPONSE TO REQUEST NO. 29

Responding Party denies Request No. 29.

DATED this 27th day of July, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5958
(702) 949-8200
Attorneys for Plaintiff James J. Cotter, Jr.

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of July, 2016, I caused a true and correct copy of the foregoing **JAMES J. COTTER, JR.'S AMENDED RESPONSES TO EDWARD KANE'S FIRST SET OF REQUESTS FOR ADMISSION** was electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

DATED this 27th day of July, 2016.

/s/ Jessie M. Helm
An employee of Lewis Roca Rothgerber Christie LLP

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

EXHIBIT 14

Confidential – Filed Under Seal

EXHIBIT 15

1 EIGHTH JUDICIAL DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

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

16 Complete caption, next page.

17

18

19 VIDEOTAPED DEPOSITION OF GUY ADAMS

20 LOS ANGELES, CALIFORNIA

21 THURSDAY, APRIL 28, 2016

22 VOLUME I

23

24 REPORTED BY: LORI RAYE, CSR NO. 7052

25 JOB NUMBER: 305144

1 EIGHTH JUDICIAL DISTRICT COURT

2 CLARK COUNTY, NEVADA

3 JAMES J. COTTER, JR.,)
derivatively on behalf of)
4 Reading International, Inc.,)
) Case No.
5 Plaintiff,) A-15-719860-B
vs.) P-14-082942-E
6)
MARGARET COTTER, ELLEN)
7 COTTER, GUY ADAMS, EDWARD)
KANE, DOUGLAS McEACHERN,)
8 TIMOTHY STOREY, WILLIAM)
GOULD, and DOES 1 through)
9 100, inclusive,)
)
10 Defendants.)
and)
11 _____)
READING INTERNATIONAL, INC.,)
12 a Nevada corporation,)
)
13 Nominal Defendant.)
_____)
14 T2 PARTNERS MANAGEMENT, LP,)
a Delaware limited)
15 partnership, doing business)
as KASE CAPITAL MANAGEMENT,)
16 et al.,)
)
17 Plaintiffs,)
vs.)
18)
MARGARET COTTER, ELLEN)
19 COTTER, GUY WILLIAMS, EDWARD)
KANE, DOUGLAS McEACHERN,)
20 WILLIAM GOULD, JUDY CODDING,)
MICHAEL WROTNIAK, CRAIG)
21 TOMPKINS, and DOES 1 through)
100, inclusive,)
22)
Defendants,)
23 and)
_____)
24 READING INTERNATIONAL, INC.,)
a Nevada corporation,)
25)
Nominal Defendant.)

1 A. That Ellen -- excuse me. That Margaret
2 was not qualified to run a development project in
3 New York City.
4 **Q. As you sit here today, have you ever**
5 **heard anyone offer the opinion that she is**
6 **qualified to supervise real estate development**
7 **activities with respect to those two New York City**
8 **properties?**
9 A. At -- at any time?
10 **Q. Right.**
11 A. Yes.
12 **Q. Who and when?**
13 A. Well, one person is myself. I went to
14 New York, December, and I wanted to see these
15 properties myself. And Mike Wrotniak came up to
16 New York and Ed Kane was on the phone.
17 **Q. December of --**
18 A. '15.
19 **Q. Okay. Please go ahead.**
20 A. And we had -- what we have for a
21 developer is a -- that's not the right term. We've
22 employed a company that does development in
23 New York. That's their job. I can't think of
24 their name right now. And we -- Margaret also
25 had -- the architect was there. He -- she had the

1 construction people there. And she also had the --
2 the head leasing agent that was going to rent the
3 place. She may have had maybe a space planner.
4 One other person was there. It was a big meeting.
5 And before the meeting, the construction
6 people took us all through the building and talked
7 about what they were going to do to start the
8 construction process. And I noticed Margaret would
9 intervene and say, Well, show them this down in the
10 corner over there. You can actually go to the wall
11 and see where the city street is. And he says, Oh,
12 yeah, we have to shore all this up. The
13 construction guy said that.
14 And Ellen would say, Now, tell him about
15 this. And she's just -- her command of all the
16 problems in the building that have to be overcome
17 were -- were impressive to me. And then we went up
18 to the meeting and they had the overhead slides and
19 stuff showing it with the turtle top.
20 **Q. I'm sorry. Who is the "they"?**
21 A. I'm sorry. The people I named, the
22 contractors, the developers, the head leasing
23 broker. And they all got a moment to talk about --
24 the architect people got to talk about building the
25 building. The construction people got to talk

1 about the intricacies of building in the city --
2 building in the city of New York, and the most
3 interesting part was the leasing guy that we have
4 hired to lease this property was like the biggest
5 leasing guy in that area of New York. And he was
6 in there and he would rattle off problems he would
7 have leasing it, the good and the bad, to inform
8 us.
9 I'm giving you a very brief synopsis, but
10 what I learned from that meeting was the level of
11 her involvement. And while I said earlier in my
12 testimony, she doesn't have experience developing,
13 she's hired a development -- a company that that's
14 what they do, they develop. And her knowledge and
15 command of the facts, and while everybody was
16 giving their presentation, she would make comments
17 about it. And I was very impressed.
18 And after the meeting, I asked Michael
19 Wrotniak what he thought, and he, too, was
20 favorably impressed with her work in that field and
21 what she was doing.
22 **Q. Wrotniak has no real estate development**
23 **experience either; correct?**
24 MR. TAYBACK: Objection; foundation.
25 THE WITNESS: Can I answer that?

EXHIBIT 16

8-K 1 rdi-20151113x8k.htm 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): November 13, 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)	(IRS Employer Identification No.)

6100 Center Drive, Suite 900, Los Angeles, California	**90045**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(213) 235-2240**

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:

☐ 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))

Item 5.07. Submission of Matters to a Vote of Security Holders.

The Company held its Annual Meeting of Stockholders on November 10, 2015. The stockholders considered two proposals which are included in its proxy statement on Form DEF 14A filed with the Securities and Exchange Commission on October 20, 2015. The proposals voted upon and the results of the vote were the following:

Proposal 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

	FOR	WITHHOLD
Ellen M. Cotter	1,294,544	138,968
Guy W. Adams	1,324,103	109,409
Judy Codding	1,325,103	108,409
James J. Cotter, Jr.	1,291,860	141,652
Margaret Cotter	1,294,544	138,968
William D. Gould	1,294,792	138,720
Edward L. Kane	1,324,103	109,409
Douglas J. McEachern	1,331,094	102,418
Michael Wrotniak	1,325,103	108,409

Proposal 2: To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ended December 31, 2015

FOR	AGAINST	ABSTAIN
1,649,828	3,135	1,048

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 hereunto duly authorized.

READING INTERNATIONAL, INC.

Date: November 13, 2015

By: /s/ Ellen M. Cotter
Name: Ellen M. Cotter
Title: Chief Executive Officer

EXHIBIT 17

1 EIGHTH JUDICIAL DISTRICT COURT
2 CLARK COUNTY, NEVADA
3
4 JAMES COTTER, JR., derivatively
on behalf of Reading International,
5 Inc.,
Plaintiff,
6
vs. Case No.
7
MARGARET COTTER, ELLEN COTTER, A-15-719860-B
8 Guy Adams, EDWARD KANE, DOUGLAS
McEACHERN, TIMOTHY STOREY,
9 WILLIAM GOULD, JUDY CODDING,
MICHAEL WROTNIAK, and DOES 1
10 through 100, inclusive,
Defendants.
11
and
12
READING INTERNATIONAL, INC.,
13 a Nevada corporation,
Nominal Defendant.
14 _____
15 (CAPTION CONTINUED ON NEXT PAGE.)
16
17 VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.
18 Los Angeles, California
19 Tuesday, May 17, 2016
20 Volume II
21
22 Reported by:
23 JANICE SCHUTZMAN, CSR No. 9509
24 Job No. 2312191
25 Pages 298 - 567

1 T2 PARTNERS MANAGEMENT, LP, a
Delaware limited partnership,
2 doing business as KASE CAPITAL
MANAGEMENT, et al.,
3 Plaintiffs,
4 vs.
5 MARGARET COTTER, ELLEN COTTER,
Guy Adams, EDWARD KANE, DOUGLAS
6 McEACHERN, WILLIAM GOULD, JUDY
CODDING, MICHAEL WROTNIAK, CRAIG
7 TOMPKINS, and DOES 1 through 100,
inclusive,
8 Defendants.
9 and
10 READING INTERNATIONAL, INC., a
Nevada corporation,
11 Nominal Defendant.
12 _____
13
14
15 Videotaped Deposition of JAMES COTTER, JR.,
16 Volume II, taken at 865 South Figueroa Street,
17 10th Floor, Los Angeles, California, commencing
18 at 9:38 a.m. and ending at 4:37 p.m., Tuesday,
19 May 17, 2016, before Janice Schutzman, CSR No. 9509.
20
21
22
23
24
25 PAGES 298 - 567

1 characterization of your testimony. I made my
2 objections. You can respond.
3 THE WITNESS: I agree.
4 BY MR. TAYBACK:
5 Q. As a board member, have you followed 04:23PM
6 Margaret Cotter's performance as director of real
7 estate?
8 MR. KRUM: Objection, assumes facts not in
9 evidence.
10 THE WITNESS: As a board member? 04:24PM
11 BY MR. TAYBACK:
12 Q. Yes.
13 MR. KRUM: Same objection.
14 THE WITNESS: To the extent I've been given
15 the information, yes. 04:24PM
16 BY MR. TAYBACK:
17 Q. Do you feel like you haven't been given
18 information on her performance?
19 MR. KRUM: Same objection.
20 THE WITNESS: I haven't been given enough 04:24PM
21 information to assess her performance.
22 BY MR. TAYBACK:
23 Q. What information do you feel like you need
24 that you haven't been given?
25 A. Reports on the current status of those 04:24PM

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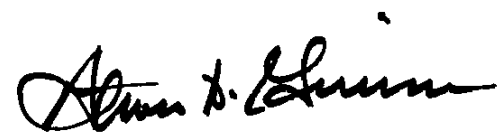

CLERK OF THE COURT

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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.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

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

PLAINTIFF JAMES J. COTTER, JR.'S MOTION FOR PARTIAL SUMMARY JUDGMENT

Lewis Roca ROTHGERBER CHRISTIE
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2010791239_1

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Plaintiff James J. Cotter, Jr. ("Plaintiff"), by and through his attorney Mark G. Krum submits the following Plaintiff James J. Cotter, Jr.'s Motion For Partial Summary Judgment. Pursuant to N.R.C.P. 56, Plaintiff moves for partial summary judgment against Edward Kane ("Kane"), Guy Adams ("Adams"), Doug McEachern ("DM") and William Gould ("WG") (together with Ellen Cotter ("EC") and Margaret Cotter ("MC") (collectively, the "Interested Director Defendants"), on Plaintiff's claims for (1) Breach of Fiduciary Duty (duty of care); (2) Breach of Fiduciary Duty (duty of loyalty); and (3) Aiding and Abetting Breach of Fiduciary Duties (against MC and EC), insofar as they are based on the actions of the Interested Director Defendants in threatening to terminate Plaintiff as President and Chief Executive Officer ("CEO") of nominal defendant Reading International, Inc. ("RDI" or the "Company") and/or terminate Plaintiff as President and CEO of RDI. This Motion is based upon the pleadings and papers on file, the accompanying declaration of James J. Cotter, Jr., the exhibits submitted herewith, the following memorandum of points and authorities, and any oral argument.

DATED this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

BY: /S/ MARK G. KRUM

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NOTICE OF MOTION

TO: ALL INTERESTED PARTIES

PLEASE TAKE NOTICE that Plaintiff will bring the foregoing Plaintiff James J. Cotter, Jr.'s Motion For Partial Summary Judgment for decision on the 25 day of OCT, 2016, at 8:30 a.m. /~~p.m.~~, in Department XI in the above-entitled Court.

DATED this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

BY: */S/ MARK G. KRUM*

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This Motion 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 terms satisfactory to the two of them and, when Plaintiff did not acquiesce to the threat, voting to terminate him as President and CEO of RDI.

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 of the director defendants in threatening to terminate Plaintiff as President and CEO of RDI if he did not resolve certain 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. This motion for partial summary judgment is confined to these issues, with respect to which the undisputed material facts that entitle Plaintiff to partial summary judgment 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, in order for the RDI board of directors to terminate Plaintiff as President and CEO of RDI, a majority of the outside or non-Cotter directors would be required to vote in favor or doing so.
- In May of 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.
- 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

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Plaintiff. No vote regarding termination of Plaintiff was then had.

- Plaintiff, EC and MC thereafter failed to resolve of their disputes.
- EC called another supposed special board meeting for June 12, 2015. At the June 12, 2015 supposed special 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 held the view that 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 (70%) of the voting stock of RDI; Kane's view was that JJC, Sr.'s wishes were that MC alone be the trustee.

As demonstrated below, where, as here, the Plaintiff makes a showing that director defendants lacked disinterestedness and or 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 the process in which they engaged and the result (measured objectively) reached.

Here, defendant Adams lacked independence generally because he was dependent on EC and MC for a majority of his recurring income, including at the time he took the challenged actions. Additionally, he lacked disinterestedness with respect to the challenged action(s) because, among other things, he and his financial benefactors, EC and MC, personally stood to gain in a manner in which other RDI shareholders would not.

Defendant Kane generally lacked independence because of his five-decade relationship

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with JJC, Sr., Kane's view that he knew what Sr.'s wishes were with respect a critical item in dispute between Plaintiff, on one hand, and EC and MC on the other hand, namely, who would be the trustee(s) of the voting trust, Kane's view of that it was the wishes of JJC, Sr., that MC alone be the trustee of that voting trust, and Kane's 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.

As demonstrated below, the individual defendants cannot satisfy the entire fairness test with respect to the "process" by which they threatened Plaintiff with termination and then terminated him. 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. STATEMENT OF FACTS

A. Parties Referenced in This Motion

Plaintiff is and at all times relevant hereto was a shareholder of RDI. He has been a director of RDI since March 2002. He became President of RDI in or about June 2013. He was appointed CEO of RDI on or about August 7, 2014. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. (September 23, 2016 Declaration of James J. Cotter, Jr. (JCC Dec.) at ¶ 2.)

Defendant MC became a director of RDI in or about September 2002 and remains a director. MC is the owner and President of OBI, LLC, a company that has provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. (JCC Dec. at ¶ 3.) As described below, MC is engaged in trust litigation against

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JJC, by which she seeks, among other things, to invalidate a trust document (the "2014 Amendment"). (*Id.*)

Defendant EC is and at all times relevant hereto was a director of RDI. EC became a director of RDI in or about 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. (JCC Dec. at ¶ 4). As described below, EC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate the 2014 Amendment. (*Id.*)

Defendant Kane is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately October 2009. Kane had a decade's long close personal relationship with JJC, Sr. EC and MC call Kane "Uncle Ed." (JCC Dec. at ¶ 5).

Defendant Adams is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI in or about 2014. (JCC Dec. at ¶ 6).

Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI in or about 2012. (JCC Dec. at ¶ 7).

Defendant William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould became a director of RDI in or about 2004. (JCC Dec. at ¶ 8).

B. The Termination of Plaintiff as President and CEO

As the evidence described in this section (II. B.) shows, Plaintiff was threatened with termination as President and CEO of RDI if he failed to resolve disputes with his sisters, EC and MC, on terms satisfactory to them, and Plaintiff was terminated as President and CEO of RDI when Kane, Adams and McEachern, as three of five outside directors, voted to terminate him.

The non-Cotter board members on January 15, 2015 resolved and approved, with Plaintiff, EC and MC abstaining, as follows:

> "The CEO [,JJC,] cannot terminate the employment of Ellen Cotter unless a majority of the independent directors concur with the CEO's recommendation to terminate Ellen Cotter;
>
> The CEO [,JJC,] cannot terminate the existing Theater Management Agreement of Ms. Margaret Cotter unless a majority of the independent directors

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> concurs with the CEO's recommendations to terminate such Theater Management Agreement; and
>
> The CEO [,JJC,] cannot be terminated without the approval of the majority of the independent directors."

(Appendix Ex. 25 (Dep. Ex. 119); Appendix Ex. 12 (DM 5/6/16 Dep. Tr. at 86:17-89:1); Appendix Ex. 7 (WG 6/8/16 Dep. Tr. at 85:3-18); Appendix Ex. 45 (Dep. Ex. 271).)

On Tuesday, May 19, 2015, EC distributed an agenda for a supposed RDI board of directors special meeting on Thursday, May 21, 2015. (JCC Dec. at ¶ 10; Appendix Ex. 1 (EC 6/16/26 Dep. Tr. 171:14-175-16); Appendix Ex. 34 (Dep. Ex. 338).) The first item on the agenda was entitled "Status of President and CEO[.]" *Id.* It turned out that was an agenda item to raise a subject previously not discussed at an RDI Board of Directors meeting, namely, termination of Plaintiff as President and CEO of RDI. (*Id.*)[1]

Prior to May 19, 2015, each of Adams and Kane (and McEachern) communicated to EC and/or between or among themselves their respective agreement to vote as RDI directors to terminate JJC as President and CEO of RDI. (Appendix Ex. 1 (EC 6/16/16 Dep. Tr. 175:17-176:8); Appendix Ex. 5 (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. 9 (Adams 4/29/16 Dep. Tr. 378:15-370:5); *see also* Appendix Ex. 6 (TS 8/31/16 Dep. Tr. 66:22-67:20) and Appendix Ex. 26 (Dep. Ex 131).)

During their planning that predated the supposed May 21 meeting, Kane on May 18, 2016 sent an email to Adams in which he (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 as President and CEO]. 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. 19 (Dep. Ex. 81 at GA00005500).)

---

[1] In March 2015, the non-Cotter directors appointed director Storey to function as their representative ombudsman to work with Plaintiff as CEO, including by acting as a facilitator with EC and MC. (JCC Dec. at ¶ 9; Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 33:12-36:16 and 37:15-38:20).) On behalf of the non-Cotter directors, one or both of Gould and Storey in March 2015 had advised MC and EC and Plaintiff that the process involving director Storey as ombudsman would continue through June 2015, at which time an assessment would be made of the situation. *(Id.)*

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Prior to May 21, 2015, Kane and Adams discussed other motions related to JCJ's termination, such as to appoint an interim CEO. (Appendix Ex. 9 (Adams 4/29/16 Dep. at 366:5–367:6); *see also* Appendix Ex. 20 (Adams Dep. Ex. 82 at GA00005502–03).)[2] **

Directors Gould and/or Storey objected that the non-Cotter directors had not undertaken an appropriate process to make a decision regarding whether or not to terminate the President and CEO of RDI and requested that the non-Cotter directors meet before the supposed May 21 meeting. Gould warned the others that they all could "face possible claims for breach of fiduciary duty if the Board takes action without following a process . . . ." (Appendix Ex. 318 (Gould Dep. Ex. 318).) Storey used the term "kangaroo court," and observed as to the non-Cotter directors that, "as directors we can't just do what a shareholder [, meaning EC and MC,] asks."[3] (Appendix Ex. 22 (Kane Dep. Ex. 116).)

Kane responded they did not need to meet, stating that "the die is cast." (Appendix Ex. 23 (EK Dep. Ex. 117 at TS000069).)

The supposed May 21, 2015 special meeting was convened and concluded with no termination vote having been taken. (JCC Dec. at ¶11).

On or about Wednesday, May 27, 2015, a lawyer representing MC and EC in the California Trust Action ("Susman") sent an attorney representing JJC in the California Trust Action ("Streisand") a document outlining terms on which EC and MC would resolve their

---

[2] In a May 19, 2015 email to Kane, Adams acknowledged they had picked sides in a family dispute:

> Ed,
>
> I am sorry, as I know your relationship with the family started long before they were born. I also know—and now see for myself—why SR placed such a high value on you and your counsel. More than anyone else on the board, you worked behind the scenes attempting to bridge every problem with the kids. Lastly, I know that more than anyone else, you have been at SR's side at every turn as he built his empire. I think you and I share a [sic] obligation to the family . . . . based upon our commitment to our friend.... *Unfortunately, it seems that we have no choice but to choose a side.*

(Appendix Ex. 21 (Adams Dep. Ex. 85 at GA00005544–45 (emphasis supplied); *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 65:12-66:20).)

[3] 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. 6 (TS 8/3/16 Dep. Tr. 33:12-36:16 and 37:15-38:20).)

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disputes with Plaintiff. (JCC Dec. at ¶ 12; Appendix Ex. 4 (MC 6/15/16 Dep. Tr. 154:19-156:19); Appendix Ex. 32 (Dep. Ex. 322).)

Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday [May 21] was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office."** (JCC Dec. at ¶ 13; Appendix Ex. 1 (MC 6/16/16 Dep. Tr. 185:13-186:9); Appendix Ex. 35 (Dep. Ex. 340).)**

On May 28, 2015, Kane by email told JJC to accept the offer.

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

(Appendix Ex. 1(MC 6/16/16 Dep. Tr. 185:13-186:9); Appendix Ex. 24 (Dep. Ex. 118).)

On Friday, May 29, before the supposed RDI board of directors special meeting commenced, EC and MC met with JJC. They discussed that the document that had been conveyed by Susman was a take-it or leave-it offer and that, if JJC did not accept it, the RDI board would proceed with the vote to terminate him as President and CEO. (JCC Dec. at ¶ 14).

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. (JCC Dec. at ¶ 15). The supposed special meeting eventually was adjourned until 6:00p.m. that evening. Plaintiff was told that he needed to resolve his disputes with his sisters by then or he would be terminated. (*Id.)* Storey's contemporaneous handwritten notes summarize that as follows:

> "long board discussion"
>
> " ended with basically a command from" majority" – Jim go settle something with sisters in next hour or you will be terminated."

(*See* Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. at 110:6-12); Appendix Ex. 15 (Storey Dep. Ex. 17).)

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The supposed special board meeting reconvened (telephonically, for most) at or about 6:00 p.m. on Friday, May 29, 2015. At that time EC reported that she and MC had reached an agreement in principal with JJC to resolve their disputes. EC concluded that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to counsel for JJC. No termination vote was taken. (JCC Dec. at ¶ 16). (Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22; *see also* Appendix Ex. 15 (Dep. Ex. 17).)

On Wednesday, June 3, 2015, Susman for EC and MC transmitted a new document to Streisand, JJC's attorney. (JCC Dec. at ¶ 17; Appendix Ex. 3 (MC 5/13/16 Dep. Tr. 377:7-24); Appendix Ex. 28 (Dep. Ex. 167).)

On June 8, 2015, JJC advised EC and MC that he could not accept their document. MC responded that she would advise the RDI board of directors. . (JCC Dec. at ¶ 18; Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22); *see also* Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 271:22-279:7); Appendix Ex. 27 (Dep. Ex. 156).)

On Wednesday afternoon, 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.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00 a.m. (Los Angeles time) . . .*" . (JCC Dec. at ¶ 19).

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. (JCC Dec. at ¶ 20; Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. 191:25-192:12, 193:3-194-10); Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. 139:22-140-11); *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 75:4-76:16 and 81:22-82:6).)

In January 2016, EC was made, permanent President and CEO of RDI. (JCC Dec. at ¶ 21).

C. MC And EC Were at Odds With Plaintiff

Without implying that the votes of MC and EC should have been counted (which should

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not have been the case in view of the January 15, 2015 resolution described above) (Appendix Ex. No. 25; Dep. Ex. 119), the evidence described in this section (II. c.) shows that, as to the actions to threaten Plaintiff with termination and to act and vote to terminate him, (1) each of EC and MC lacked disinterestedness and (2) each of EC and MC generally lacked independence for the purposes of those actions and decisions.

MC and EC had personal disputes with Plaintiff, the most fundamental of which were raised in the California Trust Action (defined below), including the dispute about whether MC alone or MC and JJC together would be trustee(s) of the RDI "Voting Trust" controlling approximately seventy percent (70%) of RDI's claim class B voting stock. MC and EC also had personal disputes and conflicts the Plaintiff regarding the sisters' respective employment status, titles roles at the Company and compensation, as well as whether they would report to their brother as CEO.

1. The California Trust Action

On or about February 5, 2015, MC and EC filed an action entitled "In Re James J. Cotter Living Trust dated August 1, 2000" (the "California Trust Action") in Los Angeles County Superior Court. By the California Trust Action, MC and EC challenged the validity of the 2014 Amendment to the James J. Cotter Living Trust dated August 1, 2000, as amended (the "Trust"), which Trust also was the subject of amendments prior to 2014, including an amendment in 2013 (the "2013 Amendment"). In the California Trust Action, EC and MC alleged in the Petition filed to initiate the action (the "Petition") in relevant part as follows:

> "5. James Sr. was the former Chief Executive Officer, Chairman of the Board and the controlling shareholder of Reading International, Inc. (''RDI'') . . . RDI is a publicly-traded company with two classes of stock; James Sr. controlled over 70% of the voting shares and also owned a significant amount of non-voting stock.
>
> * * *
>
> 8. **On June 5, 2013, James Sr. executed the 2013 Amendment to the Complete Restatement of Declaration of Trust (the "2013 Trust")** . . . The 2013 Trust provided for the following distributions of James Sr.'s primary assets upon his death. **First, the voting stock of RDI would be distributed to a separate trust (the "RDI Voting Trust")** for the benefit of James Sr.'s grandchildren. [MC] and [JJC] have children; [EC] does not. **The sole trustee of the RDI Voting Trust would be [MC].**

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> Because James Sr.'s voting stock controlled RDI, [MC] as Trustee of the RDI Voting Trust would have effective control over RDI under the terms of the 2013 Trust. The 2013 Trust also expressed James Sr.'s wish that [MC] would become the "chairperson" of RDI and that she would support [JJC] as President of RDI.
>
> * * *
>
> 24. **The 2014 . . . Amendment made significant changes to the 2013 Trust, . . . First, the 2014 . . . Amendment made [JJC] and [MC] co-trustees of the RDI Voting Trust instead of [MC] being the sole trustee. The 2014 . . . Amendment also provided that if [JJC] and [MC] could not agree in their capacities as co-trustees of the RDI Voting Trust, voting control would alternate every year . . . [JJC] went from having zero voting power over RDI in the 2013 Trust to having an effective veto right over any decisions relating to RDI in the 2014 . . . Amendment."**

(*See* Appendix Ex. 13 (Petition, ¶¶ 5, 8 and 24) (emphasis supplied).)

Thus, by the California Trust Action, MC and EC made clear that a principal subject of dispute with Plaintiff was whether MC alone pursuant to the 2013 Amendment, or MC and Plaintiff together pursuant to the 2014 Amendment, would be trustee(s) of the RDI Voting Trust. Of course, that determines who holds the power to vote a majority of the RDI Class B voting stock, to elect the RDI Board of Directors and to control the Company.

2. Disputes Regarding the Employment, Title, Compensation and Responsibilities of EC and MC

Not long after their father's passing, in the fourth quarter of 2014, EC and MC sought to report to an executive committee of RDI's Board of Directors rather than to their brother as CEO. (Appendix Ex. 2 (EC 5/18/16 Dep. Tr. 64:17-21, 63:24-65:21, 72:2-24, 134:9-135:11, 140:6-141:6, 142:12-143:5); Appendix Ex. 17 (Dep. Ex. 61).) On October 14, 2014, EC sent an email to directors Adams, Storey and Gould, which email identified the jobs, titles and compensation sought by EC and MC, as well the reporting structure—to an executive committee rather than to the brother as CEO—that EC and MC wanted. (*See* Appendix Ex. 17 (Dep. Ex. 61).) EC acknowledged that the point of the executive committee structure she had proposed was that she did not want to report to her brother as CEO. (*See supra*).

Separately, EC wanted a new title, President of U.S. Cinemas, which title at the time was held by another executive. (*See* Appendix Ex. 17 (Dep. Ex. 61); Appendix Ex. 2 (EC 5/18/16

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Dep. Tr. at 58:9-15).) EC and MC also wanted an employment contracts with RDI . (*Id.* at 58:5-6). EC also wanted a raise. (*Id.* at 59:6-10).

With respect to employment, MC for years had been employed by Liberty Theaters, making her a third-party consultant to RDI. (Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 49:19-51:9); Appendix. Ex. 6 (TS 8/3/16 Dep. Tr. 15:14-16:5).) As such, she received what amounted to commission income. *Id.* She received no health benefits. *Id.* MC in or before the Fall of 2014 sought to become an employee of RDI:

> Q. And during this conversation with Tim Storey [in the Fall of 2014], what did you say to him about your role in the company going forward?
>
> A. I don't recall.
>
> Q. Did you tell him that you wanted to be an RDI employee?
>
> A. Oh, I brought out documents that my father wanted me to become an employee. Yep.

(Appendix Ex. 3 (MC 5/12/16 Dep. Tr. at 76: 4 – 11).)

In particular, MC sought to be the senior executive at RDI responsible for development of valuable real estate in New York City owned directly or indirectly by RDI, referred to as Union Square and Cinemas 1, 2, and 3 (the "NY Properties") :

> Q. Ms. Cotter, directing your attention to the time frame of September or October of 2014, and the conversation you believe you had with Tim Storey regarding you becoming -- that included discussing you becoming a -- an employee of RDI, what did you say and what did he say as best you can recall?
>
> A. I believe I just expressed my interest in becoming an employee and working on the New York Properties.
>
> Q. When you say "working on the New York properties," what does that mean?
>
> A. Working on the development of the New York properties.
>
> Q. And you're talking about Union Square and Cinemas 1, 2 and 3, yes?
>
> A. That's correct.

(*Id.* at 54: 21 - 55: 11).

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Q. Okay. And what did you discuss with Mr. Storey, if anything, about what position you would hold?

A. I was speaking about the New York properties and running the development of those properties.

Q. Did you tell Mr. Storey during this conversation in September or October 2014 that you wanted to be the senior person involved in the development of the New York properties?

A. I told him I wanted to lead the development, yes.

(*Id.* at 76: 12-17 and 77: 15-20).

Plaintiff as CEO was of the view that MC was unqualified to hold that position, as MC knew:

Q. Did there come a time, Ms. Cotter, when you heard or learned or were told that your brother as C.E.O. was of the view that Reading needed to hire a person with real estate development experience or expertise to assist, among other things, with the development of the New York properties?

[Objection omitted.]

THE WITNESS: I heard that.

Q. When did you first hear or learn that?

A. I don't recall.

Q. Did your brother ever say to you, whether in a conversation or an email or otherwise, that he thought RDI needed an employee with real estate development expertise that you did not have?

[Objection omitted.]

THE WITNESS: At some point I believe he said that, yeah.

(*Id.* at 81: 8 - 82: 2).

Plaintiff as CEO undertook to hire a senior executive experienced in real estate development, which MC recognized meant that she would not have the position she wanted:

...At the top of the first page of Exhibit 145 your brother responds to in the first sentence as follows, quote,

'You have heard about my concerns about you leading our two developments in New York valued at over $200 million and my intentions to hire a director of real estate...'

Do you see that?

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A. Yes.

Q. What did you understand to him -- him to be saying or referencing by that sentence?

A. He wasn't going to budge and give me this role.

(*Id.* at 83: 24 - 84: 14).

* * *

Q. Okay. Did you understand -- what was your understanding as to what he was telling you when he referenced his intentions to hire a director of real estate?

That he was going to hire somebody else to be the senior person at RDI with respect to the real estate development of the two New York properties?

[Objection omitted.]

THE WITNESS: He was going to hire somebody else, yes.

* * *

Q. So he concludes by asking whether your expectations have changed; and if so, how.

Did you respond to that?

A. I don't recall.

* * *

Q. Well, did your -- did you[r] desire to be the person leading the real estate development of RDI's two properties in New York ever change?

A. No.

(*Id.* at 200: 18 - 202: 1).

MC was of the view that the hiring of a person qualified in real estate development, which Plaintiff as CEO sought to do, would exclude MC from holding the position she wanted:

> …"Question: Was it not the case, Ms. Cotter, that you held the view that the hiring of Jon Genovese or anyone else for the director of real estate position would have a consequence of you not leading the real estate development of the two New York properties?")
>
> [Objection omitted.]
>
> THE WITNESS: Yes.

(*Id.* at 262: 5 - 15; *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 27:13-29:5).)

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Separately, MC also was concerned that Plaintiff would terminate her consulting arrangement with the Company. (Appendix Ex. 3 (MC 5/13/16 Dep. Tr. 302: 19 - 303: 24).)

EC and the other individual defendants in March 2016 made MC an executive employee of RDI, with the title Executive Vice President, Real Estate Development, New York. (See (Appendix Ex. 14 (RDI Form 8-K Excerpts dated March 15, 2016).) As such, MC is the executive person at RDI directly responsible for development of the NY Properties. MC has no prior real estate development experience. (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. 152;23-154:21); Appendix Ex. 6 (Storey 8/3/16 Dep. Tr. 17:10-17); Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 226:1-231:13).)

D. Adams Was Financially Dependent on MC and EC

The evidence described in this section (II. D.) shows that (1) Adams generally lacked independence with respect to any matter or decision of interest or importance to EC, MC or both, because Adams was dependent upon them for a majority of his recurring income and (2) as to the decision and action to threaten Plaintiff with termination and to vote to terminate him, Adams lacked disinterestedness because, among other things a decision was of personal interest to Adams, including for the reasons described in the evidence below, including that EC and MC and Adams separately stood to benefit from their complaint of actions in a manner not shared with other RDI shareholders.

At the time he acted to terminate Plaintiff, Adams—by his own admission in sworn statements he made in his divorce case in Los Angeles Superior Court—received a majority of his income from entities controlled by EC and MC.

First, Adams, who is almost 65, effectively has been unemployed since 2008. (*See* Adams Dep. Ex. 53 at JCOTTER014954). With the economic downturn in 2008, Adams ceased operating his investment business, GWA Capital, laying off all employees. (Appendix Ex. 9 (12:6–15); *see also* Appendix Ex. 16 (Adams Dep. Ex. 53 at JCOTTER014973) (declaration given in context of Adams's divorce, herein he states, "the 2007-08 market meltdown resulted in significant investment losses"; by the "end of 2008, most of my investors had pulled out"; "I had

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to lay off all of my employees.").)[4]

Second, beginning in 2012, an overwhelming majority of Adams's recurring income came from RDI and entities controlled by JCC, Sr., until 2014 when JJC, Sr. passed, and from then controlled by EC and MC. In the latter part of 2012, JJC, Sr. hired Adams to do consulting work through JC Farm Management Co., a subchapter S corporation owned by JJC, Sr. and now part of the Estate, which is now controlled by the Cotter sisters as executors. (Appendix Ex. 18 (Adams Dep. Ex. 68, at GA00005295–32).) Adams was to be paid, was paid, and is paid $1,000 per week pursuant to this agreement. (Appendix Ex. 9 (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 [E]state," which he understands and agrees is controlled by MC and EC. (Appendix Ex. 9 (28:12–29:2).)

Additionally, Adams helps manage four real estate developments around the country in which JCC, Sr. invested, for which Adams received a 5 percent interest in the ventures. (Appendix Ex. 9 (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. 9 (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).)

As of the time of his deposition on April 28, 2016, Adams had received no income in 2016 from GWA Capital. (Appendix Ex. 9 (Adams 4/29/16 Dep. Tr. 13:10–16).)[5]

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[4] Between 1985 and 1995, Adams worked directly for JJC, Sr. in a variety of positions at a number of different firms. (Appendix, Ex. 9 (Adams 4/28/16 Dep. Tr. (21:10–24:4, 442:9–17).) From 1995 until Adams joined RDI's board in February, 2014, Adams and JJC, Sr. remained friends, meeting socially on a regular basis several times per year at least. (*Id.* at 24:5–13, 37:16–19). In 2004, JJC, Sr. invested about half a million dollars in Adams's investment fund, GWA Capital, for about one year—a significant portion of the $3 or $4 million that Adams then managed. (*Id.* at 40:10–41:15).

[5] Defendant Gould became aware from Adams's deposition testimony that Adams depended upon "the Cotter family" for "a great percentage" of his "earnings ." (Appendix Ex. 7 (WG 5/18/15 Dep. Tr. (32:1–5).) Consequently, Mr. Gould expressed to EC and to Craig Tompkins that Gould "did not believe [that Adams] was independent for purposes of serving on the . . . compensation committee." (Appendix Ex. 7 (WG 5/18/15 Dep. Tr. (33:14–18; *see also id* at 36:2–7).) Gould reasoned that "clearly if Mr. Adams's

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In 2015, when he cooperated with EC in terminating Plaintiff, Adams had about a $200,000 income (Appendix Ex. 9 (Adams 4/28/16 (15:22–23).) All of it came from Cotter-related businesses. (*See also* Appendix Ex. 16 (Adams Dep. Ex. 53 at JCOTTER014961).) Adams was paid his annual salary $52,000 (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (16:4–6).) The balance, about $148,000, also came from Cotter-related business, namely, his RDI director fees and the sale of RDI shares. (16). Adams had no other sources of income in 2015 except for a one-time payout of $300,000 when his ex-wife purchased his interest in a Santa Barbara condominium incident to their divorce. (14-15, 16:22–24).

Likewise in 2014, Adams's approximately $134,000 in earnings came, in his words, "predominantly" from his farm "consultancy" work ($52,000 salary plus a $25,000 bonus), money earned as a RDI director ($50,000), and a "bonus from Jim [Cotter] Sr." ($20,000). (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (18–19, 123:2–11).) Adams's only earnings in 2014 outside Cotter-related businesses were $12,000 for a "consulting contract with a junk bond fund." (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (18:4–7, 19:4–6).)

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E. Kane Maintained a Close Quasi-Familial Relationship With JJC, Sr. for Five Decades

The evidence set out in this section (II. E.) below 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

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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). Mr. Gould agreed that Mr. Adams was a "vocal proponent in support of terminating" Plaintiff. (*Id.* at 36:19–22).

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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. 10 (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. 10 (Kane 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. 10 (Kane 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. 10 (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. 10 (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 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 (70%) 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.

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(Appendix Ex. 10 (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. 10 (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.
>
> 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. 10 (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

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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. 11 (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. 10 (Kane 5/3/16 Dep. Tr. 277:2–278:4 (objection omitted).)

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. 24 (Dep. Ex. 118 at EK 00000396 (emphasis supplied).) Kane further warned, "If it is a take-it-or-

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leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, even though I have not seen or heard the particulars." (Appendix Ex. 34 (Dep. Ex. 118 at EK 00000396).)

On May 29, 2015, the vote to terminate Plaintiff was not had because a Plaintiff appeared to have reached an agreement with MC and EC satisfactory to the two of them. (Appendix Ex. 10 (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. 31 (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. 31 (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.
>
> * * *
>
> 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.

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(Appendix Ex. 10 (Kane 5/2/16 Dep. Tr.194–195 (objection omitted).)

III. ARGUMENT

A. Legal Standards

Summary judgment shall be rendered when "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." N.R.C.P. 56(c). The standard for granting summary judgment was revised or clarified in 2005 through the Nevada Supreme Court's decision in *Wood v. Safeway, Inc.*, 121 Nev. 724, 121 P.3d 1026 (2005). No longer is summary judgment a "disfavored procedural shortcut." *Id.* at 1030. No longer is a litigant entitled to an expensive trial merely because there exists the "slightest doubt" as to the operative facts "for at least a slight doubt can be developed as to practically all things human." *Id.* at fn. 5 (quoting Clark, *Special Problems in Drafting and Interpreting Procedural Codes and Rules*, 3 VAND. L. REV. 493, 504 (1950)). Instead, summary judgment is regarded as an "integral part" of the rules of civil procedure "designed to secure the just, speedy and inexpensive determination of every action." *Wood,* 121 Nev. at 730, 121 P.3d at 1030.

When deciding a motion for summary judgment, the court views all evidence in the light most favorable to the nonmoving party. *Id.* However, the nonmoving party bears the burden of demonstrating that a genuine issue of material fact exists. *Id.* at 732, 121 P.3d at 1031. General allegations and conclusory statements do not create genuine issues of fact. *Id.* at 731, 121 P.3d at 1030-31. It is well established that "pure issues of law [are] proper for resolution on a motion for summary judgment." *E.g., Am. Fence, Inc. v. Wham*, 95 Nev. 788, 792, 603 P.2d 274, 277 (1979); *Molino v. Asher*, 96 Nev. 814, 816, 618 P.2d 878, 879 (1980).

B. The Business Judgment Rule Has No Application 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.*

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Derivative Litig., 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984).[6] 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 presumption 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, although each of the last three elements is absent, this Motion addresses only the critical absence of disinterestedness and independence. Because two (Gould and Storey) of the five non-Cotter directors voted against termination, under their January 15, 2015 resolution. Plaintiff need only show that directors had an interest in the challenged conduct or lacked (or failed to exercise) independence from others (here EC and MC) who had an interest in the challenged conduct (or that they did not act independently). "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 shown below, Plaintiff has already done so.

1. 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

[6] 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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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.

EC and MC clearly 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 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 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 (to be interim CEO) and to protect the interests of EC and MC, on whom he is financially dependent.[7]

For such reasons, among others, EC, MC, Kane and Adams each lack disinterestedness 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. 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

[7] Plaintiff does not concede that McEachern was disinterested and/or independent. Because Plaintiff can prevail on this Motion without showing McEachern to have been interested or lacking independence, he chooses not to address McEachern.

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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).

"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.

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Here, the conduct of EC, MC, and Kane 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 MC should control the Voting Trust and his actions to make that happen 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.

C. Defendants Must and Cannot Satisfy the Entire Fairness Test

1. The Decision to Terminate Plaintiff as President and CEO Of RDI Can and Should Be Declared Void by the Court

"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).

2. EC, MC, Kane and Adams Bear the Burden of Satisfying the Entire Fairness Test

"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

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presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del.Ch. 1999).

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 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. 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 Del. Ch. LEXIS 67, at *67-68, 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*, 208 Del. Ch. LEXIS 67 at *66, 2008 WL 2270488 at *22.

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.

First, as to the process, the evidence shows that EC, MC, Kane, Adams and McEachern

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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 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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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.

Because the individual defendants cannot satisfy the entire fairness test, the challenged action may be avoided by the corporation or its stockholders. Plaintiff requests that the Court enter an order on this motion doing so.

IV. CONCLUSION

For all of the foregoing reasons, Plaintiff James J. Cotter, Jr. respectfully requests that the Court grant this Motion for Partial Summary Judgment and enter an order that sets aside the void or voidable June 12, 2015 decision of certain of the individual director defendants to terminate Plaintiff as President and CEO of RDI such that that action was and is of no legal force and effect, and for such other relief as the Court may see fit, so that the inequitable conduct in question is fully and effectively remedied.

Dated this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of September, 2016, I caused a true and correct copy of the foregoing o 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/ Judy Estrada
An employee of Lewis Roca Rothgerber Christie LLP

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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,

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 JAMES J. COTTER, JR., IN SUPPORT OF JAMES J. COTTER JR.'S MOTION FOR PARTIAL SUMMARY JUDGMENT

[Business Court Requested: [EDCR 1.61]

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

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inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

DECLARATION OF JAMES J. COTTER, JR.

I, JAMES J. COTTER, JR., declare as follows:

1. I am over the age of 18 years and a resident of California. 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.

2. I presently am and at all times relevant hereto have been a shareholder of Reading International, Inc. ('RDI"). I have been a director of RDI since March 2002. I became President of RDI in or about June 2013. I was appointed CEO of RDI on or about August 7, 2014. I am the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC").

3. MC became a director of RDI in or about 2002 and remains a director. MC is the owner and President of OBI, LLC, a company that has provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. MC is engaged in trust litigation against me (the "California Trust Action"), by which she seeks, among other things, to invalidate a trust document (the "2014 Amendment").

4. EC is and at all times relevant hereto was a director of RDI. EC became a director of RDI in or about 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. EC is engaged in trust and estate litigation against me, by which she seeks, among other things, to invalidate the 2014 Amendment.

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5. Edward Kane is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately 2009. Kane had a decade's long close personal relationship with JJC, Sr. EC and MC call Kane "Uncle Ed."

6. Guy Adams is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI in or about 2014.

7. Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI in or about 2012.

8. William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould became a director of RDI in or about 2004.

9. In March 2015, the non-Cotter directors appointed director Tim Storey to function as their representative ("ombudsman") to work with me as CEO, including in particular to act as a facilitator with EC and MC. On behalf of the non-Cotter directors, directors Gould and Storey in March 2015 advised me, as well as MC and EC, that the process involving director Storey as ombudsman would continue through June 2015, at which time an assessment would be made of the situation.

10. On Tuesday, May 19, 2015, EC distributed an agenda for a supposed RDI board of directors special meeting on Thursday, May 21, 2015. The first item on the agenda was entitled "Status of President and CEO[.]" It turned out that was an agenda item to raise a subject previously not discussed at an RDI Board of Directors meeting, namely, termination of me as President and CEO of RDI.

11. At a supposed May 21, 2015 special meeting, directors Adams, Kane and McEachern each indicated that they were prepared to vote to terminate me as President and CEO of RDI. However, no termination vote having was taken.

12. On or about Wednesday, May 27, 2015, a lawyer representing MC and EC in the California Trust Action, Harry Susman, sent my attorney in the California Trust Action, Adam Streisand, a document outlining terms on which EC and MC would resolve their disputes with me. It was communicated as a "take it or leave it" proposal.

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13. Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday [May 21] was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office.**"

14. On Friday, May 29, before the supposed RDI board of directors special meeting commenced, I met with EC and MC. They indicated to me that the document that had been conveyed by attorney Susman (on May 27) was a take-it or leave-it offer and that, if I did not accept it, the RDI board would proceed with the vote and terminate me as President and CEO.

15. The supposed special board meeting on May 29 commenced and Adams made a motion to terminate me as President and CEO. I questioned Adams' independence and/or disinterestedness. After some discussion, the non-Cotter directors met with my sisters. Eventually, the supposed special meeting was adjourned until 6:00p.m. that evening. I was told that I needed to resolve my disputes with his sisters by then, failing which the termination vote would go forward and I would be terminated.

16. The supposed special board meeting reconvened (telephonically, for most) at or about 6:00 p.m. on Friday, May 29, 2015. At that time EC reported to the five non-Cotter directors that she and MC had reached an agreement in principal with me to resolve our disputes. EC concluded that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to my counsel. No termination vote was taken.

17. On Wednesday, June 3, 2015, Susman transmitted a new document to Streisand.

18. On June 8, 2015, I advised EC and MC that I could not accept their document. MC responded that she would advise the RDI board of directors.

19. On Wednesday afternoon, 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.) We would like to reconvene this Meeting telephonically *Friday, June 12 at 11:00 a.m. (Los Angeles time)* . . ."

20. On Friday, June 12, 2015, a supposed RDI board of directors special meeting was convened. Adams, Kane and McEachern voted to terminate me as President and CEO of RDI.

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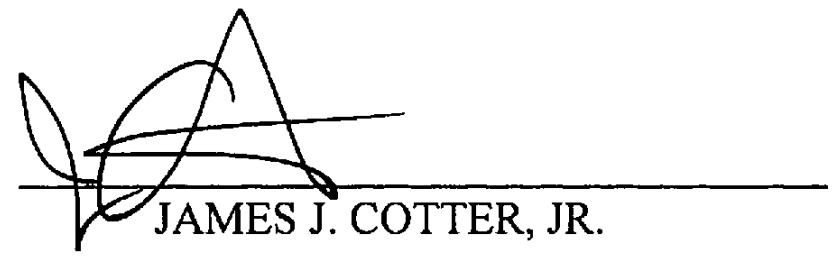
Storey and Gould voted against terminating me as President and CEO. (EC and MC purported to vote to terminate me.)

21. On January 2016, EC became President and CEO.

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

DATED this 23rd day of September, 2016.



JAMES J. COTTER, JR.

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James J. Cotter, Jr., v. Margaret Cotter, et al.
Case No. A-15-719860-B / P-14-082942-E

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EXHIBIT 1

1 DISTRICT COURT
CLARK COUNTY, NEVADA
2

3 JAMES J. COTTER, JR.)
individually and derivatively)
4 on behalf of Reading)
International, Inc.,)
5)
Plaintiff,)
6)
vs.) Index No. A-15-179860-B
7)
MARGARET COTTER, ELLEN)
8 COTTER, GUY ADAMS, EDWARD)
KANE, DOUGLAS WILLIAM GOULD,)
9 and DOES 1 through 100,)
inclusive,)
10)
Defendants.)
11 ----------)
READING INTERNATIONAL, INC.,)
12 a Nevada corporation,)
)
13 Nominal Defendant.)
----------)
14

15

16 VIDEOTAPED DEPOSITION OF ELLEN COTTER

17 New York, New York

18 Thursday, June 16, 2016

19

20

21

22

23

24 Reported by:
MICHELLE COX
25 JOB NO. 316936

1 But outside of that, I did not have any
2 discussions with Craig about his compensation.
3 **Q What discussions did you have with Jim**
4 **about -- in which you encouraged Jim to set up**
5 **a retirement plan for Craig Tomkins?**
6 A We had met -- Jim and I had met with
7 Tim Storey, and we were talking about some of
8 the management members and their desires to
9 have some sort of retirement benefit. We had
10 talked about Bob Smerling and Craig Tomkins.
11 **Q It's a little late for Bob Smerling,**
12 **wasn't it?**
13 A Well, Bob wanted to know if he wanted to
14 leave the company, what -- or if he had to
15 leave the company, what would the company be
16 giving him.
17 **Q In or about April 2015, how old was**
18 **Bob Smerling?**
19 A Bob probably was 79 or 80, at the time.
20 **Q So as a practical matter, there was no way**
21 **to set up and fund, a retirement plan for him**
22 **unless he was going to continue working for --**
23 **into his 80s if not 90s, right?**
24 A Well, I think what the idea was, was if
25 Bob left the company, he would get a sum of

1 money.
2 Today the compensation committee has
3 approved to have Bob be entitled to one year's
4 total cash compensation if he retires from the
5 company.
6 **Q Is that to serve as an inducement to**
7 **retire?**
8 A No.
9 **Q It's just a thank you for prior services**
10 **rendered?**
11 A Recognition of all he's done for the
12 company. He's been with the company since
13 1993, and has help build the company.
14 **Q So it's not in consideration of something**
15 **new or different than he's provided the**
16 **company?**
17 A It's in recognition of his past service.
18 **Q I direct your attention to Mr. Kane's**
19 **e-mail at the top of Exhibit 335.**
20 **Did you see that he says that**
21 **Craig Tomkins "urged us," I assume the company,**
22 **"to charge Michael Forman usurious interest on**
23 **advances to Cinemas 123."**
24 **I left out an "aside" in the middle of the**
25 **sentence there.**

1 A Yeah. Yes.
2 **Q Is that correct?**
3 A No.
4 What I think Ed was referring to was, we
5 had a special arrangement with Sutton Hill
6 Associates and the company with respect to
7 renovations.
8 And because it was a related-party
9 transaction, Craig wanted to ensure that there
10 was an appropriate interest rate charged to
11 Sutton Hill Capital.
12 So Craig was trying to make sure that
13 the -- that as it was a related party, that it
14 was treated appropriately.
15 **Q Did you have -- did you have any sense,**
16 **when you received this, why Mr. Kane referred**
17 **to the rate as "usurious"?**
18 A My recollection is that Ed didn't think
19 that we should charge interest at all.
20 **Q You see the next portion of Mr. Kane's**
21 **e-mail at the top of Exhibit 335 reads as**
22 **follows: "That after screwing up the Hawaii**
23 **litigation to an excess of $1 million of legal**
24 **fees that he is now 'seeking' to recover after**
25 **he paid it, and laughs it off by saying we are**

1 **Q Well, that obviates any privilege issues.**
2 MR. KRUM: I'll ask the court reporter to
3 mark as Exhibit 337 [sic], a document that
4 purports to be a May 19 e-mail from
5 Ellen Cotter to other members of the RDI board
6 of directors, carbon copy to Bill Ellis, bears
7 Production No. GA5340.
8 (Deposition Exhibit 338, E-mail dated May
9 19, 2015, from Ellen Cotter to Margaret Cotter
10 and Others, marked for identification as of
11 this date.)
12 (Discussion off the record.)
13 MR. KRUM: So let me correct the record.
14 What the court reporter has marked as
15 Exhibit 338, is a May 19th e-mail from
16 Ellen Cotter to other members of the board of
17 directors, copied to William Ellis, "Subject:
18 Agenda - Board of Directors Meeting, May 21,
19 2015." It Production No. GA5340.
20 That's deposition Exhibit 338.
21 BY MR. KRUM:
22 **Q Ms. Cotter, do you recognize Exhibit 338?**
23 A Yes.
24 **Q What is it?**
25 A It's an agenda for a board meeting of

1 May 21, 2015.
2 **Q And did you send it on or about May 19,**
3 **2015, at 6:38 p.m.?**
4 A Yes.
5 **Q What time would that have been in New**
6 **Zealand -- what day and what time would that**
7 **have been in New Zealand or Australia, do you**
8 **know?**
9 **The next morning, right?**
10 A It would have been Wednesday.
11 **Q Wednesday morning something?**
12 A Yeah.
13 **Q This was not a regularly scheduled RDI**
14 **board of directors meeting, correct?**
15 A No, it was a special meeting.
16 **Q And Exhibit 338 was the first distribution**
17 **of an agenda for that special meeting, right?**
18 A I believe so.
19 **Q Item 1 reads: "Status of President and**
20 **CEO."**
21 **Do you see that?**
22 A Yes.
23 **Q And what that referred to was the**
24 **termination of Jim Cotter, Jr. as president and**
25 **CEO, right?**

1 A It referred to a discussion point about
2 the status of the president and CEO.
3 **Q Well, the discussion was actually a motion**
4 **to terminate the president, and a discussion**
5 **that ensued, right?**
6 A Well, it was a discussion and then -- I
7 don't remember if there actually was a motion.
8 **Q Okay. So why is it that the agenda Item**
9 **No. 1 did not reference the possible**
10 **termination of the president and CEO?**
11 A I don't -- I mean, there's no reason.
12 That's just the way I reflected it on the
13 agenda.
14 **Q Well, look at Item 6. It reads "Status of**
15 **Craig Tomkins and Robert Smerling."**
16 **Do you see that?**
17 A Yes.
18 **Q Was there some discussion -- was there**
19 **going to be, in your mind, when you prepared**
20 **this agenda, some discussion about whether**
21 **either or both Craig Tomkins and**
22 **Robert Smerling would be terminated from their**
23 **respective positions as a consultant and**
24 **executive?**
25 A I don't remember what we were talking

1 about, if we were just talking about a
2 potential retirement benefit for Craig and Bob.
3 **Q Take a look at Item 7. It reads: "Status**
4 **of Ellen Cotter and Margaret Cotter."**
5 **Do you see that?**
6 A Yes.
7 **Q So when you prepared this agenda and**
8 **distributed it at or about 6:38 p.m., Pacific**
9 **Time on May 19th, were you thinking that one of**
10 **the -- that one or two of the agenda items**
11 **might include the possible termination of you**
12 **as an executive employee and Margaret as a**
13 **consultant of RDI?**
14 A Well, I think the reason we were on there
15 was to talk about our employment status.
16 **Q Well, that meant talk about your title and**
17 **making Margaret an employee of the company,**
18 **right?**
19 A That's my recollection.
20 **Q Okay. So when you prepared this agenda**
21 **and distributed it, you were not thinking, with**
22 **respect to Item No. 7, that it include the**
23 **discussion of terminating you as an executive**
24 **and/or terminating Margaret as a consultant,**
25 **were you?**

1 MR. TAYBACK: Objection. Asked and
2 answered.
3 A No.
4 **Q So when you use the same phraseology**
5 **status to refer to the president and CEO in**
6 **Item 1 as you use to refer to Craig Tomkins and**
7 **Robert Smerling in Item 6, and yourself and**
8 **Margaret Cotter in Item 7, were you attempting**
9 **to obscure or conceal the fact that Item 1 was**
10 **actually about terminating Jim Cotter as**
11 **president and CEO?**
12 MR. TAYBACK: Objection; argumentative,
13 compound.
14 You can answer.
15 A I mean, there was no intention on my part
16 to deceive anybody.
17 **Q Well, in point of fact, prior to**
18 **distributing Exhibit 338, you already had had**
19 **discussions with Ed Kane, Guy Adams,**
20 **Doug McEachern and Margaret Cotter about**
21 **terminating Jim Cotter, Jr. as president and**
22 **CEO, correct?**
23 A Prior to this meeting we did have
24 discussions about whether Jim would remain as
25 the CEO and president.

1 **Q Well, you had discussions with each of --**
2 **Guy Adams, Ed Kane, Doug McEachern and**
3 **Margaret Cotter about terminating Jim Cotter,**
4 **Jr. as CEO prior to distributing Exhibit 338 on**
5 **May 19th, correct?**
6 MR. TAYBACK: Objection. Asked and
7 answered.
8 A Yes.
9 **Q You had no such discussions with**
10 **Tim Storey, correct?**
11 A I did have discussions with Tim Storey.
12 **Q What discussions did you have with**
13 **Tim Storey and when did you have them?**
14 A I had had discussions with Tim Storey
15 about Jim and his performance.
16 **Q Okay. The question is: What discussions**
17 **did you have with Tim Storey, if any, prior to**
18 **distributing Exhibit 338 on May 19, 2015, about**
19 **terminating Jim Cotter, Jr. as president and**
20 **CEO?**
21 A I don't remember the specific discussion
22 that I had with Tim.
23 **Q Did you have any conversation with**
24 **Tim Storey prior to distributing Exhibit 338 on**
25 **May 19, 2015, in which the subject of**

1 MR. KRUM: Sure.

2 **Q Did you discuss anything other than how to**

3 **potentially resolve the intervening plaintiff's**

4 **derivative action?**

5 A No.

6 MR. KRUM: Okay. And I have an

7 instruction, so I'm going to move on.

8 MR. TAYBACK: Yeah.

9 I suppose the record should reflect that

10 Mr. Tilson is no longer in the room. He was

11 here at the beginning of deposition and he left

12 after the lunch break.

13 MR. KRUM: I'll ask the court reporter to

14 mark as Exhibit 340, what purports to be a

15 May 27 e-mail from Ellen Cotter to other

16 members of the RDI board of directors, carbon

17 copy to Bill Ellis. Subject is "Board

18 Meeting," May 29, 11:00 a.m., Production No.

19 GA5341.

20 (Deposition Exhibit 340, E-mail dated May

21 27, 2015, from Ellen Cotter Ellen Cotter to

22 Other Members of the RDI Board of Directors,

23 marked for identification as of this date.)

24 **Q Ms. Cotter, do you recognize Exhibit 340?**

25 A I do.

1 Q **What is it?**
2 A It's a note to the board from me.
3 Q **Did you send it on May 27, 2015, at**
4 **7:10 p.m.?**
5 A I assume I did.
6 Q **And you're calling for the directors to**
7 **meet on Friday, May 29th at 11:00 a.m., at RDI**
8 **offices, correct?**
9 A Yes.
10 Q **What communications, if any, did you have**
11 **with anyone about scheduling this meeting?**
12 A About this May 29th meeting?
13 Q **Correct, yes.**
14 A I would have talked to the board members
15 to make sure they were going to be available.
16 Q **Anything else?**
17 A I don't recall.
18 Q **Directing your attention back to the**
19 **May 21st meeting, do you recall how that ended**
20 **or concluded?**
21 A Yes.
22 Q **How?**
23 A That the board agreed to take all the
24 discussions, think about them, and meet again
25 on May -- well, whatever the next meeting was,

1 **Mr. Susman, pursuant to his first e-mail at the**
2 **bottom of Exhibit 341 was not going to expire**
3 **on 9:00 a.m. on May 29th?**
4 A I don't remember my conversations with
5 Jim.
6 **Q Directing your attention, Ms. Cotter, to**
7 **the top e-mail on the chain of Exhibit 341, you**
8 **see that, "11:50"; is that right, 11:50 p.m,**
9 **you asked for this to be printed, or is that**
10 **a.m.?**
11 A I have no idea.
12 **Q Okay. Let me show what, and actually I'll**
13 **ask you to look at what previously was marked**
14 **as Exhibit 322. It's in the stack in front of**
15 **you.**
16 MR. TAYBACK: Which one?
17 MR. KRUM: 322.
18 MR. TAYBACK: This one?
19 MR. KRUM: Yes.
20 BY MR. KRUM:
21 **Q You'll see, Ms. Cotter, that the first**
22 **page of Exhibit 322 is the same e-mail that's**
23 **at the bottom of Exhibit 341, and the**
24 **difference is 322 has the document attached.**
25 **It also has another e-mail that's redacted on**

1 **the first page.**
2 **So my question is: Do you recognize**
3 **Exhibit 322?**
4 A Yes.
5 **Q What is it?**
6 A It's a copy of a settlement proposal that
7 Margaret and I sent to Jim and his attorneys.
8 **Q Is this the settlement proposal that -- to**
9 **which you were referring a few minutes ago when**
10 **you said that following the meeting that was**
11 **scheduled to commence in the morning on the**
12 **29th, you and Ellen had discussions with Jim?**
13 MR. TAYBACK: Margaret.
14 **Q You and Margaret had discussions with Jim?**
15 A Yes, some version of this.
16 **Q So -- well, do you recall that on the**
17 **29th, at some point at or after 11:00 a.m., the**
18 **meeting you called pursuant to Exhibit 340**
19 **commenced?**
20 A Yes.
21 **Q And that meeting adjourned in early**
22 **afternoon that day, right?**
23 A Right.
24 **Q And before the meeting adjourned, Jim was**
25 **told in words or substance that he needed to**

1 **Q And Jim was told, in words or substance,**
2 **that absent an agreement between him and you**
3 **and Margaret, that the vote on his termination**
4 **would proceed at the -- on the six o'clock**
5 **call, right?**
6 A As I said, I don't recall that.
7 **Q Okay.**
8 A I think the board was trying to encourage
9 us to come to a settlement.
10 **Q I heard that. Okay.**
11 **So in any event, in the afternoon of**
12 **May 29th you and Ellen and Jim sat down -- I'm**
13 **so sorry.**
14 **I haven't called you Mr. Kane or**
15 **Mr. Adams. So it could be worse. All right.**
16 **Let me try that again.**
17 **On May 29th, after the meeting had**
18 **adjourned in the early afternoon and before the**
19 **telephonic call at about 6:00 in the evening,**
20 **you and Margaret met with Jim, correct?**
21 A Yes.
22 **Q And you discussed some or all of the**
23 **matters that are set out in Exhibit 322, right?**
24 A Yes.
25 **Q And then when the call occurred at or**

1 **about 6:00 that evening, you reported to the**
2 **other members of the RDI board of directors**
3 **that you and Ellen had reached a -- you and**
4 **Margaret had reached an agreement with Jim,**
5 **correct?**
6 A Yes.
7 **Q And you read portions of a document, or**
8 **all of a document to the directors to share**
9 **with them some or all of that agreement, right?**
10 A My recollection is that I read to them the
11 provisions that dealt with Reading. There are
12 obviously provisions in here that dealt with
13 other issues that didn't involve Reading, so I
14 focused it on the Reading portion.
15 **Q Okay. So we have a clear record, your**
16 **recollection is that you -- that six o'clock**
17 **call on May 29th with you and Margaret and Jim,**
18 **and the other five non-Cotter directors, you**
19 **read the portions of Exhibit 522 [sic] that**
20 **concerned Reading, but not the portions that**
21 **don't?**
22 A That's my recollection.
23 **Q And if you would, please, just looking at**
24 **Exhibit 522, identify the portions you recall**
25 **having read.**

1 C E R T I F I C A T E

2 STATE OF NEW YORK)

3 :ss

4 COUNTY OF NEW YORK)

5

6 I, MICHELLE COX, a Notary Public within

7 and for the State of New York, do hereby

8 certify:

9 That ELLEN COTTER, the witness whose

10 deposition is hereinbefore set forth, was duly

11 sworn by me and that such deposition is a true

12 record of the testimony given by the witness.

13 I further certify that I am not related to

14 any of the parties to this action by blood or

15 marriage, and that I am in no way interested in

16 the outcome of this matter.

17 IN WITNESS WHEREOF, I have hereunto set my

18 hand this 29th day of June 2016.

19

20 Michelle Cox

21 MICHELLE COX, CLR

22

23

24

25

EXHIBIT 2

1

2 DISTRICT COURT

3 CLARK COUNTY, NEVADA

4

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

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16 VIDEOTAPED DEPOSITION OF ELLEN COTTER

17 TAKEN ON MAY 18, 2016

18 VOLUME 1

19

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21

22

23

24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 **Q. Anything else?**
2 A. Well, Margaret was a consultant, and she
3 had wanted her status to change to an employee.
4 **Q. Okay. Anything else?**
5 A. We were looking for employment
6 contracts.
7 **Q. Anything else?**
8 A. I can't think of anything right now.
9 **Q. Were you look for a different title?**
10 A. I was.
11 **Q. What title was that?**
12 A. President of U.S. cinemas.
13 **Q. Was that not the title that Mr. Smerling**
14 **held?**
15 A. He did.
16 **Q. Did you view that title as a promotion**
17 **for you?**
18 A. No.
19 **Q. Why did you want it?**
20 A. We were in, you know, a period of
21 transition with my father passing away. I think the
22 management team, the company viewed me as running
23 those theaters. And I thought it was important for
24 me to have a title that was actually reflective of
25 my role.

1 **Q. What was going to happen with**
2 **Mr. Smerling?**
3 A. I talked to him about it. At one point
4 I had said we could be co-presidents. And he said
5 he didn't -- he didn't need the title of president.
6 **Q. Did you also want a raise?**
7 A. At what point in time?
8 **Q. Any point in time in 2014.**
9 A. I did look for a raise at some point in
10 2014.
11 **Q. Okay. And did you understand that your**
12 **brother Jim as C.E.O. opposed providing that raise?**
13 A. I don't think he opposed giving me a
14 raise.
15 **Q. Did you understand that he opposed**
16 **providing you the title of president?**
17 A. Ultimately I don't know what Jim's
18 position was on -- on that title.
19 **Q. But at least in 2014 the two of you had**
20 **come to no resolution with respect to either your**
21 **title or a raise; is that correct?**
22 MR. SEARCY: Objection. Vague.
23 THE WITNESS: By the end of 2014 my
24 title and salary were the same.
25 ///

1 BY MR. KRUM:

2 **Q. I'm just asking for what you heard,**

3 **learned or were told.**

4 A. I -- I don't know what their discussions

5 were. But Margaret wanted to be an employee, and

6 she didn't -- she didn't become an employee.

7 **Q. Did you ever hear or learn or were you**

8 **ever told at any time in 2014, whether by Margaret,**

9 **by Jim, by Tim Storey or by any other person, that**

10 **Jim held the view that Margaret did not have the**

11 **experience or expertise to be the senior person or**

12 **executive at RDI responsible for development of the**

13 **Union Square and Cinemas 1, 2 and 3 properties in**

14 **New York?**

15 MR. VERA: Objection. Compound.

16 MR. SEARCY: Join.

17 THE WITNESS: Are you referring to the

18 period of time 2014?

19 BY MR. KRUM:

20 **Q. Yes.**

21 A. I had understood that Jim did not think

22 that Margaret had the requisite experience in his

23 mind to run those two New York developments.

24 **Q. Do you recall when you first Service**

25 **came to have that understanding?**

1 A. No.
2 **Q. Sometime in 2014, but you can't say**
3 **when?**
4 A. Exactly.
5 **Q. Do you recall how you came to have that**
6 **understanding?**
7 A. No.
8 **Q. Okay. When you testified earlier to the**
9 **effect that you and Margaret were trying to figure**
10 **out how you would work with Jim, to what were you**
11 **referring?**
12 A. Jim was the new C.E.O. of the company,
13 and we wanted to make sure that for the benefit of
14 the company and the benefit of the people that
15 worked underneath us, that we had a good
16 relationship with Jim.
17 **Q. Did there come a time when you sought to**
18 **report to an executive committee of the RDI board of**
19 **directors rather than report to your brother Jim as**
20 **C.E.O.?**
21 A. Yes.
22 **Q. When did that happen?**
23 A. I don't remember. Well, it never
24 happened.
25 **Q. No. No. The question was when did you**

1 **seek to report to an executive committee of the RDI**
2 **board of directors rather than to report to your**
3 **brother Jim as C.E.O.?**
4 A. I don't remember exactly when that
5 request was developed, but it was sometime during
6 the fourth quarter of 2014.
7 **Q. How did it come to pass that you**
8 **developed that request?**
9 A. We were having issues with Jim, and we
10 wanted to figure out a way to have a structure in
11 place that would be almost transitional that would
12 help us work together so that we could work through
13 any issues that we would have.
14 **Q. Prior to your father's resignation as**
15 **C.E.O., to whom had you reported during the time you**
16 **had been an executive at RDI?**
17 A. Jim was the president at the time. My
18 father was the chairman and C.E.O. So, technically
19 I probably reported to Jim; or probably technically
20 to Bob.
21 But we never operated that way.
22 **Q. Was the way you operated since 2000 and**
23 **up to the point when your father resigned as C.E.O.**
24 **that you reported to him?**
25 MR. SEARCY: Objection. Vague.

1 A. I don't -- I don't recall.
2 **Q. Okay. Did there come a point in time in**
3 **2014 when you did not want to report to your brother**
4 **as C.E.O.?**
5 A. Well, we developed this structure with
6 the executive committee at some point in 2014.
7 **Q. So does that mean the answer is yes and**
8 **that your proposal to go forward was this executive**
9 **committee proposal?**
10 A. Yes.
11 **Q. And did you understand that the same --**
12 **strike that.**
13 **Did you understand at the time that**
14 **Margaret also did not want to report to her brother**
15 **as C.E.O.?**
16 A. Well, Margaret was part of the
17 discussion when we proposed that structure.
18 **Q. So, is the answer yes, with that by way**
19 **of explanation?**
20 A. Yes.
21 **Q. Whose idea was the executive committee**
22 **structure?**
23 A. I don't know if it was mine or if it was
24 Margaret's. I don't know whose idea it was.
25 **Q. Prior to proposing it did you have any**

1 2014.

2 **Q. But it wasn't in 2014, is that the**

3 **distinction --**

4 A. It was paid in the beginning of 2015.

5 **Q. Did you discuss the fact that you had**

6 **not received a bonus with Ed Kane when you drove to**

7 **San Diego to meet with him on a weekend?**

8 A. I don't remember.

9 **Q. Let me show you what previously has been**

10 **marked as Exhibit 61.**

11 MR. KRUM: Does everybody have their set

12 or do I need to pass copies?

13 MR. SEARCY: I need a copy.

14 MR. KRUM: Can you guys share one?

15 Because I'm apparently one short on the old ones.

16 MR. FERRARIO: Sure.

17 (Whereupon the document previously

18 marked as Plaintiffs' Exhibit 61

19 was referenced and is attached

20 hereto.)

21 BY MR. KRUM:

22 **Q. Ms. Cotter, take such time to review**

23 **Exhibit 61 and let me know when you've reviewed it**

24 **to your satisfaction.**

25 A. Okay.

1 **Q. Do you recognize Exhibit 61?**
2 A. Yes.
3 **Q. What do you recognize it to be?**
4 A. It's an email that I prepared and sent
5 to Guy Adams, Tim Storey and Bill Gould.
6 **Q. Is this the -- the document that**
7 **communicates the proposal you -- about which you**
8 **testified earlier as having made in the fourth**
9 **quarter of 2014 to form an executive committee of**
10 **the board of directors?**
11 A. Yes.
12 **Q. I direct your attention, Ms. Cotter, to**
13 **the sub head which is the third of three in the**
14 **lower half of the first page of Exhibit 61 and which**
15 **reads, quote,**
16 **"Actions that would require the**
17 **prior approval of the executive**
18 **committee," close quote.**
19 **Do you see that sub head?**
20 A. Yes.
21 **Q. I direct your attention in particular to**
22 **point 1(B) -- excuse me -- 1(A) beneath that which**
23 **has the executive committee as the body to determine**
24 **role, compensation, reporting lines.**
25 **Do you see that?**

1 A. Yes.
2 **Q. And then there are three bullet points,**
3 **and the first one is the new title you're -- you**
4 **were requesting, right?**
5 A. Correct.
6 **Q. And for Margaret Cotter, you have a**
7 **heading for her below, and then near the bottom of**
8 **the page it says -- paragraph begins, "Specifics of**
9 **Margaret Cotter's employment agreement."**
10 **You see that?**
11 A. Yes.
12 **Q. And the first point is a title for her,**
13 **correct?**
14 A. Yes.
15 **Q. And then point two at the top of the**
16 **last page of Exhibit 61 describes what were proposed**
17 **to be Margaret's responsibilities, correct?**
18 A. Correct.
19 **Q. And those include, quote,**
20 **"Oversight of development**
21 **activities related to the company's**
22 **Union Square and Cinemas 1, 2, 3**
23 **properties in Manhattan," close**
24 **quote.**
25 **Right?**

1 A. Right.
2 **Q. And did oversight mean that Margaret was**
3 **to be the senior executive at RDI with**
4 **responsibility for those activities?**
5 MR. SEARCY: Objection. Vague.
6 THE WITNESS: Yes.
7 BY MR. KRUM:
8 **Q. Now, when you prepared Exhibit 61, did**
9 **you separately prepare the text that begins on the**
10 **first page, "Proposal for a Reconstituted Reading**
11 **International, Inc. Executive Committee" and all the**
12 **text that follows as a separate document and then**
13 **drop it into this email?**
14 A. I don't remember.
15 **Q. Okay. Were there drafts of the proposal**
16 **that's contained in Exhibit 61?**
17 A. I don't remember.
18 **Q. With whom did you confer or consult, in**
19 **anyone, in the course of preparing it?**
20 MR. SEARCY: Objection. Vague.
21 THE WITNESS: I don't remember.
22 BY MR. KRUM:
23 **Q. In particular, did you confer with**
24 **Margaret?**
25 A. I don't remember specific conversations

1 about preparing this document.
2 **Q. I'm not asking about whether you recall**
3 **specific conversations or the specifics of any**
4 **conversation.**
5 **I'm simply asking to the best of your**
6 **recollection today, did you communicate with**
7 **Margaret Cotter about the proposal that is found in**
8 **Exhibit 61 before you sent it to Messrs. Adams,**
9 **Storey and Gould on or about October 14, 2014?**
10 A. I don't remember who I specifically
11 spoke to about this document.
12 **Q. Well, I'll just ask it this way: Did**
13 **you speak with Margaret about any of the contents of**
14 **the proposal that is made by Exhibit 61 prior to**
15 **sending it on October 14, 2014?**
16 MR. SEARCY: Objection. Vague.
17 BY MR. KRUM:
18 **Q. Just did you speak with her. That's all**
19 **I'm asking.**
20 A. Yeah. I suspect I did. I don't
21 remember the specific conversations.
22 But this document involved her. So, I
23 would have involved her in this process.
24 **Q. As you sit here today do you recall that**
25 **you did so or are you inferring that you did so**

1 **because of the nature of the contents of Exhibit 61?**
2 A. I am inferring that I did.
3 Based on the way I operate, I wouldn't
4 have prepared a document that involved Margaret
5 without consulting her.
6 **Q. I understand that. That's why I asked**
7 **the question I just asked.**
8 A. Yeah. And I don't recall specific
9 conversations with her about it.
10 **Q. Did you have specific conversations with**
11 **any of the addressees, Adams, Storey and Gould,**
12 **about the proposal prior to transmitting it on the**
13 **14th of October 2014?**
14 A. I don't remember.
15 **Q. Did you have any communications with**
16 **your brother Jim Cotter, Jr., about the proposal**
17 **found in Exhibit 61 before you transmitted it on or**
18 **about October 14, 2014?**
19 A. I don't remember.
20 **Q. Did you have any communications with**
21 **Craig Tompkins with respect to the proposal that is**
22 **found in Exhibit 61?**
23 A. I don't remember.
24 **Q. Did you ever have any communications**
25 **with Craig Tompkins about whether or how an**

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 23rd day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

EXHIBIT 3

1

2 DISTRICT COURT

3 CLARK COUNTY, NEVADA

4

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

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16 VIDEOTAPED DEPOSITION OF MARGARET COTTER

17 TAKEN ON MAY 12, 2016

18 VOLUME I

19

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24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 **consultant to RDI?**
2 MR. SEARCY: Objection. Vague.
3 Can we have that question read back.
4 Quest.
5 (Whereupon the question was read
6 as follows:
7 "Question: Well, as you sit here
8 today do you recall to you any
9 reasons why in -- at any point in
10 time in 2014 it would be
11 preferable from your perspective
12 to be an RDI employee than to be
13 an employee of Liberty Theatres
14 and effectively a consultant to
15 RDI?")
16 THE WITNESS: On August 18th?
17 BY MR. KRUM:
18 **Q. I'll ask -- I'll restate the question.**
19 **As you sit here today, do you recall any**
20 **reasons why it was preferable for you as of**
21 **August 18, 2014, to be an RDI employee than to**
22 **continue to -- in your position at Liberty Theatres?**
23 A. As I said, I don't quite understand your
24 question.
25 **Q. Okay. Well, let me ask you a different**

1 **question.**
2 A. Okay.
3 **Q. One of the differences between being an**
4 **employee of RDI and being a consultant, meaning**
5 **being employed by Liberty Theatres, is that you**
6 **would have a fixed salary rather than have income**
7 **predicated upon a percentage of revenues generated**
8 **by Liberty Theatres, correct?**
9 MR. SEARCY: Objection. Vague and
10 assumes facts.
11 THE WITNESS: As a consultant I was --
12 my current arrangement was -- was based on incentive
13 fees.
14 BY MR. KRUM:
15 **Q. Right. And your expectation was that if**
16 **you became an RDI employee, you'd have a salary,**
17 **right?**
18 A. Yeah.
19 **Q. So, the -- one difference between being**
20 **an RDI employee and continuing the position you had**
21 **at Liberty Theatres was that you'd have a salary**
22 **instead of what amounted to an incentive commission,**
23 **right?**
24 A. That's correct.
25 **Q. Did Liberty Theatres provide you**

1 **benefits of any kind?**
2 A. No.
3 **Q. So, did you anticipate that if you**
4 **became an employee of RDI, you'd receive benefits?**
5 A. Yes.
6 **Q. What benefits did you then anticipate?**
7 MR. SEARCY: Objection. Lacks
8 foundation.
9 THE WITNESS: Health insurance.
10 BY MR. KRUM:
11 **Q. Okay. So, directing your attention back**
12 **to the conversation you had with Jim Cotter, Jr., in**
13 **his office at RDI on the 18th of August 2014, what**
14 **else did you say and what else did he say, if**
15 **anything, beyond what you've already testified?**
16 A. I've testified everything that was said.
17 **Q. Okay. And then when you arrived at the**
18 **hospital to speak with your father and found Jim**
19 **Cotter, Jr., there, what did you say and what did**
20 **Jim Cotter, Jr., say?**
21 A. I said, "You raced me to the hospital.
22 What are you hiding?"
23 **Q. What else, if anything, did you say?**
24 A. I don't recall.
25 **Q. What did -- what did he say?**

1 A. I don't recall.
2 **Q. Okay. What's your best recollection**
3 **about the next communication you had about you**
4 **becoming an employee which you believe occurred in**
5 **September or October of 2018?**
6 A. I thought I was talking to Tim Storey.
7 Tim Storey was out after my father's memorial, and
8 he would talk to all three of the -- the kids.
9 **Q. Okay.**
10 MR. KRUM: Marshall, you want to take a
11 break?
12 MR. SEARCY: Yeah. Thanks.
13 VIDEOTAPE OPERATOR: We are off the
14 record.
15 The time is 11:15.
16 (Brief recess.)
17 VIDEOTAPE OPERATOR: We are on the
18 record.
19 The time is 11:29.
20 BY MR. KRUM:
21 **Q. Ms. Cotter, directing your attention to**
22 **the time frame of September or October of 2014, and**
23 **the conversation you believe you had with Tim Storey**
24 **regarding you becoming -- that included discussing**
25 **you becoming a -- an employee of RDI, what did you**

1 **say and what did he say as best you can recall?**
2 A. I believe I just expressed my interest
3 in becoming an employee and working on the New York
4 properties.
5 **Q. When you say "working on the New York**
6 **properties," what does that mean?**
7 A. Working on the development of the
8 New York properties.
9 **Q. And you're talking about Union Square**
10 **and Cinemas 1, 2 and 3, yes?**
11 A. That's correct.
12 **Q. And what else, if anything, did you say**
13 **to Mr. Storey during that conversation?**
14 A. I don't recall.
15 **Q. What did he say to you?**
16 A. I don't recall.
17 **Q. Did you attend the RDI annual**
18 **shareholders meeting in May of 2014?**
19 A. Yes.
20 **Q. Did you have any conversations with any**
21 **RDI director at or about that time regarding your**
22 **work at Liberty Theatres, the two New York**
23 **properties, meaning Union Square and Cinemas 1, 2 or**
24 **3, or anything related to them?**
25 A. I may have. I don't recall.

1 **But one of them was the control of the**
2 **RDI class B voting stock, correct?**
3 A. That's correct.
4 **Q. And during this conversation with Tim**
5 **Storey, what did you say to him about your role in**
6 **the company going forward?**
7 A. I don't recall.
8 **Q. Did you tell him that you wanted to be**
9 **an RDI employee?**
10 A. Oh, I brought out documents that my
11 father wanted me to become an employee. Yep.
12 **Q. Okay. And what did you discuss with**
13 **Mr. Storey, if anything, about what position you**
14 **would hold?**
15 A. I was speaking about the New York
16 properties and running the development of those
17 properties.
18 **Q. Did you discuss that particular subject,**
19 **meaning you running the development of the New York**
20 **properties, Union Square and Cinemas 1, 2 and 3,**
21 **with Jim Cotter, Jr., on August 18, 2014?**
22 MR. SEARCY: Objection. Vague.
23 THE WITNESS: No.
24 BY MR. KRUM:
25 **Q. When was the first -- did you ever have**

1 **communications at any time in 2014 with Jim Cotter,**
2 **Jr., about what role, if any, you would have with**
3 **respect to development of the New York properties?**
4 A. I don't recall.
5 **Q. What did you tell Mr. Storey during the**
6 **conversation you had with him in or about September**
7 **of -- or October of 2014 about the role you wanted**
8 **to have in development of the New York properties?**
9 MR. SEARCY: Objection. Vague.
10 THE WITNESS: I don't recall the whole
11 conversation.
12 BY MR. KRUM:
13 **Q. Did you tell him that you wanted to be**
14 **involved -- strike that.**
15 **Did you tell Mr. Storey during this**
16 **conversation in September or October 2014 that you**
17 **wanted to be the senior person involved in the**
18 **development of the New York properties?**
19 A. I told him I wanted to lead the
20 development, yes.
21 **Q. And when you say "lead the development"**
22 **of the New York properties, what do you mean by**
23 **that?**
24 A. Be the -- the point person at Reading.
25 We were working with Edifice at that point. And I

1 **Q. Who is the "we" who had been negotiating**
2 **it?**
3 A. Craig Tomkins was involved, I believe --
4 I can't remember if Bill Ellis -- I think Bill Ellis
5 was involved.
6 And I don't know -- I think my brother
7 was involved.
8 **Q. Did there come a time, Ms. Cotter, when**
9 **you heard or learned or were told that your brother**
10 **as C.E.O. was of the view that Reading needed to**
11 **hire a person with real estate development**
12 **experience or expertise to assist, among other**
13 **things, with the development of the New York**
14 **properties?**
15 MR. SEARCY: Objection. Vague.
16 THE WITNESS: I heard that.
17 BY MR. KRUM:
18 **Q. When did you first hear or learn that?**
19 A. I don't recall.
20 **Q. Did your brother ever say to you,**
21 **whether in a conversation or an email or otherwise,**
22 **that he thought RDI needed an employee with real**
23 **estate development expertise that you did not have?**
24 MR. SEARCY: Objection. Vague, lacks
25 foundation.

1 THE WITNESS: At some point I believe he
2 said that, yeah.
3 BY MR. KRUM:
4 **Q. What's your best recollection as to when**
5 **he communicated that to you?**
6 A. I --
7 MR. SEARCY: Objection. Lacks
8 foundation, it's vague.
9 Let me finish my objection.
10 Go ahead.
11 THE WITNESS: I don't know.
12 BY MR. KRUM:
13 **Q. Directing your attention, Ms. Cotter, to**
14 **your prior testimony regarding a conversation you**
15 **had with Jim Cotter, Jr., in his office at RDI on**
16 **August 18, 2014 --**
17 **Do you have that in mind?**
18 A. Yes.
19 **Q. And do you recall whether during that**
20 **conversation he communicated to you the notion that**
21 **he wanted to hire someone with real estate**
22 **development or expertise to assist the company in**
23 **developing the New York properties?**
24 A. You're asking if he brought that up in
25 that meeting?

1 **Q. Well, if he said anything about that**
2 **subject.**
3 A. I don't recall.
4 **Q. Okay. At any time prior to your**
5 **father's passing in September of 2014, did you have**
6 **any communications with Jim Cotter, Jr., regarding**
7 **the subject of RDI developing the New York**
8 **properties?**
9 MR. SEARCY: Objection. Vague.
10 THE WITNESS: Before my father died?
11 BY MR. KRUM:
12 **Q. Yes.**
13 A. I don't recall.
14 **Q. By the way, when I refer to the New York**
15 **properties, I'm referring to Union Square and**
16 **Cinemas 1, 2 and 3.**
17 **You understand that, right?**
18 A. Okay.
19 **Q. Well, I think you said that, and that's**
20 **why I'm -- I'm just making sure we're talking about**
21 **the same thing.**
22 A. Yes.
23 **Q. Okay. So, at any time --**
24 **Well, what's your best recollection as**
25 **to when you first had a communication with Jim**

1 **Cotter, Jr., in which he indicated in words or**
2 **substance that he thought that RDI needed to hire**
3 **someone with real estate development experience or**
4 **expertise that you did not have?**
5 A. I don't -- I have no idea when he
6 brought that up.
7 **Q. Okay. When did you first hear or learn**
8 **that RDI was going to look for a -- a person, senior**
9 **executive with real estate development experience or**
10 **expertise?**
11 MR. SEARCY: Objection. Vague, lacks
12 foundation.
13 THE WITNESS: I believe it was one time
14 in 2015.
15 **Q. Okay.**
16 MR. SEARCY: Mr. Ferrario occasionally
17 gets up to go get a water, walk around. Don't be
18 distracted by his movements.
19 MR. FERRARIO: I'm sorry. I'll ask
20 permission next time.
21 BY MR. KRUM:
22 **Q. What was Craig Tomkins's position, if**
23 **any, at RDI in 2014?**
24 A. I don't know exact -- the exact title he
25 had. He would work in a lot of different areas of

1 **Ms. Cotter, to the last email in this chain of**
2 **three.**
3 **At the top of the first page of**
4 **Exhibit 145 your brother responds to in the first**
5 **sentence as follows, quote,**
6 **"You have heard about my concerns**
7 **about you leading our two**
8 **developments in New York valued at**
9 **over $200 million and my intentions**
10 **to hire a director of real estate,"**
11 **period, close quote.**
12 **Do you see that?**
13 A. Yes.
14 **Q. What did you understand to him -- him to**
15 **be saying or referencing by that sentence?**
16 A. He wasn't going to budge and give me
17 this role.
18 **Q. Prior to receipt of Exhibit 145 had you**
19 **had communications with your brother either directly**
20 **or indirectly regarding RDI hiring a director of**
21 **real estate?**
22 MR. SEARCY: Objection. Vague.
23 THE WITNESS: I don't recall prior to
24 this email, no.
25 ///

1 BY MR. KRUM:

2 **Q. Okay. Did you understand -- what was**

3 **your understanding as to what he was telling you**

4 **when he referenced his intentions to hire a director**

5 **of real estate?**

6 **That he was going to hire somebody else**

7 **to be the senior person at RDI with respect to the**

8 **real estate development of the two New York**

9 **properties?**

10 MR. SEARCY: Objection. Vague.

11 THE WITNESS: He was going to hire

12 somebody else, yes.

13 BY MR. KRUM:

14 **Q. So he concludes by asking whether your**

15 **expectations have changed; and if so, how.**

16 **Did you respond to that?**

17 A. I don't recall.

18 **Q. I mean your expectations never changed,**

19 **did they?**

20 MR. SEARCY: Objection. Argumentative

21 and vague.

22 BY MR. KRUM:

23 **Q. Well, did your -- did you desire to be**

24 **the person leading the real estate development of**

25 **RDI's two properties in New York ever change?**

1 A. No.
2 MR. SEARCY: Margaret, how are you
3 doing? Do you need a break?
4 THE WITNESS: How long are we going to
5 go till?
6 MR. SEARCY: Why don't we take our break
7 and maybe we can have that discussion.
8 MR. KRUM: Let's see what time it is
9 here.
10 MR. SEARCY: It's 4:15.
11 MR. FERRARIO: 4:15.
12 MR. KRUM: Well, we can take a break.
13 I'm prepare to proceed and break later, whatever we
14 need to do.
15 MR. SEARCY: Let's take a break right
16 now.
17 And then you and I can have a discussion
18 about how we proceed.
19 MR. KRUM: All right.
20 VIDEOTAPE OPERATOR: And we are off the
21 record.
22 The time is 4:15.
23 (Brief recess.)
24 VIDEOTAPE OPERATOR: We are on the
25 record.

1 **Q. Do you see that on the second page of**
2 **the job description there is a bullet point followed**
3 **by the underscored words "Construction Oversight**
4 **Responsibilities"?**
5 A. Underneath "Construction Oversight
6 Responsibilities."
7 **Q. Okay.**
8 A. Uh-huh.
9 **Q. And you see those include,**
10 **"Selection and supervision of**
11 **general contractors, architects,**
12 **engineers and other construction**
13 **professionals"?**
14 A. Yes.
15 **Q. And other than what you've done with**
16 **respect to the Union Square property and working**
17 **with Edifice, have you ever done any of those**
18 **activities?**
19 MR. SEARCY: Objection. Vague.
20 BY MR. KRUM:
21 **Q. Well, I'll ask the question. Other than**
22 **anything you've done with Edifice with respect to**
23 **Union Square, have you ever overseen the selection**
24 **and supervision of general contractors?**
25 A. Yes.

1 **Q. What --**
2 A. I'm sorry. Of general contractors, no.
3 **Q. Other than what you've done with Union**
4 **Square --**
5 A. Other than what I've done.
6 **Q. Right. Right. I want -- just listen to**
7 **my question, please.**
8 **Other than what -- other than anything**
9 **you've done with respect to Union Square and working**
10 **with Edifice, have you ever overseen the selection**
11 **and supervision of architects --**
12 A. Yes.
13 **Q. -- in a real estate development context?**
14 MR. SEARCY: Objection. Vague.
15 Wait for him to finish his question.
16 Okay? And let me get my objection in.
17 MR. KRUM: I'll ask it again and we'll
18 each try to let each of us do our things, so to
19 speak?
20 MR. SEARCY: Right.
21 BY MR. KRUM:
22 **Q. All right. Ms. Cotter, excluding**
23 **anything you've done with respect to the Union**
24 **Square property and working with Edifice, have you**
25 **ever overseen the selection and supervision of any**

1 **of general contractors, architects, engineers or**
2 **other construction professionals with respect to any**
3 **real estate development?**
4 MR. SEARCY: Objection. Vague.
5 THE WITNESS: With a development, no.
6 BY MR. KRUM:
7 **Q. I direct your attention, Ms. Cotter,**
8 **further down that page, the third page of**
9 **Exhibit 149.**
10 **Do you see there are boldface words on**
11 **the left-hand side called "Skill Set"?**
12 A. Yes.
13 **Q. Do you see the second bullet point**
14 **includes the words "Project design and land use**
15 **planning" -- well, in the entirety, "including**
16 **experience dealing with government authorities."**
17 **Do you see that?**
18 A. Yes.
19 **Q. Excluding anything you've done with**
20 **Edifice with respect to the Union Square project,**
21 **have you ever done any of those kind of activities**
22 **with respect to any real estate development?**
23 A. I worked on the Union Square project
24 without Edifice.
25 **Q. Okay. Otherwise have you ever done any**

1 **of those activities --**

2 MR. SEARCY: Objection. Vague.

3 BY MR. KRUM:

4 **Q. -- with respect to real estate**

5 **development?**

6 MR. SEARCY: Objection. Vague.

7 THE WITNESS: What do you mean by "real

8 estate development"? Do you mean a property that we

9 have?

10 BY MR. KRUM:

11 **Q. With respect to any piece of real**

12 **property, meaning commercial real property and**

13 **excluding residential real property and excluding**

14 **anything you've done on the Union Square project,**

15 **have you ever supervised or performed anything you**

16 **understood to be either project design or land use**

17 **planning?**

18 A. Yes.

19 **Q. What?**

20 A. The Minetta Lane, that property, the

21 district was going to be landmarked, so I worked on

22 that. The Orpheum Theatre. The Marquis was going

23 to be landmarked and I work on that, and I succeeded

24 in having Landmarks refuse to landmark the Marquis.

25 Also, I just want to go back and clarify

1 something.
2 If you regard talking about development
3 as just a property, I have overseen general
4 contractors and architects and engineers on
5 renovations and work -- and structural work that
6 we've done in our theaters in the past.
7 **Q. Take a look, please, Ms. Cotter, at the**
8 **last page of Exhibit 149.**
9 **And the last paragraph begins as**
10 **follows, quote,**
11 **"The executive should also have an**
12 **appreciation for the financing**
13 **elements of the real estate**
14 **development project," and so forth.**
15 **And let me know when you've read the**
16 **balance of that paragraph.**
17 A. Yes. I'm finished.
18 **Q. Do you have any experience in those**
19 **activities?**
20 MR. SEARCY: Objection. Vague.
21 THE WITNESS: I'm working with a broker
22 right now.
23 BY MR. KRUM:
24 **Q. Okay. Anything else?**
25 A. No.

1 **Q. So, with respect -- with respect to**
2 **Minetta Lane, you worked on opposing the designation**
3 **of that property as a landmark; is that correct?**
4 A. Not quite. The landmark committee, they
5 decided to designate the neighborhood as a
6 historical district. And the property was located
7 within that district.
8 We succeeded in having the actual
9 property as a -- classified as a no-style building.
10 So that means that most likely we'll be able to tear
11 it down when we decide to develop it.
12 **Q. With whom did you work on that?**
13 A. Bob Davis, a landmark attorney.
14 MR. SEARCY: Ferrario's on the run.
15 (Whereupon Mr. Ferrario left the
16 deposition proceedings at this
17 time.)
18 MR. KRUM: I'll ask the court reporter
19 to mark as Exhibit 150 a document bearing production
20 numbers MC7647 through 50.
21 (Whereupon the document referred
22 to was marked Plaintiffs'
23 Exhibit 150 by the Certified
24 Shorthand Reporter and is attached
25 hereto.)

1 MR. KRUM: I'll ask the court reporter
2 to read it back.
3 (Whereupon the question was read
4 as follows:
5 "Question: Was it not the case,
6 Ms. Cotter, that you held the view
7 that the hiring of Jon Genovese or
8 anyone else for the director of
9 real estate position would have a
10 consequence of you not leading the
11 real estate development of the two
12 New York properties?")
13 MR. SEARCY: I'm going to object again,
14 vague and argumentative.
15 THE WITNESS: Yes.
16 BY MR. KRUM:
17 **Q. I direct your attention, Ms. Cotter, to**
18 **the first page of Exhibit 152, and the emails at the**
19 **top of the page.**
20 **First I direct your attention to the**
21 **June 4, 2015, 8:03 P.M. email from your brother to**
22 **you. It reads as follows, quote,**
23 **"Any response on Jon? We are going**
24 **to lose this candidate if we sit**
25 **around and do nothing. I tried**

1 A. That's correct.
2 **Q. Okay. At any point in time in the time**
3 **frame of January 1st, 2015, through June 12, 2015,**
4 **was it your desire to sign an agreement with Edifice**
5 **before someone was hired for the position of**
6 **director of real estate at RDI?**
7 A. I can't answer that question. I don't
8 recall.
9 **Q. At any point in that time frame did it**
10 **ever occur to you that if a person was hired for the**
11 **position of director of real estate at RDI, they**
12 **would by virtue of having that position weigh in on**
13 **whether to sign a contract with Edifice?**
14 A. I don't know if I was thinking about
15 that.
16 **Q. Okay. What's your best recollection as**
17 **to why you said what you said in this May 28 email**
18 **that before hiring anyone, you think we need to get**
19 **Edifice's agreement signed?**
20 A. I believe I testified I don't recall
21 what I was thinking when I wrote this.
22 **Q. Okay. Let's look at the first page of**
23 **Exhibit 156.**
24 **You see at the bottom of the first page**
25 **there's an email response from your brother to your**

1 email that we just discussed. In fact, this is one
2 at which we've looked previously.
3 A. Right. Right.
4 Q. Okay. So then let's go to your email
5 reply in the middle of the first page of
6 Exhibit 156. It's the one dated June 4, 2015, time
7 stamped 11:11 A.M. It reads as follows, quote,
8 "Frankly, I would be more concerned
9 about yourself and getting your
10 position squared away than dealing
11 with another employee. I think
12 your priorities are a little
13 skewed. What is the status of the
14 paperwork we sent to you
15 yesterday," close quote.
16 Do you see that?
17 A. Yes.
18 Q. To what were you referring, Ms. Cotter,
19 when you said to your brother that he should be --
20 that if you were him, you would be more concerned
21 about getting your position squared away?
22 A. I believe he was already told by the
23 board that he would be terminated.
24 Q. And to what were you referring in the
25 last sentence when you said,

1 **"What is the status of the**
2 **paperwork we sent to you**
3 **yesterday?"**
4 A. It was the revised settlement.
5 **Q. Meaning the revised settlement agreement**
6 **that Sussman sent to Streisand?**
7 A. That's correct.
8 **Q. And so was the point of this your**
9 **telling your brother that he needed to finalize the**
10 **settlement paperwork or he would be terminated --**
11 MR. SEARCY: Objection.
12 BY MR. KRUM:
13 **Q. -- and that he should be focused on --**
14 **let me finish.**
15 **Okay. Was the point of this email to**
16 **tell your brother he should be focused on completing**
17 **a settlement and preserving his job rather than hire**
18 **another employee?**
19 MR. SEARCY: Objection. Misstates the
20 testimony, lacks foundation, is argumentative.
21 THE WITNESS: Can you repeat the
22 question.
23 BY MR. KRUM:
24 **Q. Sure.**
25 MR. KRUM: Actually I'll have the court

1 reporter read it back for you.
2 THE WITNESS: Okay.
3 (Whereupon the question was read
4 as follows:
5 "Question: Was the point of this
6 email to tell your brother he
7 should be focused on completing a
8 settlement and preserving his job
9 rather than hire another
10 employee?")
11 MR. SEARCY: Objection. Argumentative,
12 vague, lacks foundation.
13 THE WITNESS: No.
14 BY MR. KRUM:
15 **Q. What was the point?**
16 A. To focus on himself and -- to focus on
17 himself and try and save his job.
18 **Q. By doing what?**
19 MR. SEARCY: Objection. Vague, plus
20 argumentative.
21 MR. KRUM: It's actually an open-ended
22 question.
23 BY MR. KRUM:
24 **Q. But go ahead, Ms. Cotter?**
25 A. I don't put by doing what in here.

1 MR. SEARCY: So, Mark, if you're close
2 to finishing, it's about 6:22 right now.
3 MR. KRUM: Yeah. We should finish up by
4 6:30 if not before.
5 BY MR. KRUM:
6 **Q. Ms. Cotter, directing your attention to**
7 **your testimony of a moment ago to the effect that**
8 **your brother already had been told by the board that**
9 **he would be terminated, do you have that in mind?**
10 A. Do I have my statement in mind?
11 **Q. Yeah. I just want to direct your**
12 **attention to that.**
13 A. Yes.
14 **Q. And what was it you understood your**
15 **brother needed to do, if anything, as of June 4,**
16 **2015, to avoid being terminated?**
17 A. I believe at that point there was a --
18 we had collectively agreed that we would resolve
19 this dispute and the lawyers put together a
20 settlement.
21 We told the board that we resolved it
22 and that we're going to put it in the hands of the
23 lawyers. And we revised the settlement.
24 I don't know if it was -- I don't know
25 if we revised it because my brother asked for

1 additional things or if we just decided to throw in,
2 you know, additional elements of the settlement, but
3 that's where we were on June 4th.
4 **Q. When you refer to "this dispute," you're**
5 **referring to the trust disputes?**
6 MR. SEARCY: Objection. Vague.
7 BY MR. KRUM:
8 **Q. Well, let me ask an open-ended question.**
9 **In your last response you referred to**
10 **resolving this dispute.**
11 **To what were you referring when you said**
12 **"this dispute"?**
13 A. There were elements of the trust dispute
14 and there were also some terms regarding going
15 forward in the company in the settlement.
16 **Q. So what had transpired is that at a**
17 **reconvened -- a supposed reconvened telephonic board**
18 **meeting, Ellen reported that you and Ellen had**
19 **reached a resolution with your brother and that the**
20 **lawyers were going to prepare the paperwork; is that**
21 **correct?**
22 MR. SEARCY: Objection. Vague.
23 THE WITNESS: Which -- when are you
24 referring to?
25 ///

1 BY MR. KRUM:
2 **Q. Okay. Do you recall that there was a**
3 **Friday where there was a board meeting that convened**
4 **in the morning or early afternoon and that that**
5 **supposed board meeting adjourned and supposedly**
6 **reconvened in a telephonic meeting at about**
7 **6 o'clock in the evening?**
8 A. That's correct.
9 **Q. And do you recall that on the**
10 **telephonic -- or on the telephone call, Ellen**
11 **reported that a tentative agreement had been struck**
12 **by you and her on one hand and by your brother on**
13 **the other?**
14 A. I don't know if she said "tentative."
15 **Q. Okay. Do you recall that she reported**
16 **that an agreement had been reached?**
17 A. Yes.
18 **Q. And the agreement was between you and**
19 **her on one hand and your brother on the other hand?**
20 A. Yes.
21 **Q. And that in Exhibit 156, when you asked**
22 **your brother, quote, "What is the status of the**
23 **paperwork we sent you yesterday," close quote,**
24 **you're referring to the paperwork that Sussman sent**
25 **to Streisand about the agreement that Ellen had**

1 **reported during the 6:00 P.M. telephone call we just**
2 **discussed, right?**
3 MR. SEARCY: Objection. Vague, lacks
4 foundation.
5 THE WITNESS: No.
6 BY MR. KRUM:
7 **Q. Okay. To what are you referring, then?**
8 A. This is the revised settlement. This
9 was not -- this settlement offer that I'm referring
10 to in this email was not the settlement that my
11 sister was referring to on that telephonic board
12 meeting.
13 **Q. Okay.**
14 MR. SEARCY: So, Mr. Krum, I can tell by
15 the way my witness is slouching in her seat that
16 we're reaching the end here.
17 MR. KRUM: We'll be there in a minute.
18 BY MR. KRUM:
19 **Q. So, that settlement -- that**
20 **documentation was not accepted by your brother,**
21 **correct?**
22 MR. SEARCY: Objection. Vague.
23 MR. FERRARIO: Obviously. We're here.
24 THE WITNESS: That's correct.
25 ///

1 BY MR. KRUM:

2 **Q. And then -- and then he was terminated**

3 **after that, right?**

4 MR. SEARCY: Objection. Vague, lacks

5 foundation.

6 THE WITNESS: My brother was terminated

7 on June 12th.

8 MR. KRUM: Okay. So let's adjourn for

9 the day.

10 VIDEOTAPE OPERATOR: This concludes the

11 deposition of Margaret Cotter, volume one, May 12,

12 2016, which consists of four media files.

13 The original media files will be

14 retained by Hutchings Litigation Services.

15 Off the video record at 6:30 P.M.

16

17 (Whereupon at 6:30 P.M. the

18 deposition proceedings were

19 continued to May 13, 2016 at

20 9:00 A.M.)

21 * * *

22

23

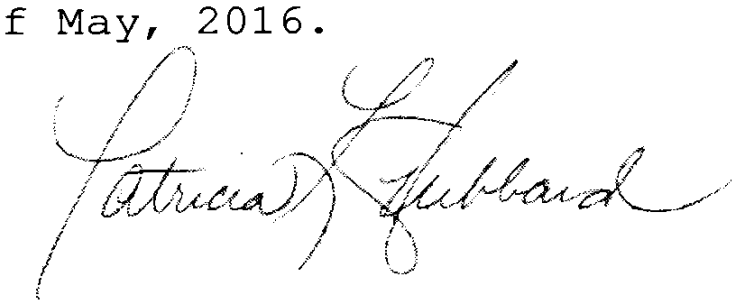
24

25

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

1

2 DISTRICT COURT

3 CLARK COUNTY, NEVADA

4

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

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16 VIDEOTAPED DEPOSITION OF MARGARET COTTER

17 TAKEN ON MAY 13, 2016

18 VOLUME II

19

20

21

22

23

24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 **Q. Why not?**
2 A. I believe that the email had 23 reasons
3 why he shouldn't be giving me this employment
4 agreement. And the employment agreement was very
5 restricted, where if I didn't hand in a report at
6 some particular time, I could be terminated.
7 **Q. At any point in time from the time in**
8 **August of 2014 when your brother became C.E.O. until**
9 **he was terminated on June 12, 2015, did you develop**
10 **a view that he wanted or was looking for excuses or**
11 **reasons to terminate your consulting arrangement?**
12 A. You're asking me if I knew of reasons?
13 **Q. No. I'm asking you if you had that**
14 **thought in that time frame.**
15 **So let me ask the court reporter to read**
16 **the question back.**
17 (Whereupon the question was read
18 as follows:
19 "Question: At any point in time
20 from the time in August of 2014
21 when your brother became C.E.O.
22 until he was terminated on
23 June 12, 2015, did you develop a
24 view that he wanted or was looking
25 for excuses or reasons to

1 terminate your consulting
2 arrangement?")
3 THE WITNESS: Yes.
4 BY MR. KRUM:
5 **Q. When did you first have that thought or**
6 **view?**
7 A. I don't know when I first had that view,
8 but the Stomp matter set it in stone for me.
9 **Q. When you say it set it in stone, does**
10 **that mean that you had developed a view at some**
11 **point previously, but you became confident of it at**
12 **the time of the Stomp matter?**
13 A. No.
14 MR. SEARCY: Objection. Vague.
15 BY MR. KRUM:
16 **Q. What is -- what do you mean when you say**
17 **"set it in stone"?**
18 A. The Stomp matter to me was clear that he
19 was trying to -- to possibly terminate my contract.
20 **Q. And when you say "the Stomp matter," are**
21 **you referring to the telephonic board meeting about**
22 **which you testified earlier?**
23 A. It started back in April, the Stomp
24 matter. I wasn't just the board meeting.
25 **Q. When you say it started in April, are**

1 suggestion by one of the directors, Bill Gould might
2 have said, "Jim, how about we keep you as president
3 and we get a new C.E.O.?"
4 And I then said, "Jim, and then you can
5 get your training over the next five years and gain
6 more experience and possibly you become C.E.O. in
7 another five years."
8 And I remember my brother thanked
9 everyone and said he'll think about it.
10 **Q. That's your recollection as to how that**
11 **meeting ended?**
12 A. Yes.
13 **Q. And then the next meeting occurred how**
14 **much later?**
15 A. I don't recall the date or how far it
16 was. But I believe at that meeting that there was
17 more discussion on his termination and the reasons
18 why.
19 And there came a time when there was
20 a -- a discussion about possibly ending it all,
21 meaning we would end the trust litigation, we would
22 end, you know, our disputes within the company.
23 And we dismissed the non-Cotters at some
24 point, and my brother, I and my sister sat in a room
25 and we talked about the company, working together.

1 We talked about the -- the trust dispute that we
2 had.
3 And we -- I mean I think this was going
4 on for like three or four hours.
5 And we reached a settlement that we all
6 agreed upon. We called the board back -- or the
7 board told us that we would reconvene at 6:00. And
8 at 6 o'clock we told the board that we all reached
9 an agreement.
10 And the board congratulated us and said
11 let's move forward.
12 **Q. And then what happened?**
13 A. I think that our -- my lawyer, my
14 sister's lawyer and I -- mine, our trust attorney
15 put together a settlement offer that -- that we had
16 given him in writing saying this is what we all
17 decided.
18 He put it -- he put together an
19 agreement, and he forwarded it over to my brother's
20 attorney, to his trust attorney.
21 **Q. Sussman to Streisand, yours to his?**
22 A. Sussman to Streisand, correct.
23 **Q. I'm sorry. Please continue.**
24 A. And I don't -- I don't know what
25 happened with that settlement, but then there was a

1 **Q. What did -- what, if anything, did Ed**
2 **Kane say after Ellen had read the terms of the**
3 **settlement?**
4 A. I don't recall what he said.
5 MR. KRUM: What's our next number?
6 THE REPORTER: 167.
7 MR. KRUM: I'll ask the court reporter
8 to mark as Exhibit 167 a multi-page document bearing
9 production numbers MC435 to 439.
10 It's time stamped June 3, 2015. I'll
11 let the witness identify it.
12 (Whereupon the document referred
13 to was marked Plaintiffs'
14 Exhibit 167 by the Certified
15 Shorthand Reporter and is attached
16 hereto.)
17 THE WITNESS: Thank you. Okay.
18 BY MR. KRUM:
19 **Q. Ms. Cotter, do you recognize**
20 **Exhibit 167?**
21 A. Yes.
22 **Q. What do you recognize it to be?**
23 A. This is the settlement that my attorney
24 prepared on June 3rd.
25 **Q. This is the one you described previously**

1 That the foregoing pages contain a full,
2 true and accurate record of the proceedings and
3 testimony to the best of my skill and ability;
4
5 I further certify that I am not a relative
6 or employee or attorney or counsel of any of the
7 parties, nor am I a relative or employee of such
8 attorney or counsel, nor am I financially interested
9 in the outcome of this action.
10
11 IN WITNESS WHEREOF, I have subscribed my
12 name this 17th day of May, 2016.
13
14
15 PATRICIA L. HUBBARD, CSR #3400
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EXHIBIT 4

1 DISTRICT COURT
CLARK COUNTY, NEVADA
2

3 JAMES J. COTTER, JR.)
individually and derivatively)
4 on behalf of Reading)
International, Inc.,)
5)
Plaintiff,)
6)
vs. Index No. A-15-179860-B
7)
MARGARET COTTER, ELLEN)
8 COTTER, GUY ADAMS, EDWARD)
KANE, DOUGLAS WILLIAM GOULD,)
9 and DOES 1 through 100,)
inclusive,)
10)
Defendants.)
11 ----------)
READING INTERNATIONAL, INC.,)
12 a Nevada corporation,)
)
13 Nominal Defendant.)
----------)
14

15

16 VIDEOTAPED DEPOSITION OF MARGARET COTTER

17 New York, New York

18 Wednesday, June 15, 2016

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24 Reported by:
MICHELLE COX
25 JOB NO. 316939

1 about it. I can't speak about it any more,
2 because I don't know any of the particulars.
3 **Q What is your general understanding of the**
4 **deferral of tax with regard to Sutton Hill**
5 **Capital LLC?**
6 A I can't answer that question. As I said,
7 I don't know the particulars today.
8 **Q Is it correct to say that you know in**
9 **general that there is a lease loan structure in**
10 **place that allows Sutton Hill Capital LLC to**
11 **defer payment of capital gains tax, but you're**
12 **not aware of the particulars?**
13 MR. SEARCY: Objection. Lacks foundation.
14 A I don't know if I can even comment on your
15 question since I don't know the particulars at
16 this -- today. I would have to review it.
17 **Q How would you go about reviewing it?**
18 A This dates back a few years. And so I
19 would have to go back. I'm sure there's plenty
20 of minutes in the audit committee regarding
21 this.
22 **Q Okay. Other than what you've already**
23 **indicated or stated, do you have any other**
24 **information regarding Sutton Hill Capital LLC's**
25 **deferral of tax payments?**

1 MR. SEARCY: Objection. Lacks foundation.
2 Assumes facts.
3 A No.
4 MR. NATION: Okay. Well, that's all I
5 have.
6 MR. SEARCY: Thanks, Rob.
7 MR. NATION: Yep.
8 MR. KRUM: All right. So we have an open
9 discussion regarding handling the transcripts.
10 I don't think we need to address it right now.
11 We'll agree that we'll otherwise agree and then
12 we'll take care of it.
13 (Continued on the following page to
14 include jurat.)
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25

1 C E R T I F I C A T E

2 STATE OF NEW YORK)

3 :ss

4 COUNTY OF NEW YORK)

5

6 I, MICHELLE COX, a Notary Public within

7 and for the State of New York, do hereby

8 certify:

9 That MARGARET COTTER, the witness whose

10 deposition is hereinbefore set forth, was duly

11 sworn by me and that such deposition is a true

12 record of the testimony given by the witness.

13 I further certify that I am not related to

14 any of the parties to this action by blood or

15 marriage, and that I am in no way interested in

16 the outcome of this matter.

17 IN WITNESS WHEREOF, I have hereunto set my

18 hand this 27th day of June 2016.

19

20

21 MICHELLE COX, CLR

22

23

24

25

EXHIBIT 5

1 DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

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

6 Plaintiff,

7 vs. No. A-15-719860-B
Coordinated with:
8 MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, P-14-082942-E
9 TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive,
10
Defendants.
11 and
12
READING INTERNATIONAL, INC., a
13 Nevada corporation,

14 Nominal Defendant.

15

16 DEPOSITION OF TIMOTHY STOREY, a defendant herein,

17 noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at

18 1453 Third Street Promenade, Santa Monica,

19 California, at 9:28 a.m., on Friday, February 12,

20 2016, before Teckla T. Hollins, CSR 13125.

21

22 Job Number 291961

23

24

25

1 got lost.
2 MR. KRUM: I'll just repeat it.
3 MR. FERRARIO: Yeah.
4 MR. KRUM:
5 **Q. When did you first hear or learn or when were**
6 **you first told that any of the non-Cotter directors had**
7 **concluded that Jim Cotter should be removed as CEO?**
8 A. About a week before the meeting, I would say,
9 mid- -- around about the 15th of May, I got a phone call
10 from Doug McEachern, who informed me that there had been
11 various discussions. It was intended to remove Jim at
12 the board meeting. That he had been in discussions with
13 Guy Adams, and that Guy Adams was -- my recollection,
14 was leading the charge or was involved with it.
15 I made some commentary on the procedure. And
16 Mr. McEachern said he was aware of that, but that's
17 where things stood. And the next day, I got a phone
18 call -- the next day, I had a phone call from Guy Adams,
19 who basically affirmed that.
20 **Q. And what did Mr. Adams say, in sum and**
21 **substance, unless you actually remember the words?**
22 A. I think he said, in substance, that the time
23 had come for the matter to be dealt with, that they had
24 the legal advice that they could do that, that it
25 shouldn't be an issue. My recollection is, it was a

1 pretty short conversation.

2 **Q. And when you say "the matter" should be dealt**

3 **with, what was "the matter"?**

4 A. The removal of the CEO.

5 **Q. Did he indicate from whom they had received**

6 **legal advice?**

7 A. No.

8 **Q. Did you ever subsequently learn who that was?**

9 MR. FERRARIO: Object that --

10 MR. KRUM: I'm not asking for the substance. I'm

11 asking --

12 MR. FERRARIO: Assumes he got any legal advice.

13 MR. KRUM: Okay. He testified that Adams said he

14 had legal advice. So I'm not doing anything other than

15 following on that testimony.

16 **Q. So did you ever hear or learn or did you ever**

17 **otherwise develop an understanding as to whom Mr. Adams**

18 **was referring when he talked about legal advice?**

19 A. I don't recollect.

20 **Q. Was it Akin Gump?**

21 A. I don't know.

22 **Q. It's just an appropriate follow-up question.**

23 MR. RHOW: The reason I have a problem with the

24 question, sometimes when you say, "Did you ever

25 subsequently learn," first, I don't know if what his --

1 what the relevance is of his current knowledge, but I
2 understand why you're asking.
3 MR. KRUM: I just want to know who it was.
4 MR. RHOW: My other concern in general is, if he's
5 learning from me or other sources, that's not
6 necessarily something I can object to, since I'm not
7 sure if he currently knows. But anyway, that question
8 is fine.
9 MR. KRUM: Well, I assume you prepared him, but let
10 me make it clear.
11 **Q. Mr. Storey, when I ask questions that in any**
12 **respect call for anything touching on legal advice, I'm**
13 **not asking you to disclose the substance of any legal**
14 **advice, whether it was provided to you as a director of**
15 **the company by in-house or outside counsel representing**
16 **the company, whether it was provided to you by your own**
17 **counsel. If the question calls for information of that**
18 **type, all I want to hear is the identity of the lawyer**
19 **and the subject matter of the advice, not the substance.**
20 A. Thank you.
21 **Q. So the call with Adams was -- when in time was**
22 **it relative to the -- to your receipt of the notice from**
23 **Ellen Cotter of the special meeting?**
24 A. From recollection, prior to.
25 **Q. And the call from Adams was the day after you**

1 **spoke to McEachern; correct?**
2 A. Correct.
3 **Q. And in the McEachern call, he told you that he,**
4 **Adams, and Kane had determined to vote to remove Jim**
5 **Cotter, Jr. as CEO; is that correct?**
6 MR. SEARCY: Objection. Vague.
7 THE WITNESS: For some reason, my recollection of
8 the conversation is that it was going to be -- that the
9 time had come to remove the CEO, or to that effect.
10 MR. KRUM:
11 **Q. Well, when you hung up from the call with**
12 **Mr. McEachern that you just described, did you**
13 **understand that he had communicated to you that he had**
14 **decided to vote to remove Jim Cotter, Jr. as CEO?**
15 A. Yes.
16 **Q. The next day when you hung up the call from**
17 **Mr. Adams, did you understand that Mr. Adams had told**
18 **you that he also had decided to vote to remove Jim**
19 **Cotter, Jr. as CEO?**
20 MR. SEARCY: Objection. Lacks foundation.
21 THE WITNESS: Yes.
22 MR. KRUM: Okay.
23 **Q. And as best you can recall, what were the words**
24 **Mr. Adams used that led you to that conclusion?**
25 A. I don't recollect specific words.

1 **Q. Okay.**
2 **Then in substance, what did he say?**
3 A. That the time had come to remove the CEO.
4 **Q. And what was the substance of what**
5 **Mr. McEachern had said to you the day before that --**
6 **from which you concluded that he had determined to vote**
7 **to remove Jim Cotter, Jr. as the CEO?**
8 A. Similar comment.
9 **Q. Okay.**
10 **Now, did either of those two gentlemen in either of**
11 **those calls indicate to you anything about what Ed Kane**
12 **intended to do or had decided to do?**
13 A. I don't recollect.
14 **Q. Did you have any impression, after either or**
15 **both of those calls, of what Ed Kane had decided to do,**
16 **if anything?**
17 A. Did I have any impression of what Ed Kane had
18 decided to do. I think prior to that point, I was aware
19 that Ed Kane was of the view that a change should be
20 made.
21 **Q. And how did you develop that awareness?**
22 A. I think that was just the outcome discussed
23 earlier -- as I mentioned earlier, it was the outcome of
24 where things had got to by late April, early May.
25 **Q. Did there come a time when either Mr. Kane told**

1 **our somebody else told you that Mr. Kane had decided to**
2 **vote to remove Jim Cotter, Jr. as president and CEO?**
3 MR. SEARCY: Objection. Vague.
4 THE WITNESS: You'll have to repeat the question.
5 MR. KRUM: Sure.
6 **Q. When did you first learn or were you first told**
7 **that Ed Kane had decided to vote to remove Jim**
8 **Cotter, Jr. as president and CEO?**
9 A. I don't recollect.
10 **Q. Okay.**
11 A. Obviously, prior to those discussions.
12 **Q. Right. Now, during your call with**
13 **Mr. McEachern about what you've testified already, what**
14 **did you say to him?**
15 A. I don't recollect that I said much. I think I
16 talked about adopted process, and looking at the matter
17 properly as a board. As I said earlier, my recollection
18 is that Mr. McEachern said "yes," he understood that
19 position.
20 I didn't see it as my position, at that point or at
21 any point, to be an advocate one way or another. My
22 concern was around adopting a robust procedure to go
23 through that process.
24 **Q. Did you say to Mr. McEachern, in words or**
25 **substance, that there had not been to that point in time**

1 **Q. Okay.**
2 **And that's true for the entirety of Exhibit 17;**
3 **correct?**
4 A. Yes, I would say so.
5 **Q. Okay.**
6 **So if you would, beneath the handwritten date on**
7 **the first page of Exhibit 17, be so kind as to read for**
8 **us the handwritten notes, just on the first page of**
9 **Plaintiff's 17.**
10 A. "Long board discussion ended with basically a
11 comment from majority, 'Jim, go settle something with
12 sisters in next day or you will be terminated.' It has
13 to go to doc by 2:00 p.m. Had to fly to San Diego, so
14 put off to 6:00 p.m., conference call. Had conference
15 call at 6:00 p.m. EC," being Ellen Cotter, "reported
16 attempted agreement between the three of them to be
17 documented over the weekend. Jim reserves right to talk
18 to lawyers. EC read over the terms that affected
19 company, as she stated it. Terms are under management,
20 but all conditional on board approval after the Cotters
21 had a deal."
22 On this, I said, "Wait and see. Ed said, 'Great,
23 hope now Jim would be CEO for 30 years and do a great
24 job.'" And I say, "Complete change to earlier saying he
25 would never be a good CEO," exclamation mark.

1 **with respect to trust and estate matters that was**
2 **reported on or about 6:00 o'clock in the evening on**
3 **May 29th, had not come to fruition?**
4 A. Yes, I had understood that it didn't come to
5 fruition.
6 **Q. How did you learn that or what were you told?**
7 A. I don't recollect.
8 **Q. Do you recall that a board meeting was convened**
9 **on or about June 12?**
10 A. I do.
11 **Q. That was a Friday; correct?**
12 A. Was it telephonic or in person?
13 **Q. I believe it was in person.**
14 **Do you recall -- Okay. I believe it was**
15 **telephonic. I misspoke. You're correct.**
16 A. I think.
17 **Q. Thank you.**
18 **And do you recall that --**
19 A. Telephonic for me, I think. I don't know about
20 anybody else.
21 **Q. Understood. Thank you for the clarification.**
22 **Do you recall that there was a vote to terminate**
23 **Jim Cotter, Jr. as president and CEO?**
24 A. I do.
25 **Q. And what was the outcome of that?**

1 A. I think that two voted against it, and the
2 others -- Two voted against; is that right? I have to
3 look at the record, but certainly I voted against.
4 **Q. Is it your best recollection that Mr. Gould**
5 **also voted against?**
6 A. Yes. I was just thinking about Mr. Cotter.
7 Perhaps it was three against.
8 **Q. And the votes for termination were by**
9 **Messrs. Kane, Adams and McEachern, and by Ellen and**
10 **Margaret Cotter; correct?**
11 A. Correct.
12 Actually, on reflection, perhaps Mr. Cotter
13 abstained and didn't vote because he was interested. I
14 don't recollect.
15 **Q. Or at least he acknowledged that he was**
16 **interested?**
17 A. Yes.
18 **Q. Do you recall learning at some point that on or**
19 **about June 15th, Ellen Cotter had sent a letter to Jim**
20 **Cotter, Jr. asserting that, pursuant to his executive**
21 **employment agreement, he was required to resign as a**
22 **director upon termination as an officer?**
23 A. Yes, I do.
24 **Q. When did you first learn that?**
25 A. I think at or shortly after the termination

1 I, Teckla T. Hollins, CSR 13125, do hereby declare:

2 That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn pursuant
3 to Section 30(f)(1) of the Federal Rules of Civil Procedure and the deposition is a true record of the
4 testimony given by the witness.

5 That said deposition was taken down by me in shorthand at the time and place therein named and
6 thereafter reduced to text under my direction.

7 ____ That the witness was requested to review the transcript and make any changes to the
8 transcript as a result of that review pursuant to Section 30(e) of the Federal
9 Rules of Civil Procedure.

10 ____ No changes have been provided by the witness during the period allowed.
11
____ The changes made by the witness are appended
12 to the transcript.

13 ____ No request was made that the transcript be reviewed pursuant to Section 30(e) of the
14 Federal Rules of Civil Procedure.

15 I further declare that I have no interest in the event of the action.
16
I declare under penalty of perjury under the laws
17 of the United States of America that the foregoing is true and correct.
18
WITNESS my hand this 3rd day of
19
March, 2016.
20
21
Teckla T. Hollins, CSR 13125
22
23
24
25

EXHIBIT 6

1 DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

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,	Case No. P-14-082942-E Case No. A-16-735305-B
Defendants.	
and	
READING INTERNATIONAL, INC., a Nevada corporation,	
Nominal Defendant.	

(Caption continued on next page.)

18

19 VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

20 Wednesday, August 3, 2016

21 Wednesday, California

22

23 REPORTED BY:

24 GRACE CHUNG, CSR No. 6426, RMR, CRR, CLR

25 Job No.: 323867

1 place for Jim Cotter, Jr. And she wanted a -- or
2 looked for a formal employment contract.
3 Secondly, I think that there was a
4 discussion around what her role actually was. I
5 think her designation was Vice President of U.S.
6 Cinemas, and Bob Smerling, who was in his 80s, was
7 nominally president, and I think there was a view
8 around how best to describe or how Ellen should be
9 described. Talked about the issues around
10 employment, and also, of course, issues around
11 remuneration and the fact that she felt that she was
12 underpaid, given the job that she was doing and had
13 been for some time.
14 **Q. What were the issues regarding the**
15 **employment or lack of employment status for**
16 **Margaret Cotter?**
17 A. As it became clearer, Margaret was, in
18 fact, in my view, not employed by the company, but
19 was, in fact, providing services to the company
20 through a company called "Liberty." So Liberty had
21 a contract to manage the live theaters on behalf of
22 Reading, and she was remunerated through that. So
23 on analysis, it became clear that she wasn't
24 employed by the -- by the company.
25 THE REPORTER: She was or wasn't?

1 THE WITNESS: She wasn't, was not employed
2 by the company.
3 A. And she wanted to be employed by the
4 company. Part of it, as I understood it, was
5 around wanting to have medical insurance coverage.
6 BY MR. KRUM:
7 **Q. Was one of the issues, with respect to the**
8 **employment status of Margaret Cotter, what role, if**
9 **any, she would have on a going-forward basis**
10 **regarding any development activities of the Union**
11 **Square and Cinemas 1, 2, 3 properties?**
12 A. Yes, on the face of it, she was contracted
13 through Liberty to manage the live theaters. And,
14 of course, one of the issues that came to mind is,
15 well, if that is the status, then on what basis is
16 she providing advice or services to Reading in
17 relation to development of those sites.
18 And I guess it seemed to me that it could
19 be explained as part of her role as managing the
20 live theaters. But it seemed -- but it also seemed
21 to me that now was -- then was the time to address
22 her and make sure that we had a clearer
23 understanding of what Margaret's role would be.
24 Margaret had been involved for some years,
25 alongside Jim Cotter, Sr., her father, in looking at

1 **executives met with Mr. Genovese and expressed any**
2 **views of him?**
3 A. My sense is that someone like Dave
4 Gellers, some senior executive, met with him and
5 had thought he was a good candidate. My
6 recollection, at this stage, is that none of the
7 executives had any -- had any negative view about
8 Mr. Genovese. At some stage, I think, following
9 that -- I was going to say I think Bob Smerling
10 made some -- made some comment. I'm pretty sure
11 that was with regard to Mr. Genovese, but I don't
12 recall that clearly.
13 **Q. At any time prior to the end of your**
14 **tenure as a director at RDI, which occurred in or**
15 **about October 2015, did any other non-Cotter**
16 **director ever communicate to you, in words or**
17 **substance, a view that Margaret Cotter either was**
18 **capable of being the senior person overseeing**
19 **actual development of the Union Square and/or**
20 **Cinemas 1, 2, and 3 property or should be given**
21 **that job, in any event?**
22 MR. SEARCY: Objection. Lacks foundation.
23 Vague.
24 A. I think pretty soon after the interview
25 that I had in the -- in the circumstance I just

1 mentioned, it became pretty apparent that Margaret
2 and Ellen did not wish to proceed with employing
3 Mr. Genovese, or I suspect anybody, into that role.
4 It was also, from my recollection, very close to
5 the time where all sorts of issues were coming to a
6 head. And I suspect that the focus of the board
7 and the executives no longer remained employing
8 somebody like Mr. Genovese.
9 I think from recollection, the company --
10 from recollection, the company, I think, didn't say
11 anything, didn't -- didn't get back to Mr. Genovese
12 and just left the matter. I think the sentiment
13 from some independent directors was that Margaret
14 had been doing the job she had done for some time,
15 and what was the harm in just letting her do what
16 she was doing.
17 BY MR. KRUM:
18 **Q. Why do you think -- why did you say what**
19 **you just said about the sentiment of some**
20 **non-Cotter directors? Did someone say to you, in**
21 **words or substance, "Let her give it a try, "or**
22 **something of that nature?**
23 MR. SEARCY: Objection. Vague.
24 A. Well, I think that was the clear
25 alternative to employing an experienced development

1 director, was to leave it in the hands of Margaret;
2 pull it together and to -- and to manage the
3 development with the use of consultants, which is
4 where the process had moved to over the proceeding
5 period.
6 BY MR. KRUM:
7 **Q. Did you ever have or develop a sense of**
8 **whether the company would save money in terms of**
9 **paying consultants if the company hired someone**
10 **with experience or an expertise as a real -- in**
11 **real estate development?**
12 MR. SEARCY: Objection. Vague. Lacks
13 foundation. Calls for an opinion.
14 A. In my experience, and I have been involved
15 in a number of developments, a very experienced
16 development manager or director can be invaluable
17 in adding -- in -- in completing a development.
18 And, you know, with the depth of knowledge comes
19 all the opportunities to control costs, to make
20 sure the design is the best design, to ensure that
21 there was a -- the design reflects what would be a
22 strong income stream.
23 You know, by that stage, Margaret and her
24 team had developed some plans around what could be
25 done. But to my way of thinking, at that point,

1 **paragraph?**
2 A. I do.
3 **Q. And do you see that in the third line, and**
4 **carrying over to the fourth line, you say as**
5 **follows: "As directors, we can't just do what a**
6 **shareholder asks or do what we think a shareholder**
7 **might want, not to mention that at the moment there**
8 **remains significant uncertainty as to the ultimate**
9 **identity of some shareholders."**
10 **Do you see that?**
11 A. I do.
12 **Q. Was it your view that one or more of the**
13 **non-Cotter directors were, in part, or in total,**
14 **doing what they thought Ellen and Margaret wanted?**
15 MR. SEARCY: Objection. Lacks foundation.
16 Calls for speculation.
17 A. Ed Kane had expressed to me, on a number
18 of occasions, that we should -- that Margaret and
19 Ellen were the shareholders and that they had
20 control and that we needed to take direction from
21 shareholders. And my point was that -- or my view
22 to that was that we weren't to act at the direction
23 of shareholders and that we needed to make
24 decisions as a board.
25 And as I say in this part of the comment

1 in this note, is to say we need to act as a board,
2 and we need to act properly to come to a decision.
3 And we need to address ourselves to the appropriate
4 question. So, yes, my view was, at times, Mr. Kane
5 was of the view that we would simply -- we should
6 just simply be acting as director -- well, acting
7 in a manner consistent with what he believed the
8 shareholder required.
9 BY MR. KRUM:
10 **Q. And by the shareholders -- shareholder,**
11 **you are referring to Ellen and Margaret?**
12 MR. SEARCY: Objection. Argumentative and
13 vague. Lacks foundation.
14 A. Well, he -- I think he took that view, but
15 as I say here, there remains uncertainty as to the
16 ultimate identity of some shareholders. It seemed
17 to me that it was a difficult proposition to do,
18 even if that was an appropriate response. At this
19 point, given litigation, we didn't know who the --
20 we didn't know for certain who the shareholder was.
21 BY MR. KRUM:
22 **Q. Mr. Storey, I show you what previously was**
23 **marked at Exhibit 131.**
24 A. Yes, I have read the document.
25 **Q. Did you send Exhibit 131 on or about the**

1 how best to develop those two sites and other sites.
2 And as I understood it, she spent some time going to
3 meetings and coordinating some of the early stage
4 work that's done in relation to developments.
5 But the -- again, clearly, the business was
6 moving to more a active position, into a more active
7 stage of looking to develop those two sites. And, of
8 course, she was interested in remaining involved, one
9 way or another, in doing that.
10 **Q. Margaret Cotter had no experience in real**
11 **estate development; correct?**
12 MR. SEARCY: Objection. Misstates
13 testimony. Lacks foundation.
14 A. To the best of my knowledge, other than
15 helping her father in those early -- those early
16 stages, based on my knowledge, she had no
17 experience in real estate development.
18 BY MR. KRUM:
19 **Q. You also referred to issues concerning**
20 **putting processes in place to develop business**
21 **plans and budgets. To what were you referring to?**
22 A. It seemed to me any independent directors
23 that could practice. The companies dictated that
24 we had a clear view, or there was clear view held
25 about the strategic plan of the business, and the

1 **date it bears, May 20, 2015?**
2 A. I did.
3 **Q. At the end of the first paragraph, you**
4 **refer to Guy's apparent view that no discussion is**
5 **necessary. Do you see that?**
6 A. I do.
7 **Q. To what does that refer?**
8 A. I think the sequence here is that I spoke
9 to Doug McEachern, and as I said earlier, he
10 proffered his view, and I said to him, "You should
11 talk to our lawyer to understand our duties as
12 directors," which is why I have given him Neil --
13 Neil's number.
14 And, secondly, I assume or I suspect that
15 this e-mail follows the discussion I had with Guy,
16 that I discussed earlier, about Guy's -- about his
17 view, even as both Ed and Guy were of the view that
18 there was no point in any discussion at all, that
19 the matter was simply going to be put, and that was
20 that.
21 **Q. Let me show you what previously has been**
22 **marked as Exhibit 98.**
23 A. You wish me to read this document?
24 **Q. Let me ask you a question first, and you**
25 **can take such time as you wish to read it.**

1 THE VIDEOGRAPHER: We are on the record.
2 The time is 12:03.
3 BY MR. KRUM:
4 **Q. Mr. Storey, the court reporter has handed**
5 **you what's been marked as Exhibit 416. Take as**
6 **much time as you would like to review the document.**
7 **The only portion I'm going to inquire is on page 6**
8 **of 8. That is the approval of the minute section,**
9 **so you would want to read that.**
10 (Deposition Exhibit 416 was marked for
11 identification by the reporter and is
12 attached hereto.)
13 A. Yes, I have read that section.
14 BY MR. KRUM:
15 **Q. Okay. First of all, do you recall any of**
16 **the RDI board of directors, on or about August 4,**
17 **2015, the supposed minutes from prior meetings,**
18 **including May 21, and 29, and June 12, and 30, were**
19 **presented for approval?**
20 A. I remember in general terms, yes.
21 **Q. Do you recall Mr. Cotter making comments**
22 **to the effect that the minutes were not -- were not**
23 **accurate and that insufficient time had been**
24 **provided to reviewing comment on it?**
25 A. I do.

1 **Q. And what, if anything, did you say with**
2 **respect to the minutes?**
3 A. From memory, my view was that we were
4 receiving complex minutes a long time after the
5 meetings were held. The minutes had clearly been
6 reviewed by a number of parties, including, as I
7 understood, legal counsel; and that, frankly, I
8 neither had the time nor the inclination to go
9 through and attempt to change them so they
10 reflected more accurately what I thought had
11 occurred.
12 My view was that they had been unprepared
13 purposely, and not a lot of benefit was going to be
14 there, if I sat there and spent a considerable
15 amount of time trying to adjust them. So I didn't
16 want to do so and simply abstained for that reason.
17 **Q. When you said, Mr. Storey, that you**
18 **thought they had been prepared purposely, you mean**
19 **purposely for some purpose other than to simply**
20 **memorialize what transpired?**
21 MR. SEARCY: Objection. Calls for
22 opinion. Calls for speculation.
23 MS. HENDRICKS: Join.
24 A. I thought that they had been written
25 carefully, to ensure they properly reflected the

1 A. You mean internal counsel or external?
2 **Q. Either one.**
3 A. My recollection is that I spoke -- I think
4 I spoke to Craig Tompkins to see where are the
5 minutes, or maybe Bill Ellis, I guess. But my
6 recollection is that the reason the minutes weren't
7 being distributed was that they were going to --
8 MS. BANNETT: I'm just going to interrupt
9 to the extent that it reflects any conversation
10 that you had with counsel, don't reveal any
11 attorney-client communications.
12 THE WITNESS: No. No. You can -- you can
13 jump in.
14 A. Anyway, so I was told that the reason that
15 I wasn't seeing, or the minutes weren't available
16 promptly, is that they were going through an
17 approval process and equally, I think so, was going
18 to the chairman.
19 THE REPORTER: Going to?
20 THE WITNESS: The chairman, chairperson.
21 BY MR. KRUM:
22 **Q. So did you look at the draft minutes for**
23 **the meetings of May 21, and 29, and June 12, 2015?**
24 A. Yes, I recollect I looked at them, and I
25 thought that it would take me a considerable amount

1 of time to try and make them reflect what I thought
2 had been said. And it seemed to me that I could do
3 all that and probably get nowhere. And it was
4 going to be a pointless exercise for me, sitting on
5 the airplane for three hours or whatever, and that
6 it seemed better to simply abstain.
7 MR. KRUM: I will ask the court reporter
8 to mark as Exhibit 417 a one-page document bearing
9 production number GA 1439. It purports to be an
10 October 19th e-mail from Ed Kane.
11 (Deposition Exhibit 417 was marked for
12 identification by the reporter and is
13 attached hereto.)
14 A. Yes, I have read that.
15 BY MR. KRUM:
16 **Q. Do you recognize the subject matter of**
17 **Exhibit 417?**
18 A. Yes, I do.
19 **Q. What's your recollection as to, if any,**
20 **independent of Exhibit 417, as to how it came --**
21 **whether and how -- whether it came to pass that**
22 **Ellen Cotter was paid an extra $50,000 on account**
23 **of matters referenced in Exhibit 417?**
24 A. My recollection is that it was a view that
25 the company had given incorrect advice on various

1 STATE OF CALIFORNIA)
) SS.
2 COUNTY OF LOS ANGELES)
3
4 I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a
5 Certified Shorthand Reporter in and for the County
6 of Los Angeles, the State of California, do hereby
7 certify:
8 That, prior to being examined, the witness
9 named in the foregoing deposition was by me duly
10 sworn to testify the truth, the whole truth, and
11 nothing but the truth;
12 That said deposition was taken down by me
13 in shorthand at the time and place therein named,
14 and thereafter reduced to typewriting by
15 computer-aided transcription under my direction.
16 I further certify that I am not interested
17 in the event of the action.
18 In witness whereof, I have hereunto subscribed my
19 name.
20 Dated: August 10, 2016
21
22
23 GRACE CHUNG, CSR NO. 6246
RMR, CRR, CLR
24
25

EXHIBIT 7

1

2 DISTRICT COURT

3 CLARK COUNTY, NEVADA

4

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

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16 VIDEOTAPED DEPOSITION OF WILLIAM GOULD

17 TAKEN ON JUNE 8, 2016

18 VOLUME 1

19

20

21

22

23 JOB NUMBER 315485

24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 A. I learned that in Guy Adams's deposition
2 he admitted that a great percentage of his net worth
3 had come from the corporate -- not his net worth,
4 but his earnings had been derived from the
5 corporation and from the Cotter family.
6 **Q. And by "the corporation" you're**
7 **referring to RDI?**
8 A. RDI.
9 **Q. What, if anything, did you do as a**
10 **consequence of learning that information?**
11 A. I was asked whether Guy Adams was -- if
12 I considered him independent for the purposes of his
13 service on the comp committee.
14 **Q. Who asked you that?**
15 A. Craig Tompkins and Ellen Cotter.
16 **Q. What was your response?**
17 MR. SWANIS: I just want to object to
18 this line of questioning, object on attorney-client
19 privilege.
20 I didn't know if you were heading into
21 the -- the person that asked him that.
22 MR. KRUM: Well, no. I haven't asked
23 about what Mr. Tompkins said --
24 MR. SWANIS: Let me finish.
25 MR. KRUM: I'm sorry. Go ahead.

1 MR. SWANIS: To the extent that
2 communications with Mr. Tompkins for the purposes of
3 soliciting or providing information is providing
4 legal advice to the company, those communications
5 are privileged.
6 To the extent the purpose was not for
7 the purpose of providing -- or communications were
8 not for the purpose of providing advice, then you
9 may answer the question.
10 THE WITNESS: Thank you. This was not
11 really legal advice. He asked -- They asked my
12 opinion, how I felt about it.
13 BY MR. KRUM:
14 **Q. What did you tell him?**
15 A. I told him that I did not believe he was
16 independent for the purpose of serving on the
17 audit -- on the nomination -- on the compensation
18 committee.
19 **Q. Did you explain why you thought that?**
20 A. Yes, I did.
21 **Q. What did you tell him?**
22 A. I said that even though he did not
23 violate the test -- the concrete test laid out by
24 the Exchange, that there is an overriding test on
25 particular types of transactions where a person

1 might be not independent for that type of
2 transaction.
3 And clearly if Mr. Adams's income was
4 substantially derived from Reading and the Cotter
5 family, if his whole livelihood depended on them, he
6 could not be independent in passing on the
7 compensation of the Cotter family members.
8 **Q. What other types of transactions were**
9 **you referencing in your last answer, if any, beyond**
10 **passing on compensation of Cotter family members?**
11 A. That -- that's what I was referencing,
12 just that particular matter.
13 **Q. What types of transactions are subject**
14 **to the overriding test you just described?**
15 MR. HELPERN: Objection. Form.
16 MR. SWANIS: Join. Foundation.
17 THE WITNESS: Well, if a question -- a
18 party, for example, was totally independent, has a
19 separate business relationship or transaction
20 proposed with the company, even though that person
21 might otherwise be independent for all other
22 purposes, that transaction brings into question that
23 person's independence with respect to that
24 transaction. That's what I was referring to.
25 ///

1 BY MR. KRUM:

2 **Q. Mr. Gould, what other discussions, if**

3 **any, have you had with anyone regarding the subject**

4 **of Mr. Adams's independence or lack of independence?**

5 A. The only people I talked to about that

6 were Ellen and Craig Tompkins. I don't recall

7 discussing it with anybody else.

8 **Q. Mr. Adams has resigned from the RDI**

9 **board of directors compensation committee, correct?**

10 A. Yes.

11 **Q. But he was on the RDI board of directors**

12 **compensation committee when it approved the**

13 **compensation packages -- the new compensation**

14 **packages for Ellen Cotter and Margaret Cotter**

15 **earlier in calendar year 2016, correct?**

16 MR. HELPERN: Objection to form.

17 MR. SWANIS: Join.

18 BY MR. KRUM:

19 **Q. Mr. Adams also was a vocal proponent in**

20 **support of terminating Jim Cotter, Jr., correct?**

21 MR. SWANIS: Objection to form.

22 THE WITNESS: Yes.

23 MR. HELPERN: Join.

24 MR. RHOW: I'm --

25 ///

1 BY MR. KRUM:
2 **Q. Beware of the staple.**
3 **Take whatever time you need, Mr. Gould,**
4 **to review Exhibit 271. I'm only going to ask you**
5 **about the portion of it beneath the sub head**
6 **"Directors Session" on the page that bears**
7 **production number WG410?**
8 A. Uh-huh.
9 **Q. And let me know when you're ready.**
10 A. I'm ready.
11 **Q. Okay. Do you recognize Exhibit 271?**
12 A. I do.
13 **Q. What do you recognize it to be?**
14 A. The independent directors session of the
15 board meeting.
16 **Q. You're referring to the -- to page 410,**
17 **right?**
18 A. Yes.
19 **Q. And is that the resolution you just**
20 **described?**
21 A. Yes, it is.
22 **Q. And was that resolution passed on or**
23 **about January 15, 2015?**
24 A. Yes, it was.
25 **Q. Do you recall that at the vote in June**

1 **2015 to terminate Jim Cotter, Jr., as president and**
2 **C.E.O., that Ellen and Margaret both purported to**
3 **vote?**
4 A. I do have that recollection.
5 **Q. Was there any discussion of whether they**
6 **should vote or whether they had standing to vote?**
7 MR. HELPERN: Objection to form.
8 MR. SWANIS: Join.
9 THE WITNESS: I don't -- I actually
10 don't recall that right now. I don't remember it.
11 BY MR. KRUM:
12 **Q. What were your thoughts at the time as**
13 **to whether they should vote or whether they should**
14 **have been recused or disqualified with re- --**
15 **regarding the termination of Jim Cotter, Jr.?**
16 MR. SWANIS: Same objections.
17 MR. HELPERN: Join.
18 THE WITNESS: My thoughts at the time
19 were that even without their votes, the party -- the
20 parties moving to vote for his termination had
21 sufficient votes to -- to accomplish what they
22 wanted to do.
23 BY MR. KRUM:
24 **Q. You mean three -- you mean three of**
25 **five?**

1 A. Correct.
2 **Q. So, did you have any thoughts at the**
3 **time of the vote to terminate Jim Cotter, Jr.,**
4 **regarding whether Ellen and Margaret should have**
5 **been recused or disqualified from voting other than**
6 **the thought you just articulated?**
7 MR. SWANIS: Same objections.
8 THE WITNESS: No. That was -- that was
9 my thought at the time. It didn't make any
10 difference, because they were -- they had enough
11 votes without Ellen and Margaret's votes.
12 BY MR. KRUM:
13 **Q. Have you subsequently had any different**
14 **thoughts about that?**
15 A. I haven't thought about it.
16 **Q. Did you ever hear or learn or were you**
17 **ever told that Margaret had engaged in rude and/or**
18 **unprofessional behavior directly toward Jim Cotter,**
19 **Jr.?**
20 A. Yes.
21 MR. SWANIS: Objection. Form,
22 foundation.
23 MR. HELPERN: Join.
24 BY MR. KRUM:
25 **Q. What did you hear or learn in that**

1 VIDEOTAPE OPERATOR: We are on the
2 record.
3 The time is 4:16.
4 MR. KRUM: Okay. What's our next in
5 order?
6 THE REPORTER: 228.
7 MR. KRUM: I'll ask the court reporter
8 to mark as Exhibit 282 an email chain of May 19 and
9 20 to which Mr. Gould is a party. It bears
10 production number TS69 through 71.
11 MR. RHOW: Do you have copies, Mark?
12 MR. KRUM: I'm sorry.
13 (Whereupon the document referred
14 to was marked Plaintiffs'
15 Exhibit 282 by the Certified
16 Shorthand Reporter and is attached
17 hereto.)
18 THE WITNESS: Yeah. Unfortunately I
19 remember this.
20 BY MR. KRUM:
21 **Q. Okay. Tell me when you're ready.**
22 A. I'm ready.
23 (Whereupon Mr. Swanis re-entered
24 the deposition proceedings at this
25 time.)

1 BY MR. KRUM:
2 **Q. Mr. Gould, do you recognize Exhibit 282?**
3 A. I do.
4 **Q. What is it?**
5 A. This is an email from Ed Kane to me.
6 The top one is -- it's a chain of emails, but the
7 top email is a chain -- is an email from Ed Kane to
8 me, basically criticizing me on many fronts.
9 **Q. Okay. And then prior to that there are**
10 **at least two emails -- or two emails in which you**
11 **indicate a request --**
12 A. Yes.
13 **Q. -- that the non-Cotter directors meet**
14 **before the special meeting set for May 21, correct?**
15 A. That's correct.
16 **Q. And so what communications did you have**
17 **with any other non-Cotter director about the subject**
18 **of the non-Cotter directors meeting prior to May 21**
19 **beyond that set out in this o r-- and/or other**
20 **mails?**
21 MR. SWANIS: Objection. Form.
22 BY MR. KRUM:
23 **Q. Did you speak to Mr. Kane --**
24 MR. KRUM: Let me just ask you him --
25 ///

1 REPORTER'S CERTIFICATE

2

3 I, PATRICIA L. HUBBARD, do hereby certify:

4

5 That I am a duly qualified Certified

6 Shorthand Reporter in and for the State of California,

7 holder of Certificate Number 3400, which is in full

8 force and effect, and that I am authorized to

9 administer oaths and affirmations;

10

11 That the foregoing deposition testimony of

12 the herein named witness, to wit, WILLIAM GOULD, was

13 taken before me at the time and place herein set

14 forth;

15

16 That prior to being examined, WILLIAM

17 GOULD was duly sworn or affirmed by me to testify the

18 truth, the whole truth, and nothing but the truth;

19

20 That the testimony of the witness and all

21 objections made at the time of examination were

22 recorded stenographically by me and were thereafter

23 transcribed by me or under my direction and

24 supervision;

25

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 8

1

2 DISTRICT COURT

3 CLARK COUNTY, NEVADA

4

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

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16 VIDEOTAPED DEPOSITION OF WILLIAM GOULD

17 TAKEN ON JUNE 29, 2016

18 VOLUME 2

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23 Job No.: 319129

24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 backed down. They said they weren't going to be
2 interested if Ellen was interested.
3 **Q. What is your best recollection as to**
4 **when in time Ellen announced her candidacy?**
5 A. My best recollection would be sometime
6 in December of 2015, maybe in November.
7 **Q. Do you actually have any recollection of**
8 **the C.E.O. search committee, either independently or**
9 **in conjunction with Korn Ferry, having any**
10 **discussions or communications regarding a method or**
11 **process to hire -- excuse me -- to process or**
12 **consider internal candidates for the position of**
13 **C.E.O.?**
14 A. I do remember there was a -- a
15 discussion with Korn Ferry. And I -- I don't
16 remember how we decided to process the internal
17 candidates.
18 **Q. Well, do you know whether there was a**
19 **decision?**
20 A. I can't recall.
21 **Q. Do you -- the discussion you remember**
22 **with Korn Ferry, who was party to that?**
23 A. I think Mr. Mayes.
24 **Q. Okay. Who on behalf of the C.E.O.**
25 **search committee?**

1 That the foregoing pages contain a full,
2 true and accurate record of the proceedings and
3 testimony to the best of my skill and ability;
4
5 I further certify that I am not a relative
6 or employee or attorney or counsel of any of the
7 parties, nor am I a relative or employee of such
8 attorney or counsel, nor am I financially interested
9 in the outcome of this action.
10
11 IN WITNESS WHEREOF, I have subscribed my
12 name this 6th day of July, 2016.
13
14
15 PATRICIA L. HUBBARD, CSR #3400
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EXHIBIT 9

1 EIGHTH JUDICIAL DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

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

16 Complete caption, next page.

17

18

19 VIDEOTAPED DEPOSITION OF GUY ADAMS

20 LOS ANGELES, CALIFORNIA

21 THURSDAY, APRIL 28, 2016

22 VOLUME I

23

24 REPORTED BY: LORI RAYE, CSR NO. 7052

25 JOB NUMBER: 305144

1 THE WITNESS: Okay.
2 BY MR. KRUM:
3 **Q. That is GWA Capital Partners, LLC, a**
4 **California limited liability company?**
5 A. Yes, it is.
6 **Q. And what is your position in that**
7 **company?**
8 A. I'm the only employee. I'm the managing
9 member.
10 **Q. Has the company ever employed anyone**
11 **else?**
12 A. Yes.
13 **Q. When was the last time the company**
14 **employed anyone else?**
15 A. 2009.
16 **Q. What is the business of GWA Capital**
17 **Partners, LLC?**
18 A. It's a registered investment advisor.
19 **Q. Now, is that a registration in the name**
20 **of the company or in your name personally?**
21 A. The company.
22 **Q. And presently, what are your sources of**
23 **income?**
24 A. Which year?
25 **Q. Presently --**

1 A. Presently?

2 **Q. -- so this year.**

3 A. Presently, Jim -- Jim Cotter Farms or

4 Cotter Family Farms, Reading International and GWA

5 Capital. There's another company, GWA Advisors,

6 LLC. It's an investment -- it's not a registered

7 investment advisor but I do some private equity

8 deals in that one as well. So those two entities,

9 Cotter Family Farms and Reading International.

10 **Q. And so far this year, how much money have**

11 **you been paid by each of the four entities you just**

12 **identified?**

13 A. Well, the -- it's easier to answer GWA

14 Capital and GWA Advisors was zero so far this year.

15 I don't know the exact amount for Cotter Farms and

16 Reading.

17 **Q. In 2015, did you have any sources of**

18 **income other than those four entities, Cotter**

19 **Family Farms, Reading, GWA Capital and GWA**

20 **Advisors?**

21 A. 2015, I had an investment that was sold

22 and there was the proceeds from that.

23 **Q. What was that investment?**

24 A. Real estate. It was in my name. It

25 wasn't in the name of the company.

1 **Q. Okay. So in 2015, when you netted**
2 **approximately $300,000 from the sale of that condo,**
3 **the buyer was your wife pursuant to the divorce or**
4 **dissolution?**
5 A. Correct.
6 **Q. And prior to the sale by you and purchase**
7 **by your ex-wife of that condominium, was it used**
8 **for income purposes, meaning, did you rent it to**
9 **third parties?**
10 A. No, we didn't rent it.
11 **Q. So directing your attention back to 2015,**
12 **Mr. Adams, what was your gross revenue? And by**
13 **"gross revenue," I'm talking about what you would**
14 **have reported on a tax return or similar such**
15 **document.**
16 MR. TAYBACK: Object to the form of the
17 question; compound.
18 You can answer.
19 THE WITNESS: Net of my expenses?
20 BY MR. KRUM:
21 **Q. No, gross.**
22 A. Gross. Maybe -- an estimate on my part,
23 $200,000.
24 **Q. And what's your estimate, Mr. Adams, of**
25 **your net revenue in 2015?**

1 A. Probably --
2 **Q. If any.**
3 A. Net revenue, 100, 120.
4 **Q. Of that approximate $200,000, how much of**
5 **that was paid to you by Cotter Family Farms?**
6 A. Family Farms? $52,000.
7 **Q. Is that the amount you're paid annually**
8 **by Cotter Family Farms?**
9 A. Yes.
10 **Q. When did that start?**
11 A. 2012, in probably -- 2012, maybe
12 September.
13 **Q. Okay. And what were the sources of the**
14 **other approximate $148,000 in gross revenue you had**
15 **in 2015?**
16 A. Reading board fees, and I exercised some
17 options in 2015. I don't remember the exact number
18 but I exercised options and that came to -- came
19 across as ordinary income to me.
20 **Q. And those options were Reading or RDI?**
21 A. Reading, RDI, yes.
22 **Q. Okay. Any other sources of income in**
23 **2015?**
24 A. None that I can think of.
25 **Q. Correct me if I misunderstood.**

1 BY MR. KRUM:

2 **Q. All right. 2014, what were your sources**

3 **of income?**

4 A. 2014 was predominantly the Cotter Family

5 Farms, RDI for a partial year. I had a consulting

6 contract with a junk bond fund. '14? And I would

7 believe in 2014, I had a bonus from Jim Senior.

8 **Q. Jim Cotter Senior?**

9 A. Jim Cotter Senior, I'm sorry. Which

10 would also be under the -- I presume the Cotter

11 Family Farms, I can't remember, but it was from

12 Senior.

13 **Q. I'm sorry. I didn't mean to interrupt.**

14 **Are you done?**

15 A. Yes.

16 **Q. Okay. With respect to each of those four**

17 **items, Mr. Adams, approximately how much were you**

18 **paid? And by "four items," I'm referring first to**

19 **Cotter Family Farms --**

20 A. Well --

21 **Q. -- and so forth.**

22 A. Yeah. $100,000.

23 **Q. Total?**

24 A. Maybe 105, 110, yes. I'm sorry.

25 Counting -- I'm sorry, 110.

1 **Q. Okay. So there was 52,000 from Cotter**
2 **Family Farms in 2014; correct?**
3 A. Yes.
4 **Q. And how much was the bonus from Jim**
5 **Cotter Senior?**
6 A. I believe it was 20,000.
7 **Q. What was the amount of the consulting**
8 **contract with the junk bond fund, the amount**
9 **being --**
10 A. 12,000.
11 **Q. 12? Okay. And so the difference between**
12 **the -- so from Reading, the approximate amount was**
13 **how much? By my math --**
14 A. 50.
15 **Q. Okay.**
16 MR. TAYBACK: Just note, the witness seemed to
17 be indicating it was an estimate.
18 BY MR. KRUM:
19 **Q. That's an estimate?**
20 A. It was an estimate, sure. All these
21 numbers are estimates.
22 **Q. Understood. Thank you. Let's go through**
23 **2013.**
24 **What was your estimated gross income?**
25 A. For 2013, I'm not a hundred percent sure

1 **Q. With the benefit of hindsight, Mr. Adams,**
2 **do you now think or believe that any of that**
3 **information was not true and correct?**
4 MR. TAYBACK: Object to the form of the
5 question.
6 You can -- I don't know the last time you
7 reviewed it but you can answer the question.
8 THE WITNESS: No, I believe it was correct.
9 BY MR. KRUM:
10 **Q. Okay. How did it come to pass -- well,**
11 **strike that.**
12 **For how long -- did you work either for**
13 **Jim Cotter Senior or any entity you understood him**
14 **to own or control prior to commencing work for**
15 **Cotter Family Farms?**
16 A. Ever?
17 **Q. Yes.**
18 A. I worked for Jim Cotter when he was an
19 employee of Pacific Theatres, 1988, maybe.
20 **Q. Let me back up, then.**
21 **When did you first meet Jim Cotter**
22 **Senior?**
23 A. 1988.
24 **Q. How did that happen?**
25 MR. TAYBACK: That they met?

1 MR. KRUM: Yes.
2 **Q. If you recall.**
3 A. I presented an investment to him. I
4 didn't know him. I called and made an appointment
5 and took it from there.
6 **Q. Did he make that investment?**
7 A. No, he did not.
8 **Q. And what was his position or what was**
9 **your position when you worked for him in or about**
10 **1988 at Pacific Theatres?**
11 A. My recollection is he did not make the
12 investment. I was working for myself doing this
13 sort of thing, investment banking, people buying
14 stocks and bonds. I presented the deal, he didn't
15 take it, but he expressed great interest in it.
16 And he called me back about a month later and
17 wanted to get a follow-up to the presentation.
18 Still thinking he was going to invest in it.
19 And then after that presentation, he
20 said, Come in my office. And he asked me a lot of
21 questions about what I was doing. He said, I'm
22 thinking about hiring someone. Would you be
23 interested?
24 **Q. Your answer ultimately was affirmative, I**
25 **gather?**

1 A. Yes. I told him I'd think about it and
2 then ultimately I said yes.
3 **Q. What was his position and what was your**
4 **position?**
5 A. He was technically CFO of Pacific
6 Theatres, I believe. And they had an investment
7 subsidiary called Hecco Ventures that was -- Jim
8 Cotter was the managing member of that entity. And
9 there was someone there already as like vice
10 president and I came into -- Ty Howard. And then I
11 came in as an analyst, an analyst for Hecco
12 Ventures under Ty Howard and reporting to Jim
13 Cotter.
14 **Q. How long did you hold that position, or**
15 **any other position with --**
16 A. Approximately six years.
17 **Q. Was it an analyst position throughout or**
18 **did your responsibilities change?**
19 A. No, I became an analyst and then I became
20 the -- the manager of assets and I became -- then
21 Decurion made me chairman of their -- the Decurion
22 retirement plan. And then Chris Forman used me for
23 a while as his advisor, financial advisor.
24 And then Jim Cotter left to do Craig
25 Corporation and Citadel Holdings and Reading. I

1 stayed a short while there after Jim had left, and
2 then I left.
3 **Q. And when did you leave, approximately?**
4 A. Approximately 1995.
5 **Q. So what dealings did you have with Jim**
6 **Cotter Senior in or after 1995, up until the point**
7 **in time where you joined the Reading board?**
8 A. We had lunch, I'd say twice a year,
9 sometimes more frequent. And we enjoyed each
10 other's company and conversation. He liked
11 investments. That's what I was doing a lot of.
12 And he -- we got along well and we met and talked
13 and we were always friendly over those years.
14 **Q. When did you start GWA Capital and the**
15 **other GWA entity?**
16 A. Approximately 2003.
17 **Q. What is the reason you have two different**
18 **entities?**
19 A. One is regulated as an investment advisor
20 and one is nonregulated.
21 **Q. As a practical matter, what difference**
22 **does that make to how you do business through one**
23 **or the other?**
24 A. Private equity investments is easier for
25 me through GWA Advisors, not being regulated,

1 MR. TAYBACK: Object to the form of the
2 question; vague.
3 You can answer the question.
4 THE WITNESS: I don't think I thought of him
5 as my boss, no. He was -- I think of him more like
6 a partner. If he needed help doing something, I
7 told him I would do it and he said he would
8 remunerate me for it.
9 BY MR. KRUM:
10 **Q. Let me ask you a more precise question.**
11 A. Okay.
12 **Q. So the person who made the decision that**
13 **you would be paid $52,000 a year by Cotter Family**
14 **Farms was Jim Cotter Senior; correct?**
15 A. Correct.
16 **Q. And who is the person or who were the**
17 **persons who make the decision today as to whether**
18 **you will continue to be paid 52,000 a year by**
19 **Cotter Family Farms?**
20 A. I presume the estate that controls Cotter
21 Family Farms.
22 **Q. And by "the estate," you're referring to**
23 **the estate of Jim Cotter Senior; right?**
24 A. Yes.
25 **Q. And the co-executors of the estate are**

1 **Margaret Cotter and Ellen Cotter; correct?**
2 A. To my understanding, yes.
3 **Q. Have you had any communications with them**
4 **about continuing or not continuing the work you've**
5 **been doing for which you're paid $52,000 a year by**
6 **Cotter Family Farms?**
7 A. No.
8 **Q. Have you ever had any conversations with**
9 **either both Margaret and/or Ellen Cotter about any**
10 **work you did for any Cotter Family owned or**
11 **controlled entities, whether Cotter Family Farms or**
12 **some other entity?**
13 A. Yes.
14 **Q. And give me the list of entities to**
15 **start, please.**
16 A. Well, the -- there's, within the -- not
17 the Cotter estate but outside of the Cotter estate
18 are these captive insurance companies that are
19 owned by -- my understanding, they're owned by a
20 trust. And Margaret is president of that. Those
21 insurance -- captive insurance companies, I'm CFO.
22 There's filing, reporting, things that need to be
23 done and administered, so I talk to Margaret about
24 that.
25 **Q. What are the -- well, first of all, how**

1 A. Roughly?
2 **Q. Yes.**
3 MR. TAYBACK: I'm going to designate this as
4 confidential private information under the
5 protective order.
6 MR. KRUM: That's fine.
7 THE WITNESS: I just want to reiterate to you,
8 I'm not comfortable with this. I will answer it.
9 BY MR. KRUM:
10 **Q. Here is what we're doing. Mr. Tayback**
11 **has designated your testimony about your --**
12 MR. TAYBACK: Personal finances.
13 BY MR. KRUM:
14 **Q. -- personal finances as confidential.**
15 **That means we handle it in a different way. It's**
16 **not going to be floating around in public so you**
17 **don't have to worry about that.**
18 A. Approximately $900,000.
19 **Q. And in May of last year, May of 2015,**
20 **what was your approximate net worth?**
21 A. Approximately $900,000.
22 **Q. Okay. And is it correct --**
23 A. Maybe -- maybe it was a little more.
24 **Q. I understand. It's approximate.**
25 A. Yeah.

1 **Q. Is it correct, Mr. Adams, that in the**
2 **last five years, the only change in your net worth**
3 **that was more than, say, a $50,000 change was when**
4 **you received proceeds from the sale by you to your**
5 **wife of your interest in the Santa Barbara**
6 **condominium?**
7 MR. TAYBACK: Object to the form of the
8 question as vague and confusing.
9 You can answer.
10 THE WITNESS: Not completely. There were
11 stock sales involved there.
12 BY MR. KRUM:
13 **Q. Okay. So let me just let you answer it**
14 **with dates instead of me trying to cut through it,**
15 **which didn't work.**
16 **So as of the time you joined -- did you**
17 **tell me that? When did you join the Reading board,**
18 **approximately?**
19 A. It was February 2014.
20 **Q. Okay. So at that point in time, what was**
21 **your approximate net worth?**
22 A. When I joined the board, that would have
23 been before the distribution on the house in Santa
24 Barbara. Well, 900 minus 300 and change. 500,000,
25 say.

1 like? What do you not like? Have you heard about
2 this, heard about that? And we shared that. He
3 liked that discussion. He was very interested in
4 those kind of things. But he asked me what I was
5 doing and said it doesn't look like you're doing
6 very much, but we didn't talk financial --
7 BY MR. KRUM:
8 **Q. Okay.**
9 A. -- at all. None that I recall.
10 **Q. What other business dealings, if any,**
11 **have you ever had with Jim Cotter Senior?**
12 A. He invested in my fund, GWA Capital. He
13 invested in my fund. He was one of my first
14 investors. I had probably eight or ten people and
15 Jim Cotter Senior -- I told him what I was doing
16 and he said, It sounds interesting. And I can't
17 remember the amount he put in. I would guess half
18 a million dollars in the fund.
19 **Q. Approximately when was that?**
20 A. The fund started in 2003, so it would be
21 two thousand -- the fund started in December --
22 November 2003 so it would be like early 2004.
23 **Q. How much money did you raise in 2004**
24 **beyond Mr. Cotter Senior's investment?**
25 A. 2004, probably three and a half,

1 $4 million, something like that.

2 **Q. So somewhere in or around 2008,**

3 **Mr. Cotter also took his money out of your fund?**

4 A. Oh, no. His money was in for a short

5 period of time. I was working on a couple things

6 that he thought were interesting. He got in and

7 when those things were sold, he said, When can I

8 get my money out?

9 I said, You can take your money out at

10 the end of the quarter. So I would say he wasn't

11 in not even a year. It was a very fortuitous

12 investment. It worked out. For a fund starting

13 out, the first year is important and that was a

14 good investment for me. And Mr. Cotter asked for

15 his money out and I redeemed him.

16 **Q. Okay. So what other business dealings,**

17 **if any, have you ever had with Jim Cotter Senior?**

18 A. He's bought some real estate and that's

19 part of the farm management payment as well, is to

20 look after these real estate investments he made.

21 And when he hired me and brought me aboard, he had

22 already made -- he had already made three of them

23 with a man named Tom Riley in Orange County. He's

24 a developer.

25 Mr. Cotter told me about the real estate

1 investments. I told him they sounded interesting
2 and he says, I need your help with them to oversee
3 them. I said, I'm not a real estate guy. This
4 isn't what I -- my strong suit, I'm sorry. He knew
5 that. He said, I don't care. I want you to help
6 me with them. And he said, You'll learn something.
7 It will be fun.
8 And candidly, working with Mr. Cotter,
9 even if I didn't know it, I'd learn about it along
10 the way.
11 But the point is that there were real
12 estate investments that Mr. Cotter made and three
13 of them were made before I got there, or maybe one
14 of them was made the week I walked in the door. I
15 had no involvement in it. And then one was made
16 approximately a year later.
17 **Q. So how were you paid or what was the**
18 **compensation arrangement, if any, for you to do**
19 **what you did with respect to these four real estate**
20 **investments?**
21 A. Mr. Cotter included the thousand dollars
22 a week from Family Farms and he said, I'm going to
23 make you my partner, a 5 percent partner on my real
24 estate ventures. I didn't bargain. I didn't
25 debate. I just said, Yes, thank you.

1 investments. I told him they sounded interesting
2 and he says, I need your help with them to oversee
3 them. I said, I'm not a real estate guy. This
4 isn't what I -- my strong suit, I'm sorry. He knew
5 that. He said, I don't care. I want you to help
6 me with them. And he said, You'll learn something.
7 It will be fun.
8 And candidly, working with Mr. Cotter,
9 even if I didn't know it, I'd learn about it along
10 the way.
11 But the point is that there were real
12 estate investments that Mr. Cotter made and three
13 of them were made before I got there, or maybe one
14 of them was made the week I walked in the door. I
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16 approximately a year later.
17 **Q. So how were you paid or what was the**
18 **compensation arrangement, if any, for you to do**
19 **what you did with respect to these four real estate**
20 **investments?**
21 A. Mr. Cotter included the thousand dollars
22 a week from Family Farms and he said, I'm going to
23 make you my partner, a 5 percent partner on my real
24 estate ventures. I didn't bargain. I didn't
25 debate. I just said, Yes, thank you.

1 2019 before the first -- according to the
2 pro forma, before the first -- first you have to
3 pay out Stern. And after he's paid out, then the
4 subordinated loan can get paid out, and I think
5 that's a 2019 economic event before that happens.
6 **Q. So just for the purposes of understanding**
7 **how you would be paid, I'm not arguing about when**
8 **it might occur.**
9 A. Okay.
10 **Q. Let me pose the question this way.**
11 A. Okay.
12 **Q. So if it were today instead of 2019 or**
13 **later, the money would be paid to the entity that**
14 **is owned by Mr. Cotter and Mr. Riley --**
15 A. Yes.
16 **Q. -- and then through that entity, money**
17 **would go to Mr. Cotter, today his estate?**
18 A. Yes.
19 **Q. And then to you through the estate?**
20 A. Yes.
21 **Q. What was his investment in that, by the**
22 **way?**
23 A. One point --
24 MR. TAYBACK: Objection; foundation; calls for
25 speculation.

1 **Q. What was that period of time?**
2 A. 2013, 2014 or 2014, 2015.
3 **Q. But are there still pieces remaining to**
4 **be sold?**
5 A. There are not but there is a clause in
6 the agreement that says -- it's called a bonus
7 payment. And if the developer can sell his homes,
8 when he pro formas the sale, if he can meet his
9 pro forma, then he's good. If he can sell the
10 homes at a higher value, we get a lookback for a
11 quote, bonus payment, and that's to be determined
12 upon lookback.
13 **Q. Which will be when?**
14 A. I'm hoping the end of the year, that
15 calculation will be made, or the first part of next
16 year the calculation will be made. If any, if
17 there is a bonus payment.
18 **Q. And the monies that you received from**
19 **this investment totaled to date -- totaled**
20 **approximately how much?**
21 A. A little under $30,000, maybe 29, 28,
22 something like that.
23 **Q. And how did those monies flow to you?**
24 A. I believe I asked for a check to put in
25 GWA Advisors.

1 **Q. Who wrote the check?**
2 A. I think maybe the first check, a Cotter
3 entity did. The second check, the Tom and Jim LLC
4 did.
5 **Q. With whom did you interact to --**
6 A. Ellen and Margaret.
7 **Q. I didn't finish the question.**
8 **So Ellen and Margaret were the persons**
9 **with whom you interacted to see to it that you**
10 **received your 5 percent?**
11 A. Yes.
12 **Q. Was that informally or did they have some**
13 **particular capacity, such as co-executors of the**
14 **estate?**
15 MR. SWANIS: Objection; form.
16 MR. TAYBACK: Join.
17 THE WITNESS: Well, it was formulated that
18 there was a calculation. I mean, there's closing
19 costs of each section and all that in the
20 calculation. Informally, they -- they authorized
21 it.
22 BY MR. KRUM:
23 **Q. Okay. What's the fourth piece of real**
24 **estate?**
25 A. It's called Leander Holdings,

1 L-e-a-n-d-e-r. It's also in Austin, Texas and it's
2 on the west side, the desirable side of Austin.
3 **Q. What's the status of that?**
4 A. It's being developed and we have buyers
5 for the first part of it and it's the same sort of
6 takedown. Developers agree to take down certain
7 parts of it. So Tom Riley builds it, puts the
8 gutters and power all in. They buy it and then Tom
9 has to get the second phase ready for them.
10 Leander, unlike Sorento, will go down in two phases
11 and there is no lookback, no bonus payment.
12 **Q. How much money did Mr. Cotter invest in**
13 **Leander Holdings?**
14 MR. TAYBACK: Objection; foundation.
15 You can answer.
16 THE WITNESS: He invested approximately
17 $2.4 million.
18 BY MR. KRUM:
19 **Q. And so when do you expect the -- that's**
20 **not right.**
21 **Have any payouts been made yet?**
22 A. No.
23 **Q. When do you anticipate the first payout**
24 **to occur?**
25 A. Fourth quarter of this year, fourth

1 quarter next year, if there are no delays with
2 building, et cetera, putting the roads in.
3 **Q. Those are the two payments, first and**
4 **second, that you anticipate in the fourth**
5 **quarter --**
6 A. I'm -- I'm not being completely accurate
7 there. There's more one developer that's buying
8 these lots and they're not all doing it the same
9 day, but they're within like two months of each
10 other. So I'd say the fourth quarter -- there's
11 three developers. The three developers are going
12 to close their lots. Tom has to get other lots
13 ready for the next closing from these three guys,
14 and their spacing isn't all in one month. It's
15 spread out. So fourth quarter is -- kind of
16 captures when the flow of funds would happen.
17 **Q. And how will those funds flow to you?**
18 A. I don't know. I presume just like
19 before, I would -- we would get the closing
20 statement, we'd look at the analysis, we'd
21 carefully check all the numbers and make the
22 calculation and I'd show them to Ellen and Margaret
23 Cotter of the estate and say, How would you like
24 the money wired in?
25 **Q. How much money do you anticipate**

1 **receiving from the Leander development?**
2 MR. TAYBACK: Objection; vague as to the
3 "you." Mr. Adams personally?
4 MR. KRUM: Yes, thank you.
5 THE WITNESS: Honestly, I don't know. I can
6 think for a minute about it. We think about two --
7 maybe two, so five -- in two payments, 100,000.
8 Both payments, 50,000 each.
9 BY MR. KRUM:
10 **Q. Okay. Thanks.**
11 **Have you done any other business beyond**
12 **what you've described today with or for Mr. Cotter**
13 **Senior?**
14 A. None that I can think of at this time.
15 **Q. Have you done any other business with or**
16 **for either both Ellen Cotter and/or Margaret**
17 **Cotter, whether as individuals, as co-executors of**
18 **the estate or in any other capacity?**
19 MR. TAYBACK: Other than what he's already
20 mentioned?
21 BY MR. KRUM:
22 **Q. Other than what you've already mentioned,**
23 **yeah.**
24 A. Other than what I already mentioned,
25 thank you.

1 **time?**
2 A. I strongly suspected she had spoken with
3 Ed Kane.
4 **Q. And had either you or Ed Kane spoken to**
5 **Doug McEachern about that?**
6 A. I haven't, no. I don't know if Ed did.
7 **Q. Okay. When was the first time you spoke**
8 **with Doug McEachern about either terminating Jim**
9 **Junior as CEO or about a subject of -- the subject**
10 **of an interim CEO?**
11 A. That I talked to McEachern? I would say
12 it was maybe -- again, I can only approximately
13 guess. Maybe two weeks before the meeting.
14 **Q. And you're referring to the May 18th --**
15 **May 21st meeting, it was, wasn't it?**
16 A. Yes. I don't know the exact date, but
17 yeah.
18 **Q. So what else did Ellen say and what else**
19 **did you say during this approximate hour-plus**
20 **breakfast meeting?**
21 A. My recollection, we talked about Jim
22 Junior and the CEO position, and Ellen, I guess,
23 talked to other people because she was feeling that
24 there was support for Jim Junior to be removed.
25 **Q. What did she say that caused you to**

1 **conclude she had talked to other people about Jim**
2 **Junior being removed?**
3 A. I don't know specifically what she said.
4 Maybe it was innuendos that she maybe talked to
5 McEachern, maybe. But it wasn't specific.
6 **Q. Did you ever learn after the fact whether**
7 **that was the case?**
8 A. Considering McEachern, when I did call
9 him, like two weeks before the vote, he said he was
10 on board with that. I suspect she called and
11 talked to him. I sure didn't. So I suspect -- I
12 suspect she did or maybe Ed Kane did. I don't
13 know.
14 **Q. What else, if anything, did you discuss**
15 **with Ellen Cotter at the breakfast meeting at the**
16 **Peninsula in April?**
17 A. Nothing further that I can remember at
18 this time.
19 **Q. What, if anything, did she say about why**
20 **she wanted Jim Junior removed as CEO?**
21 A. I think she felt he wasn't doing an
22 adequate job as CEO.
23 **Q. Excuse me. My question is, what did she**
24 **say?**
25 A. What did she say about -- I'm sorry.

1 MR. KRUM: I'll ask the court reporter to mark
2 as Exhibit 53, multi-page document bearing
3 production numbers JCOTTER014954 through 73.
4 (Exhibit 53 was marked for
5 identification.)
6 BY MR. KRUM:
7 **Q. Mr. Adams, take such time as you need to**
8 **review the document and familiarize yourself with**
9 **it. For this document and most, if not all**
10 **documents, the first question I will ask you is**
11 **whether you recognize this. Tell me when you're**
12 **ready to go.**
13 A. I recognize it.
14 **Q. Okay. What do you recognize it to be?**
15 A. A document from my divorce petition dated
16 2013.
17 **Q. I direct your attention to the third page**
18 **of the document ending in production numbers 956.**
19 **Do you have that?**
20 A. Yes.
21 **Q. And I direct your attention to the bottom**
22 **of that page, Item 11, "Assets," and Subparagraphs**
23 **A, B and C beneath that.**
24 **Do you see that?**
25 A. Yes.

1 **Exhibit 55?**
2 A. Yes.
3 **Q. What do you recognize it to be?**
4 A. My D&O questionnaire dated 2015.
5 **Q. For RDI; correct?**
6 A. For RDI, yes, correct.
7 **Q. By the way, do you serve -- presently**
8 **serve on the board of directors of any other public**
9 **company?**
10 A. No, I don't.
11 **Q. Have you done so during the time you've**
12 **been an RDI director?**
13 A. No, I don't -- no, I haven't.
14 **Q. I direct your attention, Mr. Adams, to**
15 **the page ending in production number 298. Let me**
16 **know when you have that.**
17 A. 298?
18 **Q. 8, correct.**
19 A. Yes.
20 **Q. In particular, I direct your attention to**
21 **Question 11G in the middle of the page and I'm**
22 **going to skip the parentheticals. It says:**
23 **"Do you have any other relationships that**
24 **could interfere with your exercise of independent**
25 **judgment carrying out the responsibilities as**

1 **process to recruit a director of real estate? And**
2 **by "at the time," I mean in 2015 into May.**
3 A. I did. I felt that was the CEO's job.
4 That's how he drew the org chart. That's how he
5 was filling it. He would interview people, much
6 like he did Bill Ellis, and say here is my pick,
7 here is my candidate, and we would look at it and
8 approve. I wasn't involved in a screening, if you
9 will, of it.
10 **Q. You were a party to communications from**
11 **the fall of 2014 through at least May of 2015 about**
12 **finding a role for Margaret in the company's real**
13 **estate development; right?**
14 MR. SWANIS: Objection; form.
15 THE WITNESS: We were finding a role for
16 Margaret, right. Was it going to be exclusive in
17 real estate? I wasn't sure of that. Would it be
18 tangential to real estate and somebody else have a
19 major part in real estate? I didn't know the
20 answer to that, either. The CEO would have to work
21 out how they'd prepare the organizational chart.
22 BY MR. KRUM:
23 **Q. What sort of experience does Margaret**
24 **Cotter have in real estate development?**
25 A. In real estate development, I don't think

1 she's developed real estate before in her career.
2 **Q. Right. Her job has been to manage the**
3 **live theatre operations; correct?**
4 A. In part. The other part of what she's
5 been in charge with is for the last at least two
6 years, maybe more, is with her father's help,
7 picking architects, going to the historical
8 planning session and getting approval for the
9 buildings, talking to people that were thinking
10 about joint venturing with us, interviewing
11 contractors that she would line up.
12 So she was doing a lot with the Greeks,
13 our potential partners on a piece of real estate in
14 New York. She was actually -- after her father
15 passed away, she got them to agree to a joint
16 venture for a feasibility study. So she was
17 involved in real estate, doing real estate things
18 in New York prior to her father passing away and
19 after her father passed away.
20 **Q. Those were all pre-development**
21 **activities; correct?**
22 A. I was going to say, but I don't -- to my
23 knowledge, I don't think she's done any [corrected]
24 development activities.
25 MR. TAYBACK: Tell me when a good time to take

1 a couple-minutes' break is.
2 MR. KRUM: Now is fine.
3 THE VIDEOGRAPHER: We're off the record. The
4 time is 2:42.
5 (Recess.)
6 THE VIDEOGRAPHER: We're on the record. The
7 time is 2:54.
8 BY MR. KRUM:
9 **Q. Mr. Adams, I think that there might have**
10 **been a mistranscription of the last question and**
11 **answer, so I'm going to ask the court reporter to**
12 **read my question and your answer to afford you the**
13 **opportunity to correct it if you believe that's**
14 **appropriate.**
15 A. Okay. Thank you.
16 (Record read as follows:
17 "A. I was going to say, but I don't --
18 to my knowledge, I don't think she's
19 done any pre-development activities.")
20 THE WITNESS: She hasn't -- thank you. She
21 hasn't done any development activities.
22 MR. KRUM: Guys my age don't typically catch
23 those, so...
24 I'll ask the court reporter to mark as
25 Exhibit 57, a two-page document bearing production

1 **Q. Did you vote Margaret president as well?**
2 A. Yes, I did.
3 **Q. Jim Junior did not participate; correct?**
4 A. My recollection is he chose not to
5 participate.
6 **Q. And what did they say to you at this**
7 **lunch in Beverly Hills, if anything, with regard to**
8 **your ongoing interest in these real estate**
9 **projects?**
10 A. They didn't say anything.
11 **Q. What else, if anything, was discussed at**
12 **this lunch in Beverly Hills in August of 2014?**
13 A. My recollection is those were the two
14 issues we talked about.
15 **Q. Other than what you've already described,**
16 **Mr. Adams, in terms of your communications with**
17 **Ellen and/or Margaret Cotter regarding your**
18 **interest in these four real estate projects and**
19 **payment of monies to you, have you had any other**
20 **communications with either Ellen or Margaret Cotter**
21 **about either the real estate projects generally, or**
22 **particularly payments of money to you from them?**
23 A. I go to Austin, Texas, generally once a
24 year and review the project and where we are and
25 find out how the economics are, and I talk to them

1 about that occasionally.

2 **Q. Okay. Does that include talking about**

3 **when -- when proceeds from the project could be**

4 **expected by the Cotter estate or entity and the**

5 **estate, as the case may be, and you?**

6 A. They have asked me that question, when

7 the proceeds from these developments will come

8 about. My recollection is I gave them a schedule.

9 **Q. A written schedule?**

10 A. Yeah.

11 **Q. When was that?**

12 A. Maybe 2014. Late 2014.

13 **Q. Have you ever had any other conversations**

14 **with them beyond what you've already told us about**

15 **the real estate, those four real estate ventures or**

16 **payment of monies to the Cotter estate and/or you?**

17 A. No, none that I recall.

18 MR. KRUM: I'll ask the court reporter to mark

19 as Exhibit 58, a two-page document bearing

20 production numbers GA00001613 and 14.

21 (Exhibit 58 was marked for

22 identification.)

23 BY MR. KRUM:

24 **Q. Mr. Adams, do you recognize Exhibit 58?**

25 A. Yes, I do.

1 A. After at least two meetings that I'm
2 aware of, he said it wasn't accomplishing very
3 much, yes.
4 MR. KRUM: I'll ask the court reporter to mark
5 as Exhibit 61, a document bearing production
6 numbers GA00001789 through 91.
7 (Exhibit 61 was marked for
8 identification.)
9 BY MR. KRUM:
10 **Q. Mr. Adams, do you recognize Exhibit 61?**
11 A. Yes, I -- I recall this.
12 **Q. What do you recognize Exhibit 61 to be?**
13 A. Email from Ellen Cotter to Tim Storey,
14 Bill Gould and myself, and it appears to be a
15 follow-up to the exhibit you just handed me, based
16 off of Bill Gould's rendition of his four points.
17 This now looks like an Ellen's rendition of how she
18 interpreted her conversations with Bill Gould.
19 **Q. Did you receive Exhibit 61 on or about**
20 **the date it bears, October 14 --**
21 A. Yes.
22 **Q. -- 2014?**
23 A. Yes.
24 **Q. And you recognize it -- well, it's**
25 **entitled, quote, Proposal For a Reconstituted**

1 **Reading International, Inc. Executive Committee,**
2 **closed quote.**
3 **Do you see that?**
4 A. Yes.
5 **Q. Did you -- did you understand when you**
6 **read this that by such a proposed executive**
7 **committee, Ellen was proposing that each of she and**
8 **Margaret report to the executive committee instead**
9 **of to Jim Junior as CEO?**
10 A. Yes.
11 **Q. Did you know, prior to receiving**
12 **Exhibit 61, that Ellen Cotter and Margaret desired**
13 **to report to an executive committee instead of to**
14 **Jim Junior?**
15 A. Yes.
16 **Q. And I don't mean to put too fine a point**
17 **on this, but tell me when you first learned that**
18 **and how.**
19 MR. TAYBACK: Object to the form of the
20 question.
21 You can answer.
22 THE WITNESS: The two-day meeting with all
23 three of them for hours, it was clear that what you
24 indicated earlier, that they preferred to not
25 report to Jim Junior.

1 CERTIFICATE OF REPORTER

2

STATE OF CALIFORNIA)
3)SS:
COUNTY OF LOS ANGELES)

4

5 I, Lori Raye, a duly commissioned and
6 licensed court reporter for the State of
7 California, do hereby certify:
8 That I reported the taking of the deposition
9 of the witness, GUY ADAMS, commencing on Thursday,
10 April 28,2016, at 10:13 a.m.;
11 That prior to being examined, the witness was,
12 by me, placed under oath to testify to the truth;
13 that said deposition was taken down by me
14 stenographically and thereafter transcribed;
15 that said deposition is a complete, true and
16 accurate transcription of said stenographic notes.
17 I further certify that I am not a relative or
18 an employee of any party to said action, nor in
19 anywise interested in the outcome thereof; that a
20 request has been made to review the transcript.
21 In witness whereof, I have hereunto
22 subscribed my name this 2nd day of May 2016.
23
24 LORI RAYE
CSR No. 7052
25

1 EIGHTH JUDICIAL DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

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

16 Complete caption, next page.

17

18

19 VIDEOTAPED DEPOSITION OF GUY ADAMS

20 LOS ANGELES, CALIFORNIA

21 FRIDAY, APRIL 29, 2016

22 VOLUME II

23

24 REPORTED BY: LORI RAYE, CSR NO. 7052

25 JOB NUMBER 305149

1 I'm not interested at this time. And if the
2 lawsuits ever get settled and things calm down,
3 please keep me in mind.
4 **Q. And you weren't party to that**
5 **conversation?**
6 A. No, I was not.
7 **Q. Mr. McEachern reported that to you?**
8 A. Yes.
9 **Q. What else, if anything else, did you or**
10 **Kane or McEachern or the three of you do before**
11 **selecting Judy Codding?**
12 A. Other than --
13 **Q. This is just a wrap-up question. I don't**
14 **mean to imply anything.**
15 A. Okay. I don't remember anything else at
16 this time.
17 MR. KRUM: I'll ask the court reporter to mark
18 as Exhibit 68, a document bearing production
19 numbers GA00005529 through 32.
20 (Exhibit 68 was marked for
21 identification.)
22 MR. TAYBACK: Is this 68, is that what you
23 said?
24 MR. KRUM: 68.
25 **Q. Mr. Adams, take whatever time you need.**

1 **I only have a question or two about 68.**
2 **Do you recognize it?**
3 A. Yes.
4 **Q. What do you recognize it to be?**
5 A. It's an email from me to Ellen talking
6 about some appraisal work being done and a copy of
7 an agreement between Jim Cotter Senior and myself.
8 **Q. Now, the agreement between you and Jim**
9 **Cotter Senior is the document bearing production**
10 **numbers ending in 5530 through 32; correct?**
11 A. Yes.
12 **Q. Is this the document you referred to**
13 **yesterday when you testified to the effect that you**
14 **had an agreement with Mr. Cotter that he had**
15 **memorialized in a memorandum?**
16 A. Yes, it is.
17 **Q. Is there any other written agreement --**
18 A. Not that I know of.
19 MR. KRUM: I'll ask the court reporter to mark
20 as Exhibit 69, a two-page document bearing
21 production numbers GA00005236 and 37.
22 (Exhibit 69 was marked for
23 identification.)
24 BY MR. KRUM:
25 **Q. This, too, will be brief, Mr. Adams. Let**

1 THE REPORTER: Wait, this is 81.
2 MR. KRUM: 81? I apologize.
3 (Exhibit 81 was marked for
4 identification.)
5 BY MR. KRUM:
6 **Q. Mr. Adams, do you recognize Exhibit 81?**
7 A. Yes.
8 **Q. Is that an email that you received from**
9 **Mr. Kane on May 18, 2015?**
10 A. Yes.
11 **Q. Had you previously -- well, first of all,**
12 **what was your understanding, if any, as to what he**
13 **was referring when he says, quote, See if you can**
14 **get someone else to second the motion, closed**
15 **quote?**
16 A. To terminate Jim Junior.
17 **Q. Had you and Mr. Kane previously discussed**
18 **that subject, meaning --**
19 A. Yes.
20 **Q. -- who's going to move and who's going to**
21 **do what?**
22 A. Yes.
23 **Q. And when did you do that?**
24 A. May 17th or 18th is my guess.
25 **Q. Was anyone else privy or party to that**

1 **conversation?**
2 A. No.
3 **Q. Was it telephonic?**
4 A. Yes.
5 **Q. What did he say and what did you say?**
6 A. Which of us should make the motion, and I
7 told him I would. And I asked if he would second
8 it. And then he had a change of heart with this
9 email. He was very emotionally distraught with
10 this, and even in here he alludes to possibly
11 abstaining. So he -- he -- this is on May 18th.
12 He was very distressed about it.
13 **Q. Did you have an understanding as to why**
14 **he might want to abstain?**
15 A. His relationship with the three Cotter
16 siblings and his prior relationship with Jim Cotter
17 Senior.
18 **Q. So that's what you understood him to be**
19 **referring when he said, quote, It's personal and**
20 **goes back 51 years, closed quote?**
21 A. Exactly.
22 MR. KRUM: I'll ask the court reporter to mark
23 as Exhibit 82, a one-page document bearing
24 production number GA00005501.
25 ///

1 (Exhibit 82 was marked for
2 identification.)
3 THE WITNESS: Yes, I remember this.
4 BY MR. KRUM:
5 **Q. You recognize Exhibit 82?**
6 A. Yes.
7 **Q. This is an email exchange you had with**
8 **Mr. Kane on May 18 and 19?**
9 A. Yes.
10 **Q. During the telephone conversation you had**
11 **with him on May -- Sunday or Monday, May 17 or 18,**
12 **did the two of you discuss other motions?**
13 A. Evidently not.
14 **Q. What was your understanding as of the**
15 **date of -- as of May 18 and 19, what the other**
16 **motions were or might be?**
17 A. Well, there were like two other motions.
18 One was the removal of Jim Junior as CEO and
19 president. Another motion -- there were three
20 motions. One of them was to -- if you remove the
21 CEO, you have to appoint an interim CEO. And there
22 was a third motion which, I apologize, for the life
23 of me, I can't remember what it is. There must be
24 a board agenda or something with those items.
25 **Q. The subject of interim CEO, where did**

1 **that stand as of May 19th?**
2 A. Ellen, Margaret and Ed and Doug McEachern
3 were of the opinion, yes, on an interim basis.
4 **Q. Yes what?**
5 A. Yes to Guy Adams being the interim CEO on
6 a short-term basis.
7 **Q. What about Ed Kane?**
8 A. As interim?
9 **Q. Okay. I'm sorry.**
10 **So how did you know that each of Ellen,**
11 **Margaret, Ed Kane and Doug McEachern were agreeable**
12 **to you being appointed CEO on an interim -- interim**
13 **CEO or a short-term basis?**
14 MR. TAYBACK: Objection to the extent it's
15 asked and answered.
16 You can answer.
17 THE WITNESS: My recollection -- and I can't
18 remember if it was Ellen or Ed Kane -- one of them
19 told me and I followed up with a phone call to Doug
20 McEachern to confirm it. So that's how I knew.
21 BY MR. KRUM:
22 **Q. Okay. When did you have the follow-up**
23 **phone call with Doug McEachern?**
24 A. Help me -- what was the date of the
25 meeting, that meeting? We're up to May 19. What

1 A. No.
2 **Q. Did you have a practice of sitting down**
3 **and chatting with Ellen when you were in the**
4 **office?**
5 A. Yes, when she'd come in my office.
6 **Q. So directing your attention to those**
7 **three or four conversations when you were in RDI's**
8 **offices and you spoke to Ellen about the status of**
9 **the CEO search, doing them sequentially, if you're**
10 **able to do so, who said what in the first**
11 **conversation?**
12 A. That's a real test of my memory but I'll
13 try.
14 I remember when she was -- we talked
15 about how we were paying for it and there was like
16 a psychological profile they would do in addition.
17 Since we weren't hiring the real estate guy, there
18 was some things about the financial arrangement
19 there. And she told me about that. That was one
20 conversation, probably one of the earlier ones.
21 Then the -- I had another conversation
22 with her about the candidates that were -- the
23 résumés that were coming in, and she commented to
24 me about the, quote, Some of them want more than a
25 million dollars.

1 And then maybe the third conversation we
2 had about it was, I'm not on the committee, it's
3 not my business, but I gave her my thoughts about
4 it, as I mentioned yesterday in my testimony, that
5 the only concern I had was the person we get would
6 be with us for a while and not just looking to make
7 a notch on his belt, come aboard -- for example,
8 come aboard, stay for a year or two, sell an asset,
9 do something to jazz the stock up and then he would
10 leave and go to a bigger company; we'd be his
11 training ground.
12 And I just suggested to her that she look
13 for a candidate who would have longevity of these
14 candidates that she was looking at. When I had
15 that conversation, I had no notion she was putting
16 her name in the hat at the time. That was the last
17 conversation I had with her.
18 I'm sorry. Then a period of time, which
19 I don't remember, went by and she says, You know,
20 I'm looking at these people and I think I can do
21 the job. I want to put my name in the hat.
22 I said, Well, you can't be on the
23 committee if you do that. She says, Yeah, I'm
24 going to resign. I said, Okay, it's up to the
25 committee.

1 **Q. I'm asking you how you recall that, from**
2 **a conversation with Ellen or --**
3 A. A conversation, yes.
4 MR. KRUM: I'll ask the court reporter to mark
5 as Exhibit 85, a two-page document bearing
6 production numbers GA00005544 and 45.
7 (Exhibit 85 was marked for
8 identification.)
9 BY MR. KRUM:
10 **Q. Mr. Adams, you'll see Exhibit 85 is a**
11 **copy of an email chain, parts of which you've**
12 **reviewed today.**
13 A. Yes.
14 **Q. The only part you haven't seen, at least**
15 **from me today, is your email on the first page,**
16 **that is, the May 19th email to Mr. Adams.**
17 **So with that by way of explanation, take**
18 **whatever time you need to review Exhibit 85 and let**
19 **me know when you've done so to your satisfaction.**
20 A. Yes, I remember this.
21 **Q. Okay. Is the email dated May 19th, from**
22 **you to Mr. Kane on the first page of Exhibit 85, an**
23 **email you sent on that date?**
24 A. Yes.
25 **Q. Why did you send it?**

1 A. Yes.
2 **Q. Approximately when was that?**
3 A. May I ask for clarification? When you
4 say brought to Reading, I worked for Mr. Cotter
5 individually and then I got on the board. When you
6 say I came to Reading, you mean from the time I
7 came on the board or do you mean when I first
8 started working for Mr. Cotter?
9 **Q. When did you have your first introduction**
10 **to Reading? That would be a better way to ask it.**
11 **There was a time when you were conversing with**
12 **Mr. Cotter about Reading, working for Mr. Cotter,**
13 **talking about Reading and hadn't yet come onto the**
14 **board. I mean, when was that?**
15 A. I worked directly for Mr. Cotter in 1988,
16 '89, and Reading was one of his companies as was
17 Citadel Holdings and Craig Corporation.
18 **Q. So --**
19 A. So I knew of Reading then. I mean,
20 that's the only point I want to make. I knew them
21 way back in the day.
22 **Q. Then coming forward to 2013 or 2014 --**
23 A. Yes.
24 **Q. -- briefly describe how you came onto the**
25 **board at Reading.**

1 CERTIFICATE OF REPORTER

2

STATE OF CALIFORNIA)
3)SS:
COUNTY OF LOS ANGELES)

4

5 I, Lori Raye, a duly commissioned and
6 licensed court reporter for the State of
7 California, do hereby certify:
8 That I reported the taking of the deposition
9 of the witness, GUY ADAMS, commencing on Friday,
10 April 29, 2016 at 9:10 a.m.;
11 That prior to being examined, the witness was,
12 by me, placed under oath to testify to the truth;
13 that said deposition was taken down by me
14 stenographically and thereafter transcribed;
15 that said deposition is a complete, true and
16 accurate transcription of said stenographic notes.
17 I further certify that I am not a relative or
18 an employee of any party to said action, nor in
19 anywise interested in the outcome thereof; that a
20 request has been made to review the transcript.
21 In witness whereof, I have hereunto
22 subscribed my name this 2nd day of May 2016.
23
24 LORI RAYE
CSR No. 7052
25

EXHIBIT 10

1 DISTRICT COURT

2 CLARK COUNTY, NEVADA

3

4 JAMES J. COTTER, JR.,)
individually and)
5 derivatively on behalf of)
Reading International,)
6 Inc.,)
) Case No. A-15-719860-B
7 Plaintiff,)
) Coordinated with:
8 vs.)
) Case No. P-14-082942-E
9 MARGARET COTTER, et al.,)
)
10 Defendants.)
and)
11)
READING INTERNATIONAL,)
12 INC., a Nevada)
corporation,)
13)
Nominal Defendant)
14)

15

16 DEPOSITION OF: EDWARD KANE

17 TAKEN ON: MAY 2, 2016

18

19

20

21

22

23

24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 In 1987 at the request of James Cotter,
2 Sr., I became president of Craig Corporation. And I
3 remained president of Craig Corporation -- I
4 can't -- don't know how long that was.
5 I -- at the same time but later on I
6 became president of Reading, which was a separate
7 company before it was merged into Craig Corporation.
8 From time to time I had -- I had
9 resigned -- I must have resigned from Craig or
10 Reading at least three or four times.
11 I took a position -- the first time I
12 resigned I was offered a position as chairman and
13 C.E.O. of an outpatient surgery center company, ASMG
14 Outpatient Services. They had three outpatient
15 centers in San Diego area. And while I was there I
16 obtained a contract to do the outpatient services in
17 a hospital in Palm Springs.
18 At the request of the company I sold
19 that -- the shareholders, I sold that to a company
20 that later became Health South.
21 I also became a -- tough to describe,
22 but I was a non-director/director of an 800-person
23 independent practice association, 800 physicians.
24 I say "non-director/director" because
25 since I wasn't a physician, I couldn't be a director

1 of the company, but I was treated as such and paid
2 as such and went to the weekly executive committee
3 meetings and also monthly board meetings of that
4 company. It was called Sharp Community Medical
5 Group.
6 In 2000 -- god, I can't remember the
7 date. I think it was 2004 Mr. Cotter called me and
8 asked me to come back on the board of what was now
9 Reading. And I did that.
10 I also during all this period of time
11 taught tax, various tax courses, at local law
12 schools here.
13 Starting probably around 1969 I
14 taught -- taught some tax courses at University of
15 San Diego. And then I taught almost every year at
16 least one course at California Western School of
17 Law, various tax courses, partnership tax, corporate
18 tax, individual income tax. And thought about
19 teaching full time, but I didn't.
20 And I also taught -- my most recent
21 teaching position was at Thomas Jefferson School of
22 Law. I taught income tax courses there for two
23 years. And I think the last time was about three or
24 four years ago.
25 **Q. Are you done, sir?**

1 We were too good friends to let that
2 thing fester too long.
3 **Q. Mr. Kane, does the name "Citadel" mean**
4 **anything to you?**
5 A. Oh, sure.
6 **Q. Tell us --**
7 A. Citadel, that was the holding company
8 for Fidelity Federal Savings and loan.
9 **Q. And did you have positions with Citadel,**
10 **Fidelity or both?**
11 A. Yes.
12 **Q. How did that come to pass?**
13 A. Well, Mr. Cotter had bought stock, and
14 together -- I say "together," I shouldn't use that
15 word.
16 But he had been introduced to it by a
17 fellow named Fred Rovin who had a position in the --
18 in the company. And I think he persuaded Mr. Cotter
19 to have Craig or Reading -- I forget who was
20 involved at the time -- to take a position in it.
21 And so it got to the point where
22 Mr. Cotter was -- and Mr. Rovin both had enough
23 stock to appoint directors to the board. Mr. Rovin
24 appointed his brother and a lawyer and Mr. Cotter
25 got Ralph Perry, who was a lawyer, and myself on the

1 and it became in- -- difficult.
2 And so the regulators came down and they
3 suggested that I leave, and I did.
4 **Q. When did you first meet Jim Cotter, Sr.?**
5 A. He was in the master's of tax program
6 with me in 1963. So I met him in the fall of 1963.
7 **Q. When did you and he become friends?**
8 A. Very shortly thereafter. We found that
9 we had similar backgrounds even though we don't --
10 didn't have similar religions.
11 But we were both middle class, lower
12 middle class. We lived in that neighborhood. We
13 didn't have any money when we went to college or law
14 school.
15 And we just -- just became fast friends.
16 He was the first person I invited to my
17 house for dinner.
18 I was married. I had gotten married in
19 the summer of '63. And we started socializing with
20 he and his, I guess, fiance, Mary Ellen Cotter, went
21 to the World's Fair with them, because Mary was
22 working for American Airlines, could get us free
23 tickets.
24 And then I got the position with Donovan
25 Leisure. And he joined the -- the IRS as a trial