IN THE SUPREME COURT OF THE STATE OF NEVADA

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

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

JOINT APPENDIX TO OPENING BRIEFS FOR CASE NOS. 77648 & 76981
Volume I
JA1 – JA250

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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., individually and derivatively on behalf of Reading International, Inc.,

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

COMPLAINT

[Business Court Requested: [EDCR 1.61]

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

For his complaint, plaintiff James J. Cotter, Jr., by and through his counsel, Mark G. Krum of Lewis Roca Rothgerber LLP, hereby alleges the following:

NATURE OF THE CASE

1. This action arises from the intentional misconduct of a majority of the board of directors of Reading International, Inc. ("RDI" or the "Company"), including individuals who

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Docket 75053 Document 2019-36388 JA1

comprise a majority of the outside directors of RDI, which is a public company. In particular and without limitation, outside directors Edward Kane ("Kane"), Guy Adams ("Adams") and Douglas McEachern ("McEachern"), together with director Ellen Cotter ("EC") and ("outside") director Margaret Cotter ("MC"), have acted in a manner that was and is in derogation of their fiduciary obligations as directors of RDI, first to threaten James J. Cotter, Jr. ("JJC" or "Plaintiff") with termination as President and Chief Executive Officer ("CEO") of RDI in order to pressure him to settle certain trust and estate litigation with EC and MC and then, when JJC failed to succumb to that threat and pressure, to conduct a (legally ineffectual) boardroom coup, precipitously removing JJC as President and CEO of RDI.

2. These directors did so without undertaking any semblance of a process to warrant making any decision regarding the status of JJC (or anyone) as President and CEO, and did so in the face of express acknowledgements by outside directors Timothy Storey ("Storey") and William Gould ("Gould") that the directors had failed to undertake any process that would warrant making any decision about the status of the President and CEO of RDI, much less the decision to remove JJC as President and CEO of RDI. In particular, Gould warned the others that, because they had undertaken no process to warrant even making such a decision, they all could be subject to liability. Storey called the lack of process and planned coup a "kangaroo court," and warned the outside directors that, "as directors we can't just do what a shareholder [, meaning EC and MC,] asks."

3. One reason defendants engaged in no process whatsoever before deciding to terminate JJC as President and CEO of RDI is because the decision to do so in reality was not a business decision by directors about the status of the President and CEO of RDI. Instead, the decision was made to choose sides in family disputes between EC and MC, on one hand, and JJC, on the other hand, which disputes include certain trust and estate litigation commenced by EC and MC against JJC following the passing of their father, James J. Cotter, Sr. ("JJC, Sr."), in September 2014, as well as unbecoming disputes of a more personal nature, including the refusal of EC and MC to report to their "little brother," who succeeded JJC, Sr. as CEO of RDI.

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4. EC and MC have at all times acted to protect and further their own personal and financial interests to the detriment of RDI and all of its shareholders through their pervasive and persistent self-dealing and misuse of RDI resources, including as alleged herein. One way EC and MC have misused RDI resources to their own ends was by having Adams, Kane and McEachern threaten JJC with termination unless he agreed to settle the trust and estate litigation with EC and MC on terms satisfactory to them, and then by effectuating the choreographed coup that precipitates this action, among other things. Each of EC and MC therefore is neither independent generally nor disinterested in the decision to fire JJC as President and CEO of RDI.

5. Defendant Kane, who has a decade's long *quasi*-familial relationship with EC and MC, who call him "Uncle Ed," simply and admittedly picked sides in a family dispute, contemporaneously seizing the opportunity to protect and advance his own personal and financial interests, as well. Defendant McEachern did the same. Defendant Adams did so as well, but acted more aggressively to protect his personal interests to the detriment of RDI and its shareholders, in substantial part because he is financially dependent on Cotter family businesses EC and MC control or claim to control. Each of these three outside directors therefore is neither independent generally nor disinterested in the decision to fire JJC as President and CEO of RDI.

6. Ultimately, and as described herein, EC, MC, Adams, Kane and McEachern communicated to JJC that he must agree to a global settlement proposal acceptable to EC and MC and covering all trust and estate litigation and other disputes between MC and EC, on one hand, and JJC, on the other hand, failing which Adams, Kane and McEachern (as three of the five outside directors) would vote to terminate JJC as President and CEO of RDI. JJC ultimately declined to be extorted, and Adams, Kane and McEachern voted to terminate JJC as President and CEO of RDI, as did EC and MC, with Storey and Gould voting against doing so.

PARTIES

7. Plaintiff James J. Cotter, Jr. (JJC) is and at all times relevant hereto was a director of RDI. JJC became a director of RDI on or about March 21, 2002. Involved in RDI management since mid-2005, JJC was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. He was appointed CEO by the RDI board on

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or about August 7, 2014, immediately after JJC, Sr. resigned from that position. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. JJC at all times relevant hereto has owned RDI stock, and owns 718,232 shares of RDI Class A non-voting stock (including 47,500 shares subject to stock options) and is co-trustee and beneficiary of the James J. Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539 shares of RDI Class A (non-voting) stock and 1,023,888 shares of RDI Class B (voting) stock, and options to acquire 100,000 additional shares of RDI Class B (voting) stock, which Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

8. Defendant Margaret Cotter (MC) is and at all times relevant hereto was an outside director of RDI. MC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate a trust document as part of an overall effort by MC and EC to, among other things, procure voting control of RDI stock sufficient to elect RDI's directors. MC became a director of RDI on or about September 27, 2002. MC is the owner and President of OBI, LLC, a company that provides theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. MC also sought to oversee development of real property in New York owned directly or indirectly by RDI, notwithstanding the fact that she had no experience or expertise in doing so and notwithstanding the fact that she refused to work with, and actively opposes the hiring of, any senior executive engaged or proposed to be engaged to assist her.

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

10. Defendant Edward Kane (Kane) is and at all times relevant hereto was an outside

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

11. Defendant Guy Adams (Adams) is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI on or about January 14, 2014. A majority if not almost all of Adams' income is paid to him by Cotter family businesses over which EC and MC exercise control or claim to exercise control. For that reason, among others, Adams is financially dependent on EC and MC and does not qualify as an independent director of RDI. For those reasons and others, Adams was and is not a disinterested director for the purposes of any decision to terminate JJC as President and CEO of RDI. Adams sold all of the RDI options he owned on or about March 26, 2015.

12. Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI on or about May 17, 2012. McEachern acted to protect and preserve his personal interests, and chose the side of EC and MC in their family disputes with JJC, when he voted as an RDI director to terminate JJC as President and CEO of RDI, including for the reasons described hereinafter.

13. Defendant Timothy Storey (Storey) is and at all times relevant hereto was an outside director of RDI. Storey became a director of RDI on or about December 28, 2011. He has served as the sole outside director of RDI's wholly-owned New Zealand subsidiary since 2006. Storey has served as Chairman of the Board of DNZ Property Fund Limited, a billion dollar commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, since 2009. Prior to the being elected Chairman of DNZ Property Fund Limited,

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Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Storey was appointed the representative or ombudsman of the five outside directors in or about March 2015, for the purpose of assisting JJC as CEO in dealing with his sisters, EC and MC, who refused to interact with him in that capacity and, as to MC, refused altogether to have any substantive discussions with JJC with respect to the business she supervised, live theaters, and the real estate development opportunities in New York City that she sought to supervise without oversight or assistance.

14. Defendant William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould was appointed a director on or about October 15, 2004. Gould is a name partner at the Los Angeles law firm of TroyGould, PC and is an author and lecturer on the subjects of corporate governance and mergers and acquisitions.

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

16. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants named and identified herein as Does 1 through 100, inclusive, are

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currently unknown to Plaintiff. Plaintiff, therefore, sues said Defendants by such fictitious names and will amend his Complaint to show their true names and capacities upon ascertaining the same. Upon information and belief, each of the Defendants sued herein as Doe has some responsibility for the damages arising as a result of the matters herein alleged.

ALLEGATIONS COMMON TO ALL CLAIMS

General Background

17. Since approximately 2000, and until he resigned as Chairman and CEO of RDI on or about August 7, 2014 due to health reasons, James J. Cotter, Sr. (JJC, Sr.) was the CEO and Chairman of the Board of Directors of RDI. Additionally, JJC, Sr. through the Trust (according to RDI filings with the SEC, among other things) controlled approximately seventy percent (70%) of the Class B voting stock of RDI. As such, JJC, Sr. unilaterally selected and elected the board of directors.

18. As acknowledged by defendant Kane, JJC, Sr. for all intents and purposes ran the Company as he saw fit, without meaningful oversight or input from the board of directors. According to Kane, JJC, Sr. "did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements." Kane also acknowledged that, with the passing of JJC, Sr., it was "time to change this approach and appoint individuals that could offer solid advice and counsel, such as some NYC real estate people and/or NYC people with political know-how that we might need if we are to develop our valuable assets there."

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

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

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

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

23. Apparently recognizing that their machinations to use the uncertainty attendant to the pending trust and estate litigation to secure control of the RDI voting stock previously controlled by JJC, Sr. were destined to ultimately fail, and with MC in perceived jeopardy of being terminated from managing the live theater operations due to the Orpheum Theatre debacle described herein, MC and EC launched a plan to attempt to preempt the ultimate disposition of that trust and estate litigation, as well as MC's possible termination. MC and EC secured the agreement of defendants Kane, Adams and McEachern to pick sides in their family dispute with JJC, and to act in derogation of their fiduciary obligations and the interests of RDI and all RDI stockholders, to threaten and then, when the threat failed, to stage a boardroom coup by firing Plaintiff as President and CEO of RDI.

24. JJC alienated his sisters and Adams, Kane and McEachern because, as President and CEO of RDI, he acted to protect and further the interests of RDI and all of its shareholders, repeatedly rebuffing the efforts of MC and EC to advance their own interests, as well as efforts by Kane, Adams and McEachern to protect and further the interests of MC and EC, as well as their own interests, all to the detriment of the Company and its other shareholders. For example, EC attempted to charge RDI for dinners she had with her mother and sister (including an expensive Thanksgiving dinner with her mother, sister and sister's children), a simple and egregious practice of self-dealing that Plaintiff rejected, angering EC.

25. Ultimately, JJC was fired as President and CEO of RDI because JJC refused to acquiesce to ultimatums from EC, MC, Kane, Adams and McEachern that he enter into a settlement proposal (including of trust and estate issues) satisfactory to EC and MC.

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

26. Soon after JJC, Sr. passed, EC sought an employment agreement and a promotion from Chief Operating Officer of RDI's Domestic Cinema Operations to head of its worldwide cinema division (including Australian and New Zealand Cinema Operations). EC also sought an

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employment agreement. Plaintiff is informed and believes that EC did so in part because she was fearful that JJC, acting to protect and further the interests of the Company, would demote or fire her.

27. Soon after JJC, Sr. passed, EC also sought a raise. The claimed impetus for the requested raise was to qualify for a loan on a Laguna Beach, California condominium. EC sought it in part because EC understood that Kane would get it for her.

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

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

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

31. Also, in October 2014, Kane prompted the RDI board to provide EC a "bonus" of $50,000, on account of a supposed error by the Company in connection with the issuance of RDI stock options EC had exercised in 2013.

The Outside Directors Act To Further Their Own Interests

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

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

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compensation in the form of stock options and a one-time cash compensation.

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

34. In an effort to accommodate MC and EC, who refused to report to JJC as CEO, outside board members initiated a "discussion forum," whereby each of JJC, MC and EC would meet with two non-Cotter directors, Storey and McEachern. One meeting occurred on or about November 12, 2014 and one occurred on or about December 16, 2014. These meetings did not assuage MC and EC.

35. Notwithstanding the fact that Plaintiff had been President of RDI since 2013, notwithstanding the fact that JJC, Sr. and the RDI board had agreed upon a succession plan pursuant to which Plaintiff would succeed JJC, Sr. as CEO of RDI, and notwithstanding that JJC, Sr.'s testamentary disposition memorialized to EC and MC his intention that JJC serve as President of RDI, MC and EC resisted and sought to avoid reporting to JJC.

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

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

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

Kane Acts To Protect EC And MC

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

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

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

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

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

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

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

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

44. Plaintiff's work as CEO was recognized as successful by the stock market. RDI stock was trading at $8.17 per share when Plaintiff became CEO but, by approximately the end of

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2014, had traded as high as $13.26 per share and, in the Spring of 2015, traded at over $14.45 per share.

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

> Management Catalysts
> RDI has historically suffered from a control discount. The dual class structure created a situation where the Cotter family owned approx. 30% of outstanding shares, but 70% of class B voting stock. James Cotter Sr., the longtime CEO, made little effort to promote the company and was slow to monetize assets and unlock the value even though he did acquire assets smartly and did a good job of operating the business. Over the past two years, asset monetization has moved ahead and seems to be a sign of things to come. In early August, James Cotter, Sr., resigned from serving as the Company's Chairman and CEO and recently passed away. Cotter's son Jim has taken over the CEO position. We think that Jim has already been a positive influence in terms of value realization during the last year. We believe that Jim was instrumental in pushing not only the sales of important Australian assets, but also the share buyback. He is also seeking other ways to increase value (e.g. considering ways to further monetize the Angelika brand). We expect the stock will move much closer to fair value once definitive announcements are made around the New York City assets and other smaller asset monetization announcements in the next 12 months. The two New York assets discussed have appreciated significantly in recent years and are a part of the value here. It is also worth noting that RDI also owns other valuable, underutilized real estate (including Minetta Lane Theater, Orpheum Theater, Royal George in Chicago, etc.) that could ultimately be redeveloped and create incremental value for shareholders.

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

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

48. JJC's success as President and CEO of RDI continues to be recognized by the stock market. On May 31, 2015, The Street Ratings upgraded their recommendation of RDI to a "buy"

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or "purchase." On June 4, 2015, RDI Class A stock traded in the public marketplace as high as $14.45 per share.

49. MC and EC objected to Plaintiff's on-going, successful efforts as President and CEO of RDI which, though in the best interests of all RDI shareholders, including the public non-Cotter family shareholders, were viewed by MC and EC as not in their personal interests. MC and EC continued to voice objections to JJC communicating with shareholders.

50. By their actions and statements, including but not limited to their demands for additional compensation and for employment agreements, and their complaint that Plaintiff had acted in the interests of all RDI shareholders rather than in their particular interests, MC and EC made clear that their personal interests were paramount, in derogation of the interests of RDI and its other shareholders, notwithstanding that both were RDI directors.

JJC Complies With Board Requests, MC And EC Do Not

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

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

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

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

55. However, MC and EC did not, including as otherwise averred herein. Instead, they continued to act to preserve and further their own personal and financial interests, to the detriment

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of RDI and its shareholders.

56. Thus, although MC for months had resisted even having substantive discussions with Plaintiff about the live theater business operations for which she was responsible, and although MC for months had failed and refused to produce even the most rudimentary of business plans, she nevertheless pushed to be provided an employment agreement with RDI. For example, on May 4, 2015, by which time she had provided no business plan whatsoever, notwithstanding requests from Plaintiff and from director Storey that she do so, she emailed Plaintiff, stating "any idea when this employment agreement of mine that you have been working on for months will be presented?"

The Outside Directors Demand More Money

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

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

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

60. While Plaintiff did as director Storey requested, MC and EC pursued their own personal interests, in derogation of the interests of RDI and its shareholders. Among other things, EC had her personal lawyers copied on internal RDI correspondence and present on telephone calls with RDI outside counsel and executives, including the CFO and the General Counsel, so as to protect and further the interests of EC and MC.

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MC's Orpheum Theatre Debacle Puts Her Employment In Jeopardy

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

62. RDI's proxy statement filed with the SEC in connection with the annual meeting of RDI stockholders that occurred in 2014 described MC's role in relevant part as "the President of Liberty Theatres, the subsidiary through which we own our live theaters. [MC] manages the real estate which houses each of four live theaters [including the one which is the principle source of revenue, the Orpheum Theatre,] [and as such] secures leases, manages tenancies, oversees maintenance and regulatory compliance on the properties. . . ."

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

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

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

65. MC failed to disclose the February 6, 2015 letter, that the Stomp Producers told MC on April 9, 2015 that they were going to vacate the theater or even the situation with the Stomp Producers generally to Plaintiff or, Plaintiff is informed, to any outside member of the RDI board of directors. In other words, she concealed the fact that she was facing a serious business

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challenge, whether real or contrived by the Stomp Producers, and in doing so breached her fiduciary obligations as a director. In so acting, she also undertook to deceive Plaintiff and the non-Cotter members of RDI's board into providing her an employment contract with respect to the very matters as to which she was then accused of being grossly negligent, among other things.

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

Kane Acts To Protect MC

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

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

Adams Is Beholden To MC And EC

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

70. Prior to 2007 or 2008, when (according to Adams' own sworn testimony in a recent divorce proceeding) his business of investing monies he raised privately failed after he lost approximately seventy percent (70%) of the monies invested with him, Adams was active as a

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small time shareholder activist who purchased small stakes in public companies, agitated for change in the boardroom, secured a position as director, generated a quick and short term profit through the process and then promptly resigned, to search for the next public company victim. Since that time, Adams has been unsuccessful in reviving that business and, for all intents and purposes, has been unemployed.

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

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

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

74. Thus, Adams' personal and financial interests are dependent on his financial benefactors, MC and EC. Practically, Adams has little choice if any but to accommodate and advance the personal interests of MC and EC.

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

76. In or about March 26, 2015, Adams sold all RDI options he had, including options he had been granted only a few months earlier. He has never owned any RDI shares. Today, Adams holds no RDI stock or options. Notably, he failed to disclose that he owned RDI options in his divorce proceedings.

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

Defendants Other Than Storey And Gould Attempt To Extort JJC, Fail, And Execute The Threatened Coup

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

79. Prior to May 19, 2015, acting in concert with MC and EC, Adams, Kane and McEachern had agreed to vote to terminate JJC as President and CEO of RDI.

80. In the face of objections by directors Gould and Storey that the non-Cotter directors had not undertaken an appropriate process to make any decision regarding whether or not to

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terminate the President and CEO of RDI, and a request that the outside directors meet before the scheduled May 19 meeting, Kane provided a visceral response to the effect that the outside directors did not need to meet, tacitly admitting that even the pretense of process would not be undertaken as "the die is cast".

81. In furtherance of their self-serving scheme, EC and Adams previously had hired counsel to attend a May 21, 2015 board meeting at which the first agenda item was termination of JJC as President and CEO. Clearly, the purpose for which Adams and EC engaged counsel, ostensibly representing RDI, to attend that board meeting, was to issue to JJC an ultimatum that he immediately without counsel negotiate a termination agreement with those lawyers, failing which he would be fired.

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

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

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

85. Faced with a clear record that the non-Cotter directors had failed to undertake any

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process, much less an appropriate process, to make a decision regarding whether to terminate JJC as President and CEO, Adams solicited JJC to have an impromptu discussion about his performance. Recognizing that Adams' solicitation was nothing more than a disingenuous, after-the-fact effort to fabricate a record of process and diligence where none existed, JJC demurred. Of course, JJC also had reason to do so in view of the fact that the non-Cotter directors previously had put in place a process (described above) that was to play out through the end of June, at least, which process had not been completed, meaning that the non-Cotter directors' decision to terminate JJC as President and CEO was in derogation of, and pre-empted, their own processes.

86. The choreographers then determined to adjourn the May 21, 2015 board meeting to May 28, 2015, to afford them an opportunity to further attempt to pressure JJC to resign or otherwise obviate the need for them to execute their threat to terminate him as President and CEO.

87. Thus, on Wednesday, May 27, 2015, Texas attorney Harry Susman, one of the lawyers representing MC and EC in the trust and estate litigation, transmitted to Adam Streisand, an attorney representing JJC in the trust and estate litigation, a global settlement proposal, including all trust and estate matters. The proposal was communicated as effectively a "take-it or leave-it" proposal and was accompanied by a deadline of 9:00 a.m. on Friday, May 29 to accept the proposal.

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

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

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

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> "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 -- . . ."

91. On Friday, May 29, before the RDI board of directors meeting reconvened, EC and MC met with JJC and told him that the settlement proposal that had been conveyed by attorney Susman on their behalf two days earlier was a take-it or leave-it offer and that, if JJC did not accept it, the RDI board would terminate him as President and CEO. JJC attempted to discuss proposed changes with them, to which EC and MC responded that they would accept no changes. They repeated that if JJC did not accept the agreement as proposed, JJC would be terminated as President and CEO of RDI.

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

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

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

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

96. Kane offered more personal invective directed to JJC, including comments to the

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effect that he thought that JJC had "****ed Margaret over with the changes . . . made to the estate" and that JJC "does not have people skills especially with his two sisters . . ."

97. Next, the five outside directors asked JJC to leave the conference room so that they could talk with EC and MC. Plaintiff is informed and believes that one or more of Kane, Adams and McEachern conferred with EC and MC about whether to proceed to terminate JJC as President and CEO or to continue to attempt to pressure him to accept EC's and MC's take-it or leave-it settlement proposal.

98. Next, at or about 2:30 p.m., JJC was advised that the supposed RDI board meeting would be adjourned until at or about 6:00 p.m. that evening and that JJC had until then to strike a global settlement with EC and MC, failing which he would be terminated as President and CEO of RDI when the supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015.

99. The supposed meeting reconvened at or about 6:00 p.m. on Friday, May 29, 2015, at which point EC reported that (a virtually extorted) JJC had agreed in principal to substantial terms demanded by EC and MC and that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to counsel for JJC. As a result, the threatened termination remained threatened.

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

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

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

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satisfactory to EC and MC.

103. On June 9, 2015, in furtherance of important ongoing RDI business, JJC asked for a response from MC with respect to a senior executive candidate to oversee RDI's United States real estate, which candidate had been endorsed by senior executives at RDI. MC consistently has resisted employing such a person, apparently fearing that someone qualified might undermine her efforts to manage RDI's valuable U.S. real estate holdings. In response to JJC's email, she called him and said, among other things, "you were supposed to be terminated but for a global settlement . . . bye . . . bye."

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

105. On Friday, June 12, 2015, the supposed RDI board of directors meeting of May 29, 2015 supposedly was reconvened. The sole agenda item carried over from May 21, 2015 was the termination of JJC as President and CEO of RDI. All other agenda items were deferred until the next regularly scheduled board meeting six days later, on June 18, 2015. Following through on their prior threat to terminate JJC if he did not reach a global settlement (including all trust and estate litigation issues) satisfactory to EC and MC, EC, MC, Adams, Kane and McEachern each voted to terminate JJC. McEachern made on last effort to pressure JJC, inviting him to resign rather than be terminated. Storey and Gould voted against terminating JJC as President and CEO. EC was elected interim CEO. Based on that action, which Plaintiff maintains was legally ineffectual because each of EC, MC, Adams, Kane and McEachern were interested and therefore should not have had their votes counted, Adams, Kane, McEachern, EC and MC have taken the position that JJC has been terminated as President and CEO of RDI.

106. Thus, MC and EC, together with Adams, Kane and McEachern, have misused their

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positions as directors of RDI to further the personal interests of MC and EC, including in the trust and estate litigation.

Demand Is Excused

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

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

109. Additionally, each of the five outside directors is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to a majority of the outside directors, meaning Adams, Kane and McEachern, each of whom lack independence generally and, more particularly with respect to the decision to pick sides in a family dispute and terminate Plaintiff as President and CEO of RDI, lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled or claimed to be controlled by EC and MC, Kane's quasi-familial relationship with EC and MC and McEachern's decision to protect and pursue his own personal and financial interest which, Plaintiff is informed and believes, is based upon McEachern's erroneous expectation that EC and MC ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling

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McEachern's fate as a director.

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

FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)

111. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

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

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

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

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

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

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

SECOND CAUSE OF ACTION

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

118. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

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

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

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

122. By reason of the foregoing, each of MC, EC, Adams, Kane and McEachern have breached their fiduciary obligations, and in particular their fiduciary duties of good faith, loyalty and candor, to the Company and to Plaintiff and all other shareholders of the Company.

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

124. Plaintiff cannot ascertain at this time the full nature, extent or amount of damages,

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which are in excess of $50,000, suffered by virtue of the complaint of conduct of said defendants. Plaintiff will amend this complaint and set forth said damages when they are ascertained, according to proof at trial.

THIRD CAUSE OF ACTION

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

125. Plaintiff repeats and realleges paragraphs 1 through 113, inclusive, of this complaint and incorporates them herein by this reference as though set forth in full.

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

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

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

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

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

131. As a direct and proximate result of the acts and omissions of said defendants as

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described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein.

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

Irreparable Harm

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

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

PRAYER FOR RELIEF

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

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

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

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

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4. For actual and compensatory damages against Defendants in an amount according to proof at trial;

5. For costs of suit herein; and

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

DATED this 12th day of June, 2015.

LEWIS ROCA ROTHGERBER 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, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. and READING INTERNATIONAL, INC., a Nevada corporation; Nominal Defendant.	CASE NO. DEPT. NO. **INITIAL APPEARANCE FEE DISCLOSURE**

Pursuant to NRS Chapter 19, as amended by Senate Bill 106, filing fees are submitted for parties appearing in the above-entitled action as indicated below:

JAMES J. COTTER, JR. $1,530.00

/ / /

/ / /

LEWIS ROCA ROTHGERBER 3993 Howard Hughes Parkway Suite 600 Las Vegas, Nevada 89169

Total $1,530.00

DATED this 12th day of June, 2015.

LEWIS ROCA ROTHGERBER LLP

/s/ Mark G. Krum
Mark G. Krum (Nevada Bar No. 10913)
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Attorneys for Plaintiff
James J. Cotter, Jr.

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CLERK OF THE COURT

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER; et al.,

Defendants,

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED
AFFIDAVIT OF SERVICE

COLIN HEXAMER #R-081292, being duly sworn, or under penalty of perjury, states that at all times herein Affiant was and is a citizen of the United States, over 18 years of age, and not a party to or interested in the proceedings in which this Affidavit is made. That Affiant received a copy of the following document(s):

SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: Douglas McEachern (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Denney - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

CONTROL #21070584.ry

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

Executed on the 14 day of June, 2015

(No Notary Per NRS 53.045)

(Server Signature)
COLIN HEXAMER
Registered Work Card #R-081292

Service Provided for:
Nationwide Legal Nevada, LLC (1656)
720 S. 4th Street-Suite 305
Las Vegas, Nevada 89101
(702) 385-5444

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CLERK OF THE COURT

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER; et al.,

Defendants,

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED AFFIDAVIT OF SERVICE

COLIN HEXAMER #R-081292, being duly sworn, or under penalty of perjury, states that at all times herein Affiant was and is a citizen of the United States, over 18 years of age, and not a party to or interested in the proceedings in which this Affidavit is made. That Affiant received a copy of the following document(s):

SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: Edward Kane (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Dennev - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

CONTROL #21070590.ry

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(No Notary Per NRS 53.045)

(Server Signature)
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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; et al.,

Defendants,

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED AFFIDAVIT OF SERVICE

COLIN HEXAMER #R-081292, being duly sworn, or under penalty of perjury, states that at all times herein Affiant was and is a citizen of the United States, over 18 years of age, and not a party to or interested in the proceedings in which this Affidavit is made. That Affiant received a copy of the following document(s):

SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☑ Serving Defendant: Ellen Cotter (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Denney - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

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DISTRICT COURT

CLARK COUNTY, NEVADA

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Case No. **A-15-719860-B**

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AFFIDAVIT OF SERVICE

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on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: Guy Adams (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Denney - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

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MARGARET COTTER; et al.,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

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Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED AFFIDAVIT OF SERVICE

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served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: Margaret Cotter (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Dennev - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER; et al.,

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and

READING INTERNATIONAL, INC., a Nevada corporation;

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Case No. A-15-719860-B

Dept. No. XXVII

AMENDED AFFIDAVIT OF SERVICE

COLIN HEXAMER #R-081292, being duly sworn, or under penalty of perjury, states that at all times herein Affiant was and is a citizen of the United States, over 18 years of age, and not a party to or interested in the proceedings in which this Affidavit is made. That Affiant received a copy of the following document(s):

SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Nominal Defendant: Reading International, Inc., a Nevada corporation - c/o CSC Services of Nevada, Inc. - Registerd Agent by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Denney - Receptionist (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process at the above address shown on the current certificate of designation filed with the Secretary of State.

CONTROL #21070566.rv

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Attorneys for Plaintiff
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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER; et al.,

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READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED
AFFIDAVIT OF SERVICE

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SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: Timothy Storey (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Denney - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

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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; et al.,

Defendants,

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

Case No. **A-15-719860-B**

Dept. No. **XXVII**

AMENDED AFFIDAVIT OF SERVICE

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SUMMONS;
COMPLAINT

on the 15 day of JUNE, 2015, and
served the same on this 15 day of JUNE, 2015 at 4:31 PM by:

☒ Serving Defendant: William Gould (Board Member) of Reading International, Inc., by personally delivering and leaving a copy of the Summons & Complaint at 2215-B Renaissance Drive, Las Vegas, Nevada 89119 with Cayla Dennev - Receptionist of CSC Services of Nevada, Inc., Registered Agent of Reading International, Inc. (Caucasian, Female, 35 yrs., 5'5", 220 lbs., Brown/Blonde hair, Brown eyes), a person of suitable age and discretion authorized by Registered Agent to accept service of process.

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

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

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

BUSINESS COURT

MOTION TO DISMISS COMPLAINT

COHEN-JOHNSON, LLC
255 E. Warm Springs Road, Suite 9
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COMES NOW, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern, by and through their counsel of record, Cohen-Johnson, LLC and Quinn Emanuel Urquhart & Sullivan, LLP, and hereby submit this Motion to Dismiss the Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

DATED this 10th day of August, 2015.

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
QUINN EMANUEL
URQUHART & SULLIVAN,
LLP

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

COHEN-JOHNSON, LLC
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NOTICE OF MOTION

TO: MARK G. KRUM, LEWIS ROCA ROTHBERGER LLP, Attorneys for Plaintiff.

PLEASE TAKE NOTICE that the above Motion will be heard the 10 day of SEPTEMBER, 2015 at 8:30A in Department XXVII of the above designated Court or as soon thereafter as counsel can be heard.

Dated this 10th day of August, 2015.

Respectfully Submitted,

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
QUINN EMANUEL
URQUHART & SULLIVAN,
LLP

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

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff James J. Cotter, Jr. ("Plaintiff" or "James Cotter") filed this action, individually and as a shareholder of Reading International, Inc. ("Reading"), seeking to bolster his frivolous wrongful termination claim by trying to turn it into a derivative action.[1] Plaintiff alleges that Reading's Board of Directors acted improperly in voting to terminate him as President and CEO of Reading and, in doing so, breached their fiduciary duties as board members. However, Plaintiff has failed to allege any facts sufficient to support an individual or derivative claim against any member of Reading's Board for a breach of fiduciary duty. Although most of Plaintiff's allegations are provably false, even assuming them to be true they amount to nothing more than conclusory claims that any Reading director who voted in favor of his termination *must have* been motivated by personal interests and *must have* failed to exercise proper business judgment. The Complaint offers no facts—and none exist—to make even a facial showing that any Reading director cannot act in a disinterested manner and exercise proper business judgment with respect to decisions regarding Plaintiff's employment.

First, Plaintiff failed to make a pre-suit demand to Reading's Board of Directors, as required by Nevada law, to remedy the allegedly improper Board action. Though Nevada law provides that pre-suit demand may be excused in certain limited scenarios, Plaintiff has failed to plead with particularity that the demand should be so excused here. Instead, Plaintiff claims that such demand is excused because of vaguely alleged conflicts of interests alluded to in the Complaint. Plaintiff's cursory demand futility allegations are based on the same flawed premise as the Complaint generally: that Plaintiff's ouster could only have been supported by a director who failed to act in a disinterested and independent manner. That circular logic, however, is insufficient to excuse pre-suit demand and has been specifically rejected by Nevada courts.

Second, Plaintiff has failed to adequately plead an essential element of *each* of his three claims. The claims—two for breach of fiduciary duty and one for aiding and abetting breach of

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fiduciary duty—all require Plaintiff to plead that any purported damages to Reading were proximately caused by Defendants' improper conduct. Plaintiff has not done so for any of his claims. Indeed, Plaintiff does not even allege how Reading and its shareholders were supposedly damaged by his termination, let alone how such damage is related to Defendants' supposedly improper conduct. This failure to adequately plead proximate causation requires dismissal of each of the three purported causes of action in the Complaint.

Third, Plaintiff cannot fairly and adequately represent the interests of Reading shareholders in a derivative action, as required by the Nevada Rules of Civil Procedure. Plaintiff's claims amount to the assertion that he shouldn't have been fired. Such a personal claim cannot, and should not, be brought on behalf of all shareholders of Reading.

Finally, to the extent Plaintiff asserts that there was a breach of fiduciary duty to him individually, as opposed to in his capacity as a Reading shareholder, such individual claims fail as a matter of law. Plaintiff's purported causes of action each require the existence of a fiduciary duty between Plaintiff and members of Reading's Board. It is undisputed that members of Reading's Board of Directors, including all individual defendants, owed a fiduciary duty to the corporation. The Board of Directors owed no such duty, however, to Plaintiff in his individual capacity or as an employee/officer of Reading. Neither a corporation nor its board of directors owes a fiduciary duty to its officers. Accordingly, Plaintiff has not, and cannot, plead facts sufficient to state a claim that any fiduciary duty was violated as to him individually.

Based on these numerous fatal flaws in the Complaint, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (the "Moving Defendants") respectfully request that Plaintiff's Complaint be dismissed in its entirety. Plaintiff has failed to state a claim as to each of the three purported causes of action either in his capacity as a shareholder derivative plaintiff or as an individual plaintiff.

[1] That this action is, at its core, a wrongful termination claim is the basis for the Motion to Compel Arbitration filed by Reading International, Inc.

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Docket 75053 Document 2019-36388 JA55

II. FACTS AS ALLEGED IN PLAINTIFF'S COMPLAINT[2]

A. Reading International

Reading International is a Nevada corporation principally engaged in the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. Compl., ¶ 15. Reading's Board of Directors appointed Plaintiff James Cotter, Jr. as President of Reading on June 1, 2013, and as CEO on August 7, 2014, after his father retired from the position due to health reasons. *Id*., ¶¶ 7, 17. Plaintiff claims to be a holder of voting shares of Reading stock and also claims to be a co-trustee of a trust which owns a large number of both voting and non-voting shares of Reading stock. *Id.* Plaintiff was, as of the time of his Complaint, one of eight members of Reading's Board of Directors. *Id.*

Besides Plaintiff, the seven remaining members of Reading's Board of Directors are: (1) Margaret Cotter, Plaintiff's sister, who has served as a director since 2002 and runs Reading's live theater division, manages certain live theater real estate, and has been responsible for pre-development work on Reading's Manhattan theater properties; (2) Ellen Cotter, Plaintiff's sister, who has served as a director since March 2013, been a Reading employee since 1998, and runs the day-to-day operations of Reading's domestic cinema operations; (3) Edward Kane ("Kane"), who has served as a director since October 2004[3] (and before that from 1985-1998) and serves as Chair of the Tax Oversight Committee and the Compensation and Stock Option Committee; (4) Guy Adams ("Adams"), who has served as a director since January 2014 and is a registered investment advisor and experienced independent director on public company boards; (5) Douglas McEachern ("McEachern"), who has served as a director since May 2012 and was an audit partner of Deloitte & Touche from 1985-2009; (6) Timothy Storey ("Storey"), who has served as a director since December 2011; and (7) William Gould ("Gould"), who has served as a director

---

[2] Nearly all of the allegations and insinuations in the Complaint are false. However, solely for the purpose of this Motion and as required by Nevada law, Plaintiff's baseless allegations are accepted as pleaded and summarized herein. *See Pemberton v. Farmers Ins. Exch.*, 109 Nev. 789, 792 (1993).

[3] The Complaint erroneously states that Mr. Kane has served on the Board since October 2009.

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since October 2004. *See* Compl., ¶¶ 8-14; Ex. A attached hereto (Form 10-K/A Amendment No. 1 filed by Reading International, Inc.) at 1-3 (providing biographies of each director and a breakdown of their committee memberships). (Directors Ellen Cotter, Margaret Cotter, Kane, McEachern, and Adams are referred to herein as the "Moving Defendants").

B. Termination of Plaintiff's Employment and Position as President and CEO

According to the allegations in Plaintiff's Complaint, beginning in late 2014, tensions began to rise between him and the other Reading directors, including his siblings Ellen and Margaret Cotter. *Id.*, ¶ 34. Certain of these tensions allegedly related to trust and estate litigation between Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, initiated after the death of their father in September 2014. *Id.*, ¶¶ 21-22. Allegedly in recognition of these boardroom and familial tensions, in January 2015 the Reading Board of Directors approved a measure providing that none of Plaintiff, Ellen Cotter, or Margaret Cotter could be terminated from their employment without the approval of a majority of the non-Cotter-family directors. *Id.*, ¶ 43. Plaintiff, Ellen Cotter, and Margaret Cotter abstained from voting on this measure. *Id.* According to the Complaint, in March 2015 the non-Cotter members of the Board appointed an independent committee consisting of directors Storey and Gould to work on behalf of the Board directly with Plaintiff in his role as CEO, as the full Board and Plaintiff had been struggling to work productively with Plaintiff. *Id.*, ¶¶ 51-52.

Despite these months-long efforts to address and alleviate the ongoing conflicts between Plaintiff and the company's other directors, these issues could not be effectively resolved. Accordingly, at a May 21, 2015, meeting of the full Board of Directors, Plaintiff's continuing role as President and CEO was put on the agenda as a discussion item. *Id.*, ¶ 78. Corporate counsel for Reading was present at this May 21 meeting. *Id.*, ¶ 81. At this meeting, the Board invited Plaintiff to discuss his performance as CEO so that the Board could fully evaluate his role. *Id.*, ¶ 85. Plaintiff unilaterally declined to participate in any such discussion. *Id.* Despite Plaintiff's failure to honor the Board's request or engage in any discussions about his performance as Reading's President and CEO, the Board determined that no final decision would be made about Plaintiff's employment at the May 21 meeting and that additional time would be

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taken to consider the matter. *Id.*, ¶ 86. The Board agreed to reconvene on May 29, 2015, for further consideration of the issue. *Id.*, ¶¶ 91-93.

At the May 29 meeting, Adams made a motion to terminate Plaintiff as Reading's President and CEO. *Id.*, ¶ 93. The Board engaged in extensive discussions about this motion both in and outside the presence of Plaintiff. *Id.*, ¶¶ 94-97. Ultimately, Plaintiff was not terminated on May 29, and the Board adjourned, again allowing for additional time for evaluation and assessment of the issues at hand by Plaintiff and the Board. *Id.*, ¶¶ 98-99.

The Board reconvened on June 12, 2015, to address Plaintiff's potential termination. *Id.*, ¶ 105. At this meeting—the third time Reading's Board of Directors met to evaluate Plaintiff's continued employment—the Board ultimately voted to terminate Plaintiff. Ellen and Margaret Cotter, Kane, Adams, and McEachern (each of the Moving Defendants) all voted in favor of termination. *Id.* Storey and Gould voted against termination. *Id.* Plaintiff was therefore, according to his own allegations, terminated based on a majority vote of the full Board *and*, as required by prior Board resolution, a majority vote of the independent directors. (Kane, Adams, McEachern, Storey, and Gould constitute the independent directors). After Plaintiff's termination, Ellen Cotter was appointed interim CEO and President of Reading. *Id.*

On June 12, 2015—the same day of the Board vote—Plaintiff filed this action individually and purportedly on behalf of Reading's shareholders claiming that his employment was improperly terminated by Reading's Board and that such termination constituted a breach of the directors' fiduciary duties. Specifically, Plaintiff claims that all Defendants breached their duty of care in connection with Plaintiff's termination (First Cause of Action for Breach of Fiduciary Duty); that Ellen Cotter, Margaret Cotter, Kane, Adams, and McEachern breached their duty of loyalty in connection with the termination (Second Cause of Action for Breach of Fiduciary Duty); and that Ellen and Margaret Cotter aided and abetted breaches of fiduciary duty by Kane, Adams, and McEachern (Third Cause of Action for Aiding and Abetting Breach of Fiduciary Duty). *Id.*, ¶¶ 111-132. Plaintiff alleges that he is excused from making a pre-suit demand on Reading's Board of Directors to remedy their allegedly improper conduct because (a) the Board of Directors did not exercise business judgment in terminating Plaintiff, (b) the Board

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of Directors could not exercise business judgment in responding to a pre-suit demand, and (c) directors Kane, Adams, and McEachern are under the control of directors Ellen and Margaret Cotter. *Id.*, ¶¶ 107-110.

C. Litigation Between Plaintiff, Ellen Cotter, and Margaret Cotter Regarding Their Father's Estate

Throughout the spring and early summer of 2015, including during the time period of the above-referenced meetings of the Board of Directors, Plaintiff, on the one hand, and Ellen and Margaret Cotter, on the other hand, were discussing potential resolution of the trust and estate litigation between them. Compl. ¶¶ 23, 87, 91, 98-102. That trust litigation has been coordinated with this supposed derivative action.

III. LEGAL STANDARD

Nevada Rule of Civil Procedure ("NRCP") 12(b)(5) provides for the dismissal of a claim when a party has failed to state a claim upon which relief can be granted. On a motion to dismiss, the trial court "is to determine whether or not the challenged pleading sets forth allegations sufficient to make out the elements of a right to relief." *Pemberton,* 109 Nev. at 792. A complaint should be dismissed if it appears beyond a doubt that a plaintiff can prove no set of facts that would entitle a plaintiff to relief. *See Buzz Stew, LLC, v. City of N. Las Vegas*, 124 Nev. 224, 228 (2008).

To survive a motion to dismiss, a claim must be pleaded showing a party's entitlement to relief. This "requires more than labels and conclusions, and a formulaic recitation of a cause of action's elements will not do." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).[4] Bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss. *See G.K. Las Vegas Ltd. P'ship v.*

[4] Nevada courts often look to interpretations of analogous federal rules as persuasive authority. *Exec. Mgmt., Ltd. v. Ticor Title Ins. Co.*, 118 Nev. 46, 53 (2002) ("Federal cases interpreting the Federal Rules of Civil Procedure are strong persuasive authority, because the Nevada Rules of Civil Procedure are based in large part upon their federal counterparts.") (quotation marks and citation omitted).

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Simon Prop. Grp., Inc., 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006); *see also Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001).

IV. ARGUMENT

A. Because He Offers No More Than Conclusory Allegations, Plaintiff Has Not Adequately Pleaded Demand Futility

Ordinarily, the plaintiff in a shareholder derivative suit must "set forth with particularity [in the complaint] the efforts of the plaintiff to secure from the board of directors or trustees and, if necessary, from the shareholders such action as the plaintiff desires, and the reasons for the plaintiff's failure to obtain such action[.]" Nev. Rev. Stat. § 41.520(2). This requirement of pre-suit demand on the defendant corporation's board of directors is not merely a pleading hurdle or a technicality, but an important "rule of substantive right designed to give a corporation the opportunity to rectify an alleged wrong without litigation, and to control any litigation which does arise." *Aronson v. Lewis*, 473 A.2d 805, 809 (Del. 1984), *overruled on other grounds by Brehm v. Eisner*, 746 A.2d 244 (Del. 2000); *see also Shoen v. SAC Holding Corp.*, 122 Nev. 621, 641 (2006) (adopting the *Aronson* analysis in Nevada shareholder derivative litigation) ("The Delaware court's approach is a well-reasoned method for analyzing demand futility and is highly applicable in the context of Nevada's corporations law. Hence, we adopt the test described in *Aronson*, as modified by *Rales*[.]"). Plaintiff has made no such demand.

Accordingly, where, as here, a plaintiff seeking to pursue a derivative action has not made a pre-suit demand on the defendant corporation's board of directors, the law requires the plaintiff to allege *with particularity* that demand on the board of directors would have been futile. *See* Nev. Rev. Stat. § 41.520(2); NRCP 23.1. This heightened pleading standard is similar to that required for claims of fraud. *See Shoen*, 122 Nev. at 633-34 & n.21 ("[A] shareholder must 'set forth . . . particularized factual statements that are essential to the claim' that a demand has been made and refused, or that making a demand would be futile or otherwise inappropriate." (*quoting Brehm*, 746 A.2d at 254 (noting that the "with particularity" pleading required in shareholder derivative suits is similar to the heightened pleading required for claims involving fraud or mistake)); *see also La. Mun. Police Emps. Ret. Sys. v. Wynn*, No. 2:12-CV-

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509 JCM GWF, 2014 WL 994616, at *9 (D. Nev. Mar. 13, 2014) ("The plaintiffs did not allege with sufficient particularity that the board of directors was disinterested or lacked independence, or that there was reasonable doubt that there was a valid exercise of business judgment."); *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, --- A.3d ---, No. 9503-CB, 2015 WL 4237352, at *14 (Del. Ch. July 13, 2015) (dismissing complaint where there was "no informational basis from which [to] conclude that the New Agreement was 'so far beyond the bounds of reasonable judgment' as to constitute bad faith or to demonstrate that the members of the Audit Committee put [other interests] ahead of the best interests of the Company."). Finally, "mere conclusory assertions will not suffice . . . ." *Shoen*, 122 Nev. at 634.

Nevada courts recognize two specific scenarios when demand by a shareholder derivative plaintiff may be excused (assuming the factual allegations are pled with particularity). Adopting the reasoning of the Delaware Supreme Court in *Aronson v. Lewis*, Nevada courts hold that demand is only excused if "under the particularized facts alleged, a reasonable doubt is created that: (1) the directors are disinterested and independent [or] (2) the challenged transaction was otherwise the product of a valid business judgment." *Aronson*, 473 A.2d at 814; *see Shoen*, 122 Nev. at 635-36 (following *Aronson*). Here, Plaintiff has failed to satisfy either *Aronson* prong. As a result, Plaintiff does not have standing, and the complaint should be dismissed for failure to state a claim. *See Shoen*, 122 Nev. at 634.

1. Plaintiff Has Failed to Rebut the Presumption that Reading's Directors Are Capable of Acting in a Disinterested and Independent Fashion

The first *Aronson* prong asks whether the board of directors can make a disinterested and independent decision when presented with the demand. The first prong only excuses demand where a plaintiff can "show that the protection afforded by the business judgment rule is inapplicable to the board majority approving the transaction because those directors are interested, or are controlled by another who is interested, in the subject transaction[.]" *Shoen*, 122 Nev. at 638 (quotation marks and citations omitted).

A director will be deemed to be interested if the facts alleged "demonstrate[e] a potential personal benefit or detriment to the director as a result of the decision." *Beam ex rel Martha*

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Stewart Living Omnimedia, Inc. v. Stewart, 845 A.2d 1040, 1049 (Del. 2004). The potential personal benefit or detriment must relate specifically to the challenged transaction. *See Rales v. Blasband*, 634 A.2d 927, 933 (Del. 1993). "[T]he key principle upon which this area of . . . jurisprudence is based is that the directors are entitled to a *presumption* that they were faithful to their fiduciary duties," and the burden is upon a derivative plaintiff to overcome that presumption. *Khanna v. McMinn*, No. Civ.A. 20545–NC, 2006 WL 1388744, at *11 (Del. Ch. May 9, 2006) (emphasis omitted). Nevada courts have explicitly rejected the proposition that "the demand requirement is excused as to the board of directors merely because the shareholder derivative complaint alleged that a majority of the directors participated in wrongful acts, without regard to their impartiality or to the protections of the business judgment rule[.]" *Shoen*, 122 Nev. at 635.

Plaintiff has failed to plead specific, particularized facts—as required by Nevada law—showing that a majority of Reading's directors are impacted by any debilitating interest or lack of independence sufficient to rebut the presumption that the business judgment rule applies. *See Shoen*, 122 Nev. at 637 ("[S]ince approval of a transaction by the majority of a disinterested and independent board usually bolsters the presumption that the transaction was carried out with the requisite due care, in such cases, a heavy burden falls on a plaintiff to avoid presuit demand.") (internal brackets and quotation marks omitted).

(a) Allegations Against Kane, Adams, and McEachern

Plaintiff claims that Kane, Adams, and McEachern, each independent directors, cannot act in a disinterested manner because they are controlled by Ellen and Margaret Cotter. This purported control is based on the following allegations:

- **Kane**: Kane allegedly has a "quasi-familial" relationship with Ellen and Margaret Cotter, who call him "Uncle Ed." Compl., ¶¶ 5, 28, 109.
- **Adams**: Adams is allegedly "financially dependent on Cotter family businesses [Ellen] and [Margaret Cotter] control or claim to control." *Id.*, ¶ 5; *see also id.*, ¶¶ 11 ("A majority if not almost all of Adams' income is paid to him by Cotter family businesses over which [Ellen] and [Margaret Cotter] exercise control or claim to exercise control."),

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70, 72-74, 109. In addition, Adams was allegedly led to believe he would be made CEO of Reading upon Plaintiff's termination. *Id.*, ¶ 71.

- **McEachern**: McEachern allegedly holds an "erroneous expectation that [Ellen] and [Margaret Cotter] ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling McEachern's fate as a director." *Id.*, ¶ 109.

But Plaintiff's allegations with respect to Kane, Adams, and McEachern fail to show a lack of independence.

Plaintiff's conclusory allegations that Kane has a close ("quasi-familial") relationship with Ellen and Margaret Cotter do not support demand futility. (As Plaintiff is Ellen and Margaret Cotter's brother, he presumably shares the same "quasi-familial" relationship with Kane as his sisters.) Where futility is purportedly based on control being exerted by an interested person or persons, a plaintiff must allege particularized facts showing that "through personal or other relationships the directors are beholden to the controlling person." *Aronson*, 473 A.2d at 815. "Allegations of mere personal friendship or a mere outside business relationship, standing alone, are insufficient to raise a reasonable doubt about a director's independence." *Beam*, 845 A.2d at 1050; *see also id.* at 1051-52 ("Mere allegations that [co-directors] move in the same business and social circles, or a characterization that they are close friends, is not enough to negate independence for demand excusal purposes."). Not only does Plaintiff fail to allege the existence or nature of this quasi-familial relationship with any particularity, but he fails to explain how this relationship had or will have any impact on Kane's vote about Plaintiff's reinstatement.

Likewise, the vaguely pleaded supposed benefits being received by Adams and McEachern are not sufficient to show a lack of independence. *See Khanna*, 2006 WL 1388744, at *20 (noting that allegations that a benefit is *material* to a director are necessary to excuse demand, which requires pleading particularized facts "that the alleged benefit was significant enough in the context of the director's economic circumstances[] as to have made it improbable that the director could perform her fiduciary duties . . . without being influenced by her overriding personal interest") (emphasis omitted). Rather than being pleaded with particularity,

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Plaintiff's vague allegations with respect to Adams and McEachern are pleaded only on information and belief. Compl., ¶¶ 73, 109. Plaintiff alludes to some unnamed, unspecified, and uncertain financial benefit that Adams and McEachern could potentially receive if they support Margaret and Ellen Cotter, but these alleged benefits are not pleaded with particularity to show that Adams and McEachern could not exercise their fiduciary duties to Reading (or even that Adams and McEachern could not receive these exact same purported benefits with Plaintiff as President and CEO).[5] *See Beam*, 845 A.2d at 1052 ("To create a reasonable doubt about an outside director's independence, a plaintiff must plead facts that would support the inference that because of the nature of a relationship or additional circumstances other than the interested director's stock ownership or voting power, the non-interested director would be more willing to risk his or her reputation than risk the relationship with the interested director.").

Indeed, Plaintiff does not allege any financial benefit whatsoever to McEachern for supporting Plaintiff's termination. With respect to Adams, Plaintiff does not allege that his financial fate is *actually* controlled by Ellen and Margaret Cotter, but only that they "claim to control" some of the companies with which he is associated. Compl., ¶¶ 5, 11.

The alleged "benefit" to be received by Adams and McEachern—accepting all allegations in the Complaint as true—seems to be nothing more than the chance to curry favor with Ellen and Margaret Cotter; this is not the specific, direct financial benefit required by the law. Plaintiff puts the cart before the horse, assuming a conflict of interest and a breach of fiduciary duty simply because Moving Defendants voted to terminate him. These are the very type of conclusory allegations that do not meet the "heavy burden" necessary excuse pre-suit demand in a Nevada derivative claim. *See Shoen*, 122 Nev. at 1181-82.

[5] Plaintiff alleges that Margaret and Ellen Cotter controlled Adams' termination vote in part by suggesting to him that he would succeed Plaintiff as CEO of Reading. Compl., ¶ 71. However, once Plaintiff was terminated, Ellen was appointed interim CEO. *Id.* Therefore, *even if* Adams had been motivated by a desire to become CEO himself, which he was not, it is now clear that opportunity no longer exists and is therefore irrelevant in the demand futility context.

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(b) Allegations Against Ellen and Margaret Cotter

Plaintiff appears to suggest that Ellen and Margaret Cotter could not act in an independent manner because of their ongoing trust and estate litigation with Plaintiff. Ellen and Margaret Cotter allegedly made decisions as Reading directors with respect to Plaintiff's employment that would allow them to gain leverage in this estate litigation. Compl., ¶¶ 4, 23, 107. These vague insinuations fail as a matter of law, as Plaintiff has not identified with reasonable particularity any "potential personal benefit or detriment" to either Ellen or Margaret Cotter in connection with evaluating a demand on the Board relating to Plaintiff's reinstatement. *See Beam*, 854 A.2d at 1049. The mere fact that Ellen and Margaret Cotter are engaged in litigation with their brother over their father's estate does not render them incapable of exercising business judgment with respect to his termination. *See Fagin v. Gilmartin*, 432 F.3d 276, 283-84 (3d Cir. 2005) ("Potential liability from other, unrelated litigation would not make [the company's] directors interested in the decision to consider a demand for this specific derivative suit."); *Richardson v. Ulsh*, No. CIV.A. 06-3934 MLC, 2007 WL 2713050, at *15 (D.N.J. Sept. 13, 2007) (same). Nor does the Complaint identify any advantage obtained by Ellen and Margaret Cotter in the trust and estate litigation by terminating Plaintiff as CEO. *See Shoen*, 122 Nev. at 638 ("[A] director who has divided loyalties in relation to, *or who has or is entitled to receive specific financial benefit from*, the subject transaction, is an interested director.") (emphasis added). The vague possibility that a director could have been acting for any reason other than his or her best business judgment is insufficient to support a finding of any problematic relationship. *Aronson*, 473 A.2d at 815 (stating that a "mere threat . . . is insufficient to challenge either the independence or disinterestedness of directors").

Plaintiff's entire Complaint—including his allegation of demand futility—hinges on the premise that defendant directors improperly chose sides in a family dispute between the Cotter directors and that, as such, they are not disinterested. But Plaintiff does not allege any facts indicating that any director's decision to vote for Plaintiff's termination was based on a lack of independence or debilitating conflict. Contrary to Plaintiff's claims, the existence of trust and

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estate litigation between the Cotters does not somehow render Reading's entire Board of Directors unable to make a legitimate business decision.

2. Plaintiff Has Failed To Rebut The Presumption That Reading's Board of Directors Exercised Proper Business Judgment with Respect to Termination of Plaintiff

Under the second *Aronson* prong, demand may be excused as futile where the derivative claimant "plead[s] particularized facts creating a reasonable doubt as to the 'soundness' of the challenged transaction sufficient to rebut the presumption that the business judgment rule attaches to the transaction." *Khanna*, 2006 WL 1388744, at *23 n.168. The business judgment rule "presumes that the directors have complied with their duties to reasonably inform themselves of all relevant, material information and have acted with the requisite care in making the business decision." *Shoen*, 122 Nev. at 636. Accordingly, the business judgment rule creates a "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 taken was in the best interests of the" organization. *Id.* at 1178-79. Consistent with the theory underlying the business judgment rule, the party challenging the decision bears the burden of establishing facts that rebut the presumption. *See id.* Because the business judgment rule protects the corporate management decisions so long as they can be "attributed to any rational business purpose," *Katz v. Chevron Corp.*, 22 Cal. App. 4th 1352, 1366 (1994), "a heavy burden falls on plaintiff to avoid presuit demand." *Shoen* at 1181.

Plaintiff has not come close to meeting its heavy burden here. Plaintiff does not—and cannot—claim that his termination was an improper business judgment at the time that decision was made. Indeed, Plaintiff's allegations demonstrate that the opposite is true. Reading's Board of Directors required a majority vote of non-Cotter-family directors to terminate Plaintiff, and such majority was achieved. Compl., ¶¶ 43, 105. Reading's Board of Directors held several meetings at which Plaintiff's termination was discussed and included corporate counsel in those meetings. *Id.*, ¶¶ 81, 82, 91, 99, 105. The Board invited Plaintiff to make a presentation or engage in a discussion about his performance as President and CEO, but Plaintiff chose not to do so. *Id.*, ¶ 85. As further discussed below, Plaintiff does not identify any adverse impact to

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Reading stemming from his termination. Quite simply, Plaintiff fails to allege facts sufficient to rebut the presumption that Reading's Board, including the Moving Defendants, believed themselves to be acting in the best interests of the corporation in voting to terminate Plaintiff. *See In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 70-73 (Del. 2006) (holding termination consistent with corporate governance documents not breach of fiduciary duty, and termination of President because CEO could not "work well" with President was within the protection of the business judgment rule). Because Plaintiff fails to satisfy either prong of the *Aronson* demand futility test, the Complaint should be dismissed.

B. Plaintiff Cannot Allege that Any Damage to Shareholders Resulted from His Termination

Each of Plaintiff's purported causes of action in the Complaint is based on an alleged breach by Reading's directors of a fiduciary duty owed to the corporation. Plaintiff alleges that this duty was breached by terminating Plaintiff as Reading's President and CEO based on motivations other than Reading's best interests. A claim for breach of fiduciary duty requires a plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused the damages." *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). Here, Plaintiff has failed to allege if or how any supposed damages to Reading's shareholders resulted from Plaintiff's termination. This is fatal to the Complaint.

Plaintiff filed this derivative suit the same day he was terminated by Reading's Board. Plaintiff's personal disgruntlement over his termination does not constitute damage to Reading's shareholders. Plaintiff has not identified any way in which his termination caused injury or damage to any shareholder besides Plaintiff personally. Because Plaintiff has failed to adequately plead proximate causation, dismissal is proper here. *See Bd. of Managers of Foundry at Wash. Park Condo. v. Foundry Dev. Co.*, 975 N.Y.S.2d 707, at *2-3 (N.Y. Sup. Ct. 2013) (granting motion to dismiss breach of fiduciary duty claim where allegations failed to make a connection of harm to nominal defendant in derivative action); *Stafford v. Reiner*, 804 N.Y.S.2d 114, 114-15 (N.Y. App. Div. 2005) ("[E]ven accepting as true the facts alleged in the complaint and affording [plaintiff] the benefit of every possible favorable inference, [plaintiff's] claim that

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the defendants' breach of fiduciary duty and/or negligence was a proximate cause of the [alleged damages] remains entirely speculative and finds no support in the record.") (citation omitted).

Plaintiff does recite, without factual support, that "[a]s a direct and proximate result of the acts and omissions of said defendants as described herein, Plaintiff and the Company and its other shareholders have suffered injury and continue to suffer injury as alleged herein." Compl., ¶¶ 116, 123, 131. However, Plaintiff fails to offer any allegations regarding the nature of the supposed injury or damages therefrom and how or why they are related to the complained-of conduct. Mere conclusory allegations with no factual support are insufficient; the Complaint should be dismissed. *See Twombly*, 550 U.S. at 557.

C. Plaintiff Cannot Adequately Represent the Interests of Reading's Shareholders

This suit concerns Plaintiff's individual grievance regarding his termination from Reading and unrelated ongoing trust and estate litigation between Plaintiff and two of the Board members. That Plaintiff has tried to turn his employment lawsuit into a derivative suit in itself calls for a dismissal of his claims. Rule 23.1 of the Nevada Rules of Civil Procedure provides: "The derivative action may not be maintained if it appears that the plaintiff does not fairly and adequately represent the interests of the shareholders or members similarly situated in enforcing the right of the corporation or association." Nev. R. Civ. P. 23.1. Here, Plaintiff cannot and does not fairly and adequately represent the interests of Reading shareholders.

Among the numerous factors a court can consider when determining the adequacy of a derivative plaintiff are "other litigation pending between the plaintiff and defendants; the relative magnitude of plaintiff's personal interests as compared to his interest in the derivative action itself; [and] plaintiff's vindictiveness toward the defendants." *Energytec Inc. v. Proctor*, 2008 WL 4131257, *6-7 (N.D. Tex. Aug. 29, 2008) (applying Nev. R. Civ. P. 23.1 and quoting *Davis v. Comed, Inc.,* 619 F.2d 588, 593-94 (6th Cir. 1980)). Here, Plaintiff has initiated personal (*i.e.*, non-derivative) litigation against Defendants, has a strong personal interest in regaining control of Reading, and is highly vindictive towards Moving Defendants. *See, e.g.*, Compl., ¶¶ 6 (accusing Moving Defendants of "extort[ion]"), 10 (accusing Kane of threatening "Corleone ('Godfather') style family justice"), 65 (accusing Margaret Cotter of being "grossly negligent"

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with respect to an unrelated corporate matter), 70 (accusing Adams of consistently engaging in a "search for the next public company victim"), 76 (insinuating that Adams was not forthcoming in his divorce proceedings), 109 (accusing Adams, Kane, and McEachern of "pick[ing] sides in a family dispute"). That this suit is driven by personal animus demonstrates that Plaintiff is an inadequate shareholder representative.

Applying Rule 23.1 of the Nevada Rules of Civil Procedure, the district court in *Energytec* dismissed with prejudice a shareholder derivative complaint whose facts closely mirror those recited in Plaintiff's Complaint. The *Energytec* court found that a former CEO could not serve as a derivative plaintiff because,

> [a]s the former Chairman, CEO and CFO of Energytec, Cole has a personal economic interest in reversing the events leading to his removal. The shareholders do not share this interest, as they do not stand to regain past employment or company influence . . . Furthermore, Cole's interest in obtaining the requested relief far outweighs that of other shareholders. He stands to regain control of Energytec, to remove his competitors and adversaries, and possibly to avoid further litigation. The shareholders do not share these interests.

Energytec, 2008 WL 4131257, at *7. As in *Energytec*, Plaintiff here is driven and motivated by interests not shared by Reading's shareholders. Plaintiff wants his job back, and has brought individual as well as derivative claims relating to his termination. The existence of these non-derivative claims further weighs in favor of a finding that Plaintiff cannot fairly or adequately represent the interests of Reading's shareholders. *See Smith v. Ayres*, 977 F.2d 946, 949 (5th Cir. 1992) ("[T]he trial court should beware allowing a derivative suit to proceed where the representative could conceivably use the derivative action as 'leverage' in other litigation.") (quotation omitted); *Scopas Tech. Co v. Lord*, No. 7559, 1984 WL 8266 (Del. Ch. Nov. 20, 1984) ("Ordinarily, other litigation, in and of itself, may warrant disqualification of a plaintiff from bringing a derivative suit where it appears that the derivative plaintiff instituted the derivative suit only as 'leverage' to further his individual claims."); *Recchion on Behalf of Westinghouse Elec. Corp. v. Kirby*, 637 F. Supp. 1309, 1314-15 (W.D. Pa. 1986) ("Courts have recognized that the representative plaintiff might use the derivative action as leverage to obtain a favorable settlement in other actions brought against the corporation. A derivative suit can constitute a particularly effective weapon for purposes of obtaining a favorable settlement in

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other actions . . . . In such circumstances, where there is substantial likelihood that the derivative action will be used as a weapon in the plaintiff shareholder's arsenal, and not as a device for the protection of all shareholders, other courts have properly refused to permit the derivative action to proceed.") (citations and quotation omitted).

Based on Plaintiff's personal animus against Moving Defendants, the non-derivative litigation between Plaintiff and Defendants (both the trust and estate litigation and the individual claims in this case), and Plaintiff's strong interest in regaining personal control of Reading, Plaintiff cannot adequately and fairly represent Reading shareholders in this action. The Complaint should therefore be dismissed.

D. Plaintiff, in His Individual Capacity, Was Not Owed Any Fiduciary Duty

Plaintiff brings this action both in his individual capacity and as a shareholder of Reading. If the Complaint is not dismissed in its entirety, each of the three purported causes of action in the Complaint should be dismissed to the extent they are brought by Plaintiff in his individual capacity. Each of the Complaint's three purported causes of action is based on an alleged breach of fiduciary duty *owed to the corporation*. Reading's Board of Directors did not owe Plaintiff any fiduciary duty in his capacity as an officer or executive of the company. Corporate officers owe a fiduciary duty to the corporation, but are owed no such duty in return. Moving Defendants are not aware of any case in any jurisdiction holding that a board of directors owes a fiduciary duty to an officer of the corporation. Because the Complaint fails to allege any fiduciary duty owed to Plaintiff individually, all claims brought by Plaintiff in his individual capacity must be dismissed.

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V. CONCLUSION

WHEREFORE, based on the foregoing, Moving Defendants respectfully request the Court dismiss the Complaint in its entirety.

Dated this 10th day of August, 2015.

COHEN-JOHNSON, LLC

By /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
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Attorneys for Defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane

COHEN-JOHNSON, LLC
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CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of August, 2015, I served a copy of the foregoing **MOTION TO DISMISS** upon each of the parties via Odyssey E-Filing System pursuant to NRCP 5(b)(2)(D) and EDCR 8.05 to:

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EXHIBIT A

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

Form 10-K/A
Amendment No. 1

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transaction period from _____ to _____

Commission file number: 1-8625

Reading International, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	**95-3885184**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6100 Center Drive, Suite 900 Los Angeles, CA	**90045**
(Address of Principal Executive Offices)	(Zip Code)

(213) 235-2240
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name Of Each Exchange On Which Registered**
Class A Nonvoting Common Stock, $0.01 Par Value per Share	**NASDAQ**
Class B Voting Common Stock, $0.01 Par Value per Share	**NASDAQ**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that

the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this From 10-K or any amendment to this From 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer or non-accelerated filer (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act) (Check one).

Large accelerated filer☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting and nonvoting stock held by non-affiliates of the Registrant was $139,379,701 as of June 30, 2014.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 6, 2015, there were outstanding 21,745,484 shares of class A non-voting common stock, par value $0.01 per share, and 1,580,590 shares of class B voting common stock, par value $0.01 per share.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this "Amendment") amends Reading International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, originally filed with the Securities and Exchange Commission, or SEC, on March 7, 2015 (the "Original Filing"). We are amending and refiling Part III to include information required by Items 10, 11, 12, 13 and 14 because our definitive proxy statement will not be filed within 120 days after December 31, 2014, the end of the fiscal year covered by our Annual Report on Form 10-K.

In addition, pursuant to the rules of the SEC, we have also included as exhibits currently dated certifications required under Section 302 of The Sarbanes-Oxley Act of 2002. Because no financial statements are contained within this Amendment, we are not including certifications pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. We are amending Part IV to reflect the inclusion of those certifications.

Except as described above, no other changes have been made to the Original Filing. Except as otherwise indicated herein, this Amendment continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events that occurred subsequent to the date of the Original Filing. The filing of this Annual Report on Form 10-K/A is not a representation that any statements contained in items of our Annual Report on Form 10-K other than Part III, Items 10 through 14, and Part IV are true or complete as of any date subsequent to the Original Filing.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of April 30, 2015. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

Name	Age	Position
Ellen M. Cotter	49	Chair of the Board and Chief Operating Officer – Domestic Cinemas
James J. Cotter, Jr.	45	President, Chief Executive Officer and Director (1)(2)
Margaret Cotter	47	Vice Chair of the Board(1)
Guy W. Adams	64	Director(1)(5)
William D. Gould	76	Director (3)
Edward L. Kane	77	Director (1)(2)(4)(5)
Douglas J. McEachern	63	Director (4)
Tim Storey	57	Director (4)(5)

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead independent director.

(4) Member of the Audit and Conflicts Committee.

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

The following sets forth information regarding our directors and our executive officers:

Ellen M. Cotter. Ellen M. Cotter has been a member of the board since March 7, 2013, and on August 7, 2014 was appointed as Chair of our board. She joined our company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the board her 16 years of experience working in our company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our company's domestic cinema operations. She has also served as the Chief Executive Officer of our subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. Ms. Cotter also is a significant stockholder in our company.

James J. Cotter, Jr. James J. Cotter, Jr. has been a director of our company since March 21, 2002, and was appointed Vice Chair of the Board in 2007. The board appointed Mr. Cotter, Jr. to serve as our President, beginning June 1, 2013. On August 7, 2014, he resigned as Vice Chair and was appointed to succeed his late father, James J. Cotter, Sr., as our Chief Executive Officer. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a director to Cecelia Packing Corporation from February 1996 to September 1997 and as a director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter.

Mr. Cotter, Jr. brings to the board his experience as a business professional, including as chief Executive Officer of Cecelia Packing Corporation, and corporate attorney, and his operating experience as the Chief Executive Officer of Cecelia. As the Vice Chair of our company, since 2007 he has chaired the weekly

Australia/New Zealand Executive Management Committee and the weekly U.S. Executive Management Committee meetings. In addition, he is a significant stockholder in our company.

Margaret Cotter. Margaret Cotter has been a director of our company since September 27, 2002, and on August 7, 2014 was appointed as Vice Chair of our board. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Ms. Cotter receives no compensation for this position, other than the right to participate in our company's medical insurance program. Ms. Cotter manages the real estate which houses each of the four live theaters under our Theater Management Agreement with Ms. Cotter's company, OBI LLC. Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties as well as heads the day to day pre-development process and transition of our properties from theater operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates, which subsequently sold the business to our company along with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing our theater these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, she is a significant stockholder in our company.

Guy W. Adams. Guy W. Adams has been a director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past eleven years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this time, Mr. Adams provided investment advice to various family offices and invested his own capital in public and private equity transactions. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

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

William D. Gould. William D. Gould has been a director of our company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our board to provide oversight in such matters.

Edward L. Kane. Edward L. Kane has been a director of our company since October 15, 2004. Mr. Kane was also a director of our company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chair of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's Law

Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

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

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

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

Tim Storey. Tim Storey has been a director of our company since December 28, 2011. Mr. Storey has served as the sole outside director of our company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chair of the board of that company on July 1, 2009. Since July 28, 2014, Mr. Storey has served as a director of JustKapital Litigation Partners Limited, an Australian Stock Exchange-listed company engaged in litigation financing. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, a New Zealand-listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chair of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities.

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

Andrzej Matyczynski. Andrzej Matyczynski has served as our Chief Financial Officer since November 1999. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth below.

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

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer

(handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, which experience will help us with our real estate and cinema developments there. Mr. Ellis graduated Phi Beta Kappa from Occidental College with a B.A. degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

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

Devasis ("Dev") Ghose. On April 20, 2015, we agreed to retain Devasis Dev Ghose to be our new Chief Financial Officer and Treasurer, effective May 11, 2015. Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles for 25 years with three NYSE-listed companies: Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage), Skilled Healthcare Group (a health services company, now part of Genesis HealthCare), and HCP, Inc., (which invests primarily in real estate serving the healthcare industry), and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe). Earlier, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the US & KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

Relationships

Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. are directors and officers of our company and of various of its subsidiaries, affiliates or consultants. According to their respective Schedules 13D filed with the SEC, all three consider their beneficial stock holdings in our company to be long-term family assets, and they intend to continue our company in the direction established by their father.

Committees of the Board of Directors

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

The Cotter family members who serve as directors and officers of our company collectively own beneficially shares of our Class B Stock representing more than 70% of the voting power for the election of directors of our company. Therefore, our board has determined that our company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our board has unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to James J. Cotter, Sr., our former controlling stockholder, in order to be elected. The Cotter family, as the holders of a majority of the voting power of our company, are able under Nevada corporations law and our charter documents to elect candidates to our board and to remove a director from the board without the vote of

our other stockholders. Historically, Mr. Cotter, Sr. identified and recommended all nominees to our board in consultation with our other incumbent directors.

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

James J. Cotter, Sr. served as our Chair and Chief Executive Officer until August 7, 2014, when he stepped down for health reasons. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. In connection with his passing, our board determined to appoint Ellen M. Cotter as Chair of the Board with a view to rotating the office of Chair annually among the Cotter family members. The board also has designated William D. Gould to serve as our lead independent director. In that capacity, Mr. Gould chairs meetings of the independent directors and acts as liaison between our Chair and our Chief Executive Officer and our independent directors.

Our board oversees risk by remaining well-informed through regular meetings with management and the personal involvement of our Chief Executive Officer in our day-to-day business, including any matters requiring specific risk management oversight. Our Chief Executive Officer chairs regular senior management meetings addressing domestic and overseas issues. The risk oversight function of our board is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent directors.

Executive Committee

A standing Executive Committee, currently comprised of Mr. Cotter, Jr., who serves as Chair, Ms. Margaret Cotter and Messrs. Adams and Kane, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full board. Mr. Cotter, Sr. also served on the Executive Committee until May 15, 2014.

In 2014, the Executive Committee did not take any action with respect to any company matter. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation and Stock Options Committee, all matters requiring board approval during 2014 were considered by the entire board.

Audit and Conflicts Committee

Our board maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by our board that is available on our website at www.readingrdi.com. Our board has determined that the Audit Committee is comprised entirely of independent directors (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. During 2014, our Audit and Conflicts Committee was comprised of Mr. McEachern, who served as Chair, and Messrs. Kane and Storey.

Compensation and Stock Options Committee

Our board has a standing Compensation and Stock Options Committee, which we refer to as the "Compensation Committee," comprised entirely of independent directors. The current members of Compensation Committee are Mr. Kane, who serves as Chair, and Messrs. Adams and Storey. Mr. Adams replaced our former director, Alfred Villaseñor, on the Compensation Committee following his election to our board in June 2014.

The Compensation Committee evaluates and makes recommendations to the full board regarding the compensation of our Chief Executive Officer and other Cotter family members and performs other compensation related functions as delegated by our board.

Tax Oversight Committee

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

Code of Ethics

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file one Form 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file one Form 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock.

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

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our board has established a standing Compensation Committee consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the authority delegated to the Compensation Committee from time to time by our board.

The Compensation Committee recommends to the full board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our company. Our board with the Cotter family directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or

take other compensation actions of its own. Prior to his resignation as our Chair and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated by our board responsibility for determining the compensation of our executive officers other than himself and his family members. The board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

On August 7, 2014, James J. Cotter, Jr. was appointed to succeed Mr. Cotter, Sr. as our Chief Executive Officer. Mr. Cotter, Sr. subsequently passed away on September 13, 2014. No discretionary annual bonuses have yet been awarded to our executive officers, including the Cotter family executives for 2014.

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

CEO Compensation

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

In 2007, our board approved a supplemental executive retirement plan ("SERP) pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our company and its predecessors. Neither Mr. James J. Cotter, Jr., Mr. Cotter, Sr.'s successor as our Chief Executive Officer, nor any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

2014 CEO Compensation

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

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

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of United States and Australian companies and published compensation survey data, and to our company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group.

The peer group consisted of the following 18 companies:

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

Towers Watson predicted 2014 pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of $260 million (i.e., our company's approximate annual revenues) for all companies, excluding financial services companies. Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits, except as Mr. Cotter, Sr.'s annual cash compensation may change.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, was above Mr. Cotter, Sr.'s pay levels in 2013. The peer group is partially comprised of companies that are larger than our company, and the 66th percentile level tends to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson was below our Chief Executive Officer pay levels.

Towers Watson averaged the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s 2013 cash compensation and total direct compensation, which includes the expected value of long-term incentive compensation, was in line with the 66th percentile.

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

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

Salary: $750,000

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

Discretionary Cash Bonus: Up to $750,000.

In 2013, the Compensation Committee recommended and our board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless

his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

At its meeting on August 14, 2014, the Compensation Committee determined that Mr. Cotter, Sr.'s successful completion of our sale of the Burwood property in Australia and other accomplishments in 2014 justified the award to Mr. Cotter, Sr. of the full $750,000 cash bonus, plus an additional cash bonus of $300,000. The Compensation Committee's determination to award the extraordinary cash bonus was based in part on the advice of Towers Watson.

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

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

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

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

Mr. Cotter, Jr. has not yet been awarded a discretionary cash bonus for 2014.

Total Direct Compensation

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

Compensation of Other Named Executive Officers

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

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

1. Executive compensation should primarily be used to:

    - attract and retain talented executives;

    - reward executives appropriately for their individual efforts and job performance; and

- afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our board.

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

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

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

These elements of our executive compensation are discussed further below.

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

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

In light of Mr. Cotter, Sr.'s death in September 2014, cash bonuses for 2014 have not yet been determined by Mr. Cotter, Jr. or, in the case of the Cotter family members, recommended by the Compensation Committee or approved by our board. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

Andrzej Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit in accordance with the terms of the deferred compensation plan discussed below in this section.

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

2014 Base Salaries and Target Bonuses

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

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

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

Name	2013 Base Salary ($)	2014 Base Salary ($)
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	339,000	324,295

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

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

Other Elements of Compensation

Retirement Plans

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

Supplemental Executive Retirement Plan

In March 2007, our board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our company, Mr. Cotter, Sr. was to be entitled to receive from our company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested. In October 2014, following Mr. Cotter, Sr.'s death, we began accruing monthly supplemental retirement benefits of $57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries.

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

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our board. Mr. Matyczynski's DCP vested as follows:

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

Mr. Matyczynski resigned his employment with the company effective September 1, 2014, but he and our company agreed to postpone the effective date of his resignation until May 11, 2015. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

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

Key Person Insurance

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

Employee Benefits and Perquisites

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

Tax Gross-Ups

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

Tax and Accounting Considerations

Deductibility of Executive Compensation

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

Nonqualified Deferred Compensation

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

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to

Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay

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

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our board that the foregoing "Compensation Discussion and Analysis" be included in this Form 10-K/A.

Respectfully submitted,

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

Compensation Committee Interlocks and Insider Participation

There are no "interlocks," as defined by the SEC, with respect to any member of the Compensation Committee during 2014.

Executive Compensation

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

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

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through

December 31, 2014, (iii) Mr. Andrzej Matyczynski, our financial officer, and (iv) the other three persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

Summary Compensation Table

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr.(2)	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
Chair of the Board	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
and Chief Executive	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000
Officer								
James J. Cotter, Jr.(5)	2014	335,000	--	--	--	--	27,000 (7)	362,000
President and Chief	2013	195,000	--	--	--	--	20,000 (7)	215,000
Executive Officer	2012	--					0	0
Andrzej Matyczynski	2014	309,000			33,000	150,000 (6)	26,000 (7)	518,000
Chief Financial Officer	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
and Treasurer	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
President – Domestic	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
Cinema Operations	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
Chief Operating Officer	2013	335,000	--	--	--	--	25,000 (7)	360,000
Domestic Cinemas	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith	2014	324,000	45,000	--	--	--	19,000 (7)	388,000
Managing director -	2013	339,000	--	--	--	--	20,000 (7)	359,000
Australia and New Zealand	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

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

(2) Mr. Cotter, Sr. resigned as our Chair and Chief Executive Officer on August 7, 2014.

(3) Represents the present value of the vested benefits under Mr. Cotter. Sr.'s SERP. In October 2014, we began accruing monthly supplemental retirement benefits of $57,000 in accordance with the SERP, but have not yet paid any such benefits to Mr. Cotter, Sr.'s designated beneficiaries. Under the SERP, such payments are to continue for a 180-month period.

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

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014.

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

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

(8) Includes the $50,000 tax gross-up described in the "Tax Gross-Up" section of the Compensation Discussion and Analysis.

Employment Agreements

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

Under his employment agreement, we may terminate Mr. Cotter Jr.'s employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Cotter Jr. will be entitled to receive severance in an amount equal to the compensation he would have received had he remained employed by us for 12 months.

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

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our Chief Financial Officer, has a written employment agreement with our company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned as our Chief Financial Officer effective May 11, 2015, but will continue as an employee until April 15, 2016 in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon termination of Mr. Matyczynski's employment, he will become entitled under his employment agreement to a lump-sum severance payment of six months' base salary and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

2010 Equity Incentive Plan

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

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights. Apart from the stock award to Mr. Cotter, Sr., no stock bonuses were awarded to our executive officers in 2014.

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

Certain Federal Income Tax Consequences

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

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

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

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

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

Outstanding Equity Awards

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

Outstanding Equity Awards At Year Ended December 30, 2014

	Option Awards					Stock Awards	
	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units that Have Not Vested ($)
James J. Cotter, Sr.	B	100,000	--	10.24	09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A	10,000	--	8.35	01/19/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A	20,000	--	5.55	03/06/2018	--	--
Ellen M. Cotter	B	50,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A	25,000	25,000	6.02	08/22/2022	--	--
Robert F. Smerling	A	43,750	--	10.24	09/05/2017	--	--

Option Exercises and Stock Vested

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

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
James J. Cotter, Sr.	--	--	160,643	1,200,000
Andrzej Matyczynski	35,100	180,063	--	--

Pension Benefits

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

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James J. Cotter, Sr.(1)	SERP	27	$ 7,595,000	$ --
Andrzej Matyczynski(2)	DCP	5	$ 450,000	$ --

Director Compensation

During 2014, all of our directors, except Mr. James J. Cotter Sr., Mr. James J. Cotter, Jr. and Ms. Ellen M. Cotter, received an annual fee of $35,000 (prorated for the year in which a director is first elected or appointed). In addition to their annual directors fee, the following directors received a one-time fee of $5,000 for their services as a member of the board and of all board committees on which they serve; Messrs. Adams, Gould, McEachern and Kane. Mr. Storey received a one-time fee of $10,000, for his services as a member of the board and of all board committees on which he served. Messrs. McEachern and Storey also each received an additional $6,000 for their participation in Special Committee Meetings. For 2014, the Chair of our Audit and Conflicts Committee received an additional fee of $7,000, the Chair of our Compensation Committee received an additional fee of $5,000, and the Chair of our Tax Oversight Committee received an additional fee of $18,000.

Upon joining our board, new directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. From time to time our directors also are granted additional stock options as compensation for their service on our board. Historically, these awards were based upon the recommendations of our former Chair and principal shareholder, Mr. James J. Cotter, Sr., which recommendations were reviewed and acted upon by our entire board. When such additional awards have been made, typically, each sitting director (other than Mr. Cotter, Sr., who historically did not participate in such awards) was awarded the same number of options on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration.

In November 2014, our board of directors determined to make grants to our non-employee directors on January 15 of each year of stock options to purchase 2,000 shares of our Class A Stock. The options will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

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

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Margaret Cotter (1)	35,000	0	0	35,000
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould	35,000	0	0	35,000
Edward L. Kane	63,000	0	0	63,000
Douglas J. McEachern	53,000	0	0	53,000
Tim Storey	51,000	0	21,000(3)	72,000
Alfred Villaseñor (4)	10,000	0	0	10,000

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

(2) Mr. Adams joined the board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share.

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

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 30, 2015 by:

- each of our incumbent directors;
- each of our incumbent named executive officers set forth in the Summary Compensation Table of this Proxy Statement;

- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and

- all of our incumbent directors and incumbent executive officers as a group.

The beneficial ownership of 327,808 shares of our outstanding Class B Stock, which we refer to as the "disputed shares," and 100,000 shares of Class B Stock underlying a currently exercisable stock option, which we refer to as the "disputed option," is disputed by the Cotter family members, and the following table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option.

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

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
Directors and Named Executive Officers				
James J. Cotter, Jr. (2)(9)(10)	3,220,251	14.7	696,080	44.0
Ellen M. Cotter (3)(9)(10)	2,818,995	13.0	746,080	47.2
Margaret Cotter (4)(9)(10)	3,111,572	14.3	731,180	46.3
Guy W. Adams	- 0 -	--	- 0 -	--
William D. Gould (5)	54,340	*	--	--
Edward L. Kane (6)	19,500	*	100	*
Andrzej Matyczynski	25,789	*	--	--
Douglas J. McEachern (7)	37,300	*	--	--
Tim Storey (8)	27,000	*	--	--
Robert F. Smerling (8)	43,750	*	--	--
5% or Greater Stockholders				
James J. Cotter Living Trust (9)(10)	1,897,649	8.7	696,080	44.0
James J. Cotter Living Trust/Estate of James J. Cotter, Deceased(9)(10)	408,263	1.9	427,808	25.5
Mark Cuban (11) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (12) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	97,500	6.2
All directors and executive officers as a group (10 persons)(13)	5,476,570	24.9	1,209,088	71.9

(1) Percentage ownership is determined based on 21,745,484 shares of Class A Stock and 1,580,590 shares of Class B Stock outstanding on May 6, 2015. Except as described in footnote (13) with respect to the beneficial ownership of all directors and executive officers as a group, the table does not ascribe to any person or entity the beneficial ownership of the disputed shares or of the shares underlying the disputed option. Except as described with respect to the disputed shares and the disputed option, beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of May 6, 2015, which are indicated by footnote, are deemed to be

beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown include 97,500 shares subject to stock options. The Class A Stock shown also include 289,390 shares held by a trust for the benefit of James J. Cotter, Sr.'s grandchildren (the "Cotter grandchildren's trust") and 102,751 held by the James J. Cotter Foundation. Mr. Cotter, Jr. is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the James J. Cotter Living Trust, or the "Living Trust," which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(3) The Class A Stock shown includes 20,000 shares subject to stock options. The Class A Stock shown also include 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 408,263 shares that Ms. Cotter maintains are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and that Mr. Cotter, Jr. contends are held by the Living Trust. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(4) The Class A Stock shown includes 17,000 shares subject to stock options. The Class A shares shown also include 289,390 shares held by the Cotter grandchildren's trust and 102,751 shares held by the James J. Cotter Foundation. Ms. Cotter is co-trustee of the Cotter grandchildren's trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 408,263 shares that Ms. Cotter maintains are part of the Cotter Estate and that Mr. Cotter, Jr. contends are held by the Living Trust. As co-executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. As co-trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (9). The shares shown also include 1,897,649 shares held by the Living Trust. See footnotes (9) and (10) for information regarding beneficial ownership of the shares held by the Living Trust that is disputed by the Cotter family members.

(5) Includes 17,000 shares subject to stock options.

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

(7) Includes 27,000 shares subject to stock options.

(8) Consists of shares subject to stock options.

(9) James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are the Co-trustees of the Living Trust. On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away in September 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. to our board and to take all actions to rotate the chairmanship of our board among the three of them. On February 6, 2015, Ellen Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. As co-trustees of the Living Trust, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter would share voting and investment power of the shares held by the Living Trust and, as such, would be deemed to beneficially own such shares. As trustee or co-trustees of the Reading Voting Trust, Margaret Cotter or Mr. Cotter, Jr., or both, would be deemed to beneficially own the Class B Stock shown. Each of Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter disclaims beneficial ownership of the shares held by the Living Trust except to the extent of his or her pecuniary interest, if any, in such shares.

(10) Our stock register reflects that the 327,808 disputed shares of Class B Stock, which constitute approximately 20.7% of the voting power of our outstanding capital stock, and the disputed option to purchase 100,000 shares of Class B Stock, are standing in the name of Mr. Cotter, Sr. Ellen M. Cotter and Margaret Cotter dispute that Mr. Cotter, Sr. executed a written assignment that purported to transfer the disputed shares to the Living Trust and contend that, until such time as they pour over into the Living Trust, the disputed shares make up a part of the Cotter Estate. Ellen M. Cotter and Margaret Cotter also contend that the disputed option belongs to the Cotter Estate, while Mr. Cotter, Jr. disputes these contentions. Because the disputed shares and the shares underlying the disputed option together represent a material amount of our outstanding Class B stock, on April 29, 2015, we filed in the District Court of Clark County, Nevada, a petition requesting instructions from the Court regarding the disputed shares and the disputed option. A copy of our petition is set forth as an exhibit to our current report on Form 8 K filed with the SEC on May 4, 2015. Depending upon the outcome of this matter, the beneficial ownership of our Class B Stock will change, perhaps materially, from that presented in this table. The Cotter family also dispute whether the Class A Stock shown is held by the Living Trust or by the Cotter Estate.

(11) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13G filed on February 14, 2012.

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

(13) The Class A Stock shown includes 408,263 disputed shares of Class A Stock and 251,250 shares subject to options. The Class B Stock shown includes the 327,808 disputed shares and the 100,000 shares subject to the disputed option.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related Transactions

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

Sutton Hill Capital

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

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

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

OBI Management Agreement

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

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2014, OBI Management earned $397,000, which was 20.9% of net cash flows for the year. In 2013, OBI Management earned $401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned $390,000, which was 19.7% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

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

Live Theater Play Investment

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

Shadow View Land and Farming LLC

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is

owned by the James J. Cotter, Sr. Trust, while Ellen Cotter and Margaret Cotter contend that such interest is owned by the Cotter Estate. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit and Conflicts Committee.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Summary of Principal Accounting Fees for Professional Services Rendered

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

Audit Fees

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

Audit-Related Fees

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

Tax Fees

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

All Other Fees

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

Pre-Approval Policies and Procedures

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

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(3) The following exhibits are filed as part of this report:

Exhibit No.	Description
31.1	Certification of Principal Executive Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer dated March 7, 2014 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

READING INTERNATIONAL, INC.

Date: May 8, 2015

By: /s/ ANDRZEJ MATYCZYNSKI
Name: Andrzej Matyczynski
Title: Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Cotter, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ JAMES J. COTTER, JR.
James J. Cotter, Jr.
Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrzej Matyczynski, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Reading International, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2015

/s/ ANDRZEJ MATYZYNSKI
Andrzej Matyczynski
Chief Financial Officer

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of JAMES J. COTTER, Deceased.	Case No. P 14-082942-E Dept. XI
JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc. Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Case No. A-15-719860-B Dept. No. XI *Jointly Administered* **READING INTERNATIONAL, INC.'S JOINDER TO MARGARET COTTER, ELLEN COTTER, DOUGLAS MCEACHERN, GUY ADAMS, AND EDWARD KANE'S MOTION TO DISMISS COMPLAINT** **Date of Hearing: September 10, 2015** **Time of Hearing: 8:30am.**

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Reading International, Inc. ("Reading") by and through its counsel Greenberg Traurig, LLP hereby submits this Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams and Edward Kane's Motion to Dismiss Complaint ("Motion to Dismiss"). As detailed in Reading's Motion to Compel Arbitration, Reading believes this matter should be stayed and all claims determined through Arbitration. However, should this Court disagree and instruct the parties to move forward herein, Reading hereby joins the Motion to Dismiss in its entirety.

DATED this 20th day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, and Edward Kane's Motion to Dismiss Complaint*** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

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DATED this 10th day of August, 2015.

/s/ Andrea Lee Rosehill
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CLERK OF THE COURT

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

Derivatively On Behalf of Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a Delaware limited	Case No. A-15-719860 Dept. No. XI **VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT** **DEMAND FOR JURY TRIAL**

liability company, doing business as KASE MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; Derivatively On Behalf of Reading International, Inc.

Plaintiffs,

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.

Plaintiffs, T2 PARTNERS MANAGEMENT, LP, a Delaware limited partnership, doing business as KASE CAPITAL MANAGEMENT; T2 ACCREDITED FUND, LP, a Delaware limited partnership, doing business as KASE FUND; T2 QUALIFIED FUND, LP, a Delaware limited partnership, doing business as KASE QUALIFIED FUND; TILSON OFFSHORE FUND, LTD, a Cayman Islands exempted company; T2 PARTNERS MANAGEMENT I, LLC, a Delaware limited liability company, doing business as KASE MANAGEMENT; T2 PARTNERS MANAGEMENT GROUP, LLC, a Delaware limited liability company, doing business as KASE GROUP; JMG CAPITAL MANAGEMENT, LLC, a Delaware limited liability company; PACIFIC CAPITAL MANAGEMENT, LLC, a Delaware limited liability company, derivatively On Behalf of Reading International, Inc. (hereinafter "Plaintiffs"), by and through their attorneys, individually and derivatively on behalf of Reading International, Inc. ("RDI" or the "Company") submit this shareholder derivative complaint (the "complaint") against the defendants named

herein based upon their personal knowledge as to those allegations concerning themselves and based upon information and belief as to all other allegations, based upon, among other things, the investigation made by their attorneys, the pleadings filed in this action, a review of the United States Securities and Exchange Commission ("SEC") filings, press releases, and other public records.

INTRODUCTION

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

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

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

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

5. Plaintiff T2 PARTNERS MANAGEMENT, L.P., is a Delaware limited partnership doing business as KASE CAPITAL MANAGEMENT, and is the investment manager of Plaintiffs, TILSON OFFSHORE FUND, Ltd., T2 ACCREDITED FUND, L.P., and T2

QUALIFIED FUND, L.P. Whitney Tilson, a nationally known hedge fund manager, is a resident of the State of New York and is the managing member and CCO of all three of these Plaintiffs.

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

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

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

9. JONATHAN M. GLASER is the managing member of both JMG CAPITAL MANAGEMENT, LLC., and PACIFIC CAPITAL MANAGEMENT, LLC.

10. Nominal Defendant RDI is a Nevada corporation and, according to its public filings with the SEC, is an internationally diversified company principally focused on the development, ownership and operation of entertainment and real estate assets in the United States, Australia and New Zealand. RDI reportedly employs approximately 2,300 people and operates in two business segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real estate, including real estate development and the rental of retail, commercial and live theatre assets. The company manages world-wide cinemas in the United States, Australia and New Zealand. For the fiscal year ending March 31, 2015, RDI reported total operating revenue of $60,585,000.

11. RDI has two classes of stock. Class A stock is held by the investing public, which holds no voting rights. As of May 6, 2015, there were 21,745,484 shares of Class A non-voting common stock (NASDAQ: RDI). The RDI non-voting shares of Class A stock represent 93% of the economics of the Company. Class B stock is the sole voting stock with respect to the election of directors. As of May 6, 2015, there were 1,580,590 shares of Class B voting common stock (NASDAQ: RDIB). Approximately 80% of the Class A stock is legally or beneficially owned by shareholders unrelated to Cotter family members. Approximately 70% of the Class B stock is

subject to disputes between Defendants Margaret Cotter and Ellen Cotter, on the one hand, and their brother James J. Cotter, Jr., on the other hand. These disputes involve trust and probate litigation, entitled, *In Re James J. Cotter, Living Trust, dated August 1, 2000*, Los Angeles Superior Court Case No. BP159755 and *In the Matter of the Estate of James J. Cotter, Sr.*, Clark County District Court Case No. P-14-082942-E (hereinafter referred to collectively as the "Trust and Estate Litigation").

12. Plaintiffs bring this derivative action to police the behavior of RDI's board of directors, who have breached their fiduciary duties of due care and loyalty to the shareholders by allowing (1) family disputes between directors Margaret and Ellen Cotter, on the one hand, and their brother, James J. Cotter, Jr., on the other hand, to spill over into the boardroom, infecting the corporate governance of this publicly-traded company, imperiling the immediate and long term prospects of the Company; (2) resulted in self-dealing by Cotter family members; and (3) corporate waste through excessive compensation for the directors and the payment of personal expenses of Cotter family members from the Company's treasury.

13. From between 2000 up until he resigned on or about August 7, 2014, James J. Cotter, Sr. was the CEO and Chairman of the Board of RDI. Based upon filings with the SEC, James J. Cotter, Sr. controlled approximately 70% of the Class B voting stock of RDI. Accordingly, James J. Cotter, Sr. unilaterally selected and elected the board of directors. Based upon the allegations contained in the complaint filed in this action by James J. Cotter, Jr. (JJC's Complaint), his father ran the company as he saw fit, "without meaningful oversight or input from the board of directors." JJC's Complaint further alleges that his father "did not seek directors that could add significant value but sought out friends to fill out the 'independent' member requirements." JJC's Complaint also alleges that in December of 2006, his father submitted a succession plan to the board, which entailed James Cotter, Jr. assuming his father's position as CEO and Chairman upon his father's retirement or death. According to JJC's Complaint, the board approved of his father's succession plan in December of 2006.

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

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

16. According to JJC's Complaint, shortly after the passing of their father, James J. Cotter, Jr.'s sisters, Defendants Margaret and Ellen Cotter, initiated the Trust and Estate Litigation over who should control the RDI voting stock previously controlled by their father.

17. JJC alleges that his sisters, Margaret and Ellen Cotter, conspired with directors Kane, Adams and McEachern to terminate him as the president and CEO of RDI, because he refused to acquiesce to threats to settle the Trust and Estate Litigation on terms demanded by his sisters. James J. Cotter, Jr. also alleges that on June 12, 2015, Defendants Ellen Cotter, Margaret Cotter, Adams, Kane and McEachern each voted to terminate him as President and CEO of RDI because he refused to accept his sisters' "take-it-or-leave-it" settlement offer made in the Trust and Estate Litigation.

18. JJC's Complaint further alleges that outside directors, Margaret Cotter, Kane, Adams and McEachern, and inside director Ellen Cotter, breached their fiduciary duties owed to RDI and its shareholders by threatening, and later terminating him as the President and CEO of RDI, because he refused to accept his sisters' "take-it-or-leave-it" settlement offer in the Trust and Estate litigation.

19. On or about August 3, 2015, James J. Cotter, Jr. filed a motion to expedite discovery and a motion for preliminary injunction in this action ("JJC's Motion"). JJC's Motion alleges that subsequent to the filing of his complaint on June 12, 2015, Defendants, Ellen Cotter, Margaret Cotter, Kane and Adams formed an "executive committee" of the board, and have frozen out the remaining three directors from all participation and communication with the board of directors of RDI. JJC's Motion claims that Defendants Ellen and Margaret Cotter, together with Kane and Adams, have effectively reduced the size of the board from eight members to four members, in violation of the Company's Bylaws.

20. Although the Company would normally hold its annual meeting in May of 2015, the family disputes alleged herein and/or the current parties controlling the Company have prevented the Company from preparing and filing a proxy statement with the SEC and holding its annual meeting. The Company's last annual meeting was held nearly 15 months ago on May 15,

2014. The failure to hold its annual meeting in the near future jeopardizes the Company's continued listing on NASDAQ pursuant to NASDAQ's Continued Listing rule 5620(a), and therefore greatly imperils the Company's market valuation and its cost of capital.

21. Further, the failure to have truly independent directors puts at risk the Company's continued listing on NASDAQ pursuant to NASDAQ Continued Listing Rule 5605(b) similarly threatening the Company's market valuation and its cost of capital.

DEMAND IS EXCUSED

22. Demand upon the board of directors required by NRCP 23.1 is excused under *Shoen v. SAC Holding Corporation*, 137 P. 3d 1171, because the protection normally afforded directors under the business judgment rule is inapplicable to protect the Director Defendants herein. Specifically, a majority of the Director Defendants have put their own personal financial interests ahead of the public shareholders' interests in making the decision to fire James J. Cotter, Jr. as CEO and President of RDI, and/or were controlled and unduly influenced by directors Margaret and Ellen Cotter, who have a pecuniary interest in the outcome of the Trust and Estate litigation. The Trust and Estate Litigation is not the business of RDI, or its board of directors, and the decision on June 12, 2015 to fire James J. Cotter, Jr., because he refused to accept a settlement offer his sisters made to him in the unrelated Trust and Estate Litigation was not based upon James J. Cotter, Jr.'s performance as President and CEO of RDI. Since he became President and CEO, RDI's stock price had risen from $8.17 per share to $13.88 per share on the day he was fired. Since he was fired, RDI's stock price has dropped significantly to 11.78 per share as of July 31, 2015.

23. Further, as alleged more fully below, on or about November 13, 2014, two months after the passing of James J. Cotter, Sr., the Director Defendants voted to raise their annual directors' fees by 43% and gave each non-employee director additional compensation in the form of stock options and one-time cash compensation. Additionally, in or about March of 2015, the Directors Defendants approved payment to Defendants Kane, Adams, McEachern and Gould of an extra $25,000 for the first six months of 2015. The Director Defendants also approved the payment of $75,000 to Defendant Storey for the first six months of 2015. The Director Defendants promoted their own personal interests over the interests of the Company and its

shareholders by approving the above-described excessive compensation to themselves at a time when the Company's stock price had dramatically fallen and the corporate governance of the Company was out of control. These acts of wasting the corporate assets to promote their own personal financial interests further makes these Defendants "interested directors".

Edward Kane is an "Interested" Director:

24. As alleged in JJC's Complaint, Defendant Edward Kane was a life-long friend of James J. Cotter, Sr., and Defendants Margaret and Ellen Cotter refer to him as "Uncle Ed." James Cotter, Jr. alleges that based upon this quasi-familial intimate relationship, Defendant Kane sought a raise for Ellen Cotter shortly after her father passed, in order for Ellen Cotter to qualify for a loan to purchase a condominium in Laguna Beach, California. Cotter, Jr. alleges that Kane wrote a letter to Ellen Cotter's lender in order to help her qualify for her loan, claiming that he was the Chairman of the RDI Compensation Committee, which "anticipate[d] a total cash compensation increase of no less than 20%" for Ellen Cotter, when in fact he had no authority to do so and the study that had been commissioned to justify Ellen Cotters' pay increase failed to justify the increase. Further, James Cotter, Jr. alleges that on January 16, 2015, Kane sent him an email suggesting that Ellen Cotter be given the title she wanted and that Margaret Cotter be treated as a "co-equal with [a] new head of domestic real estate [and] [t]hat she and the new head will report to you and you will resolve any conflicts between them that they cannot resolve themselves [and] you will make a title for Margaret Cotter as a new employee of the Company...."

25. James Cotter, Jr. further alleges that Defendant Kane has made "rants to JJC about 'The Godfather' and the Corleone family from that series of movies, even including a suggestion that termination of JJC would be analogous to the murder of someone disrespecting a Corleone family member."

26. Defendant Kane was clearly controlled and unduly influenced by Defendants Ellen Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as President and CEO of RDI.

27. Further, Defendant Kane is alleged to have committed corporate waste by voting for and receiving excessive compensation.

Guys Adams is an "Interested" Director:

28. James Cotter, Jr. further alleges that Adams' sworn testimony in his divorce proceedings indicated he lost approximately 70% of his investments in 2007-2008 and that he derives approximately 70% - 80% of his income from entities which Ellen and Margaret Cotter exercise control. Further, James Cotter, Jr. alleges that Ellen Cotter promised Adams he would be appointed CEO of RDI upon James J. Cotter's termination, which promise was made prior to Adams voting to fire Cotter, Jr.

29. James Cotter, Jr. also alleges that on or about May 2013, Adams entered into an agreement with James Cotter, Sr., whereby Adams received a carried interest in certain real estate projects and alleges that the decision on whether Adams' interests will be monetized and the extent to which they will be monetized rests with Ellen Cotter and Margaret Cotter, the administrators of the estate of James Cotter, Sr. Defendant Adams was clearly controlled and unduly influenced by Defendants Ellen Cotter and Margaret Cotter when he voted to terminate James J. Cotter, Jr. as President and CEO of RDI.

30. Further, Defendant Adams is alleged to have committed corporate waste by voting for and receiving excessive compensation.

Margaret Cotter is an "Interested" Director:

31. As alleged in JJC's Complaint, Margaret Cotter is an outside director of RDI and is currently engaged in the Trust and Estate Litigation, whereby it is alleged she and her sister, Ellen, seek to invalidate James Cotter, Sr.'s trust document in order to obtain voting control of RDI's Class B stock sufficient to elect RDI's directors. James Cotter, Jr. alleges that Margaret Cotter, together with her sister, threatened to and then later did have him fired as President and CEO of RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by Margaret and Ellen Cotter in the Trust and Estate Litigation. Margaret Cotter was clearly "interested" in the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

Ellen Cotter is an "Interested" Director:

32. As alleged in JJC's Complaint, Ellen Cotter is an inside director of RDI and is currently engaged in the Trust and Estate Litigation whereby it is alleged she and her sister,

Margaret, seek to invalidate James Cotter, Sr.'s trust document in order to obtain voting control of RDI's Class B stock sufficient to elect RDI's directors. James Cotter, Jr. alleges that Ellen Cotter, together with her sister, threatened to and then later did have him fired as President and CEO of RDI because he refused to accept a "take-it-or-leave-it" settlement offer made by Margaret and Ellen Cotter in the Trust and Estate Litigation. Ellen Cotter was clearly "interested" in the decision to fire her brother, James J. Cotter, Jr. as President and CEO of RDI.

Ellen Cotter, Margaret Cotter, Edward Kane and Guy Adams Are Interested Directors Because They Have Illegally Reduced the Number of Directors from Eight to Four:

33. As alleged in JJC's Motion, Defendants Ellen and Margaret Cotter, together with Kane and Adams have formed an "Executive Committee" of the board, the practical effect of which has been to freeze out directors James J. Cotter, Jr., William Gould and Timothy Storey (the same directors who voted not to terminate James J. Cotter, Jr. as President and CEO of RDI), from any participation on the board of directors of the Company. Plaintiffs are informed and believe, and thereon allege that the Bylaws of the Company require eight directors. Further, NASDAQ's Continuing Listing Rule 5605(b) requires the Company's board of directors to have a majority of independent directors. By effectively reducing the number of directors from eight to four on an *ad hoc* basis, these Director Defendants have violated NASDAQ's Rule 5605(b) and jeopardized the Company's continued listing on that exchange. Further, these Defendants are clearly "interested directors" and any demand upon them to restore James J. Cotter, Jr. as the President and CEO of the Company, disgorge their excessive compensation, cease other manners of self-dealing and follow proper corporate governance practices would be futile.

FIRST CAUSE OF ACTION

(Breach of Fiduciary Duty – Against Director Defendants)

34. Plaintiffs repeat and re-allege paragraphs 1 through 33, inclusive, of the complaint and incorporate them herein by this reference.

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

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

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

38. By taking sides in a family dispute between Ellen and Margaret Cotter, on the one hand, against James J. Cotter, Jr., on the other hand, because James J. Cotter, Jr. refused to accept a "take-it-or-leave-it" settlement offer made by his sisters in the Trust and Estate Litigation, the Directors Defendants breached their duties of due care and loyalty owed to the Company, Plaintiffs and other RDI shareholders.

39. On or about June 12, 2015, the Director Defendants caused to be filed with the SEC a Form 8-K, which disclosed to the market that the Director Defendants had terminated the employment of James J. Cotter, Jr. as President and CEO of the Company, and that the Directors Defendants had appointed Ellen Cotter as Chairperson and CEO. That 8-K also disclosed to the market that on June 12, 2015 James J. Cotter, Jr. filed a lawsuit against the Director Defendants alleging that they had breached their fiduciary duties in terminating him. On June 12, 2015 RDI's Class A stock price was $13.88 per share. Since the Form 8-K was filed, RDI's stock price has dropped dramatically to $11.78 as of July 31, 2015.

40. Further, on or about November 13, 2014, two months after the passing of James J. Cotter, Sr., the Director Defendants voted to raise their annual directors' fees by 43% and gave each non-employee director additional compensation in the form of stock options and one-time

cash compensation. Additionally, in or about March of 2015, the Directors Defendants approved payment to Defendants Kane, Adams, McEachern and Gould of an extra $25,000 for the first six months of 2015. The Director Defendants also approved the payment of $75,000 to Defendant Storey for the first six months of 2015. The Director Defendants promoted their own personal interests over the interests of the Company and its shareholders by approving the above-described excessive compensation to themselves at a time when the Company's stock price had dramatically fallen and the corporate governance of the Company was out of control. Accordingly, the Director Defendants further breached their duties of due care and loyalty owed to the Company and its shareholders.

41. Further, Plaintiffs are informed and believe, and thereon allege that some time subsequent to the filing of JJC's Complaint, Defendants, Ellen Cotter, Margaret Cotter, Kane and Adams formed an ad hoc "Executive Committee", and have frozen out directors James J. Cotter, Jr., William Gould and Timothy Storey from any participation on the board of directors, thereby effectively reducing the number of directors from eight to four.

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

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

SECOND CAUSE OF ACTION

(Aiding and Abetting Breach of Fiduciary Duty –

Against Defendants Margaret Cotter and Ellen Cotter)

44. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint and incorporate them herein by this reference as though fully set forth herein.

45. As more fully alleged in JJC's Complaint, Defendants Margaret and Ellen Cotter solicited Defendants Kane, Adams and McEachern to threaten to fire James J. Cotter, Jr. as President and CEO of RDI during the few hours between the adjournment of the RDI board meeting on Friday, May 29, 2015 and the resumption of that board meeting at 6:00 p.m. that same

day if James J. Cotter, Jr, did not accept a "take-it-or-leave-it" settlement offer made by Ellen and Margaret Cotter in the Trust and Estate Litigation. Defendants Ellen and Margaret Cotter aided and abetted the Director Defendants to breach their fiduciary duties owed to the Company, Plaintiffs and the other RDI shareholders by firing James J. Cotter, Jr. as President and CEO of RDI on June 12, 2015 because he refused to accept a "take-it-or-leave-it" settlement offer made by Ellen and Margaret Cotter in the Trust and Estate Litigation.

46. Defendants Ellen and Margaret Cotter acted with knowledge of the fiduciary duties of the other Director Defendants. Ellen and Margaret Cotter acted with knowledge of the manner in which those fiduciary duties were breached, and aided and abetted and continue to aid and abet said breaches. Accordingly, Ellen and Margaret Cotter are liable for aiding and abetting those fiduciary breaches.

47. Further, Defendants Kane, Adams, and McEachern also aided and abetted the breach of fiduciary duties of each other by approving and ratifying the waste of corporate assets in the form of excessive compensation for themselves as alleged herein.

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

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

THIRD CAUSE OF ACTION

(Abuse of Control by Director Defendants)

50. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint and incorporate them herein by this reference as though fully set for in full.

51. Director Defendants' misconduct alleged herein constituted an abuse of their ability to control and influence RDI, for which they are legally responsible.

52. As a direct and proximate result of the Director Defendants' abuse of control, RDI has suffered and continues to suffer substantial monetary damages, including damage to RDI's

reputation and good will. Director Defendants are liable to the Company as a result of the misconduct alleged herein.

53. Plaintiffs have no adequate remedy at law.

FOURTH CAUSE OF ACTION

(Gross Mismanagement by Director Defendants)

54. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint and incorporate them herein by this reference as though fully set for in full.

55. By their actions alleged herein, Director Defendant, either directly or through aiding and abetting, abandoned and abdicated their responsibilities and fiduciary duties with regard to prudently managing the assets and business of RDI in a manner consistent with the operations of a publicly traded corporation.

56. As a direct and proximate result of Director Defendants' gross mismanagement and breaches of their fiduciary duties alleged herein, RDI has suffered substantial monetary damages, as well as damage to RDI's reputation and good will. Director Defendants are liable to the Company as a result of the misconduct alleged herein.

57. Plaintiffs have no adequate remedy at law.

FIFTH CAUSE OF ACTION

(Corporate Waste by Director Defendants)

58. Plaintiffs repeat and re-allege paragraphs 1 through 43, inclusive, of this complaint and incorporate them herein by this reference as though fully set for in full.

59. Plaintiffs are informed and believe, and thereon allege that the Director Defendants caused to be filed with the SEC an amended 10-K filing on or about March 31, 2015, which disclosed that decedent James J. Cotter, Sr.'s Supplemental Retirement Plan ("SERP" aka "Golden Coffin") would reward his service for the previous 25 years (including predecessor companies and service for which he presumably had already been compensated), based upon a formula that would effectively continue his salary for 180 months (15 years!) after his death. Plaintiffs are informed and believe that under the terms of the revised SERP, the Company is obligated to pay to the estate of James J. Cotter, Sr. a monthly payment of $56,944, which commenced October 1, 2014

for a period of 180 months, or the total sum of approximately $10,249,920. Plaintiffs allege that this term of the SERP is excessive, unwarranted and constitutes corporate waste.

60. Further, on or about November 13, 2014, two months after the passing of James J. Cotter, Sr., the Director Defendants voted to raise their annual directors' fees by 43% and gave each non-employee director additional compensation in the form of stock options and one-time cash compensation. Additionally, on or about March of 2015, the Directors Defendants approved payment to Defendants Kane, Adams, McEachern and Gould of an extra $25,000 for the first six months of 2015. The Director Defendants also approved the payment of $75,000 to Defendant Storey for the first six months of 2015.

61. Plaintiffs are informed and believe and thereon allege that in 2014, the Director Defendants approved the reimbursement of Defendant Ellen Cotter the sum of $50,000 for income taxes she incurred as a result of exercising stock options that were deemed to be non-qualified stock options for income tax purposes.

62. Plaintiffs are further informed and believe, and thereon allege that the Director Defendants approved payment of the expenses associated with the memorial of James J. Cotter, Sr., and the reception at the Bel Air Hotel in Los Angeles, California, which included payment of out-of-town guests dining and lodging at the Bel Air Hotel, payment of chartered bus transportation, etc. Such expenses were clearly of a personal nature to the Cotter family and were not a legitimate Company expense.

63. Plaintiffs are informed and believe, and thereon allege that the Director Defendants approved the shifting or elimination of performance thresholds to justify payment of bonuses to James J. Cotter, Sr., when the original performance thresholds were not achieved.

64. As a result of the improper conduct alleged herein, and by failing to properly consider the interests of the Company and its public shareholders, the Director Defendants have committed waste of corporate assets to the damage of the Company and its shareholders.

65. Plaintiffs have no adequate remedy at law.

PRAYER FOR RELIEF

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

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

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

i) an order disbanding the "Executive Committee" and enjoining any action by any director to "freeze out" or otherwise restrict the participation of all eight directors in corporate decisions;

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

iii) an order appointing a temporary receiver to cause (a) a proxy statement be prepared and filed with the SEC; (b) to schedule and hold an annual shareholders' meeting; and (c) such further relief as the Court may deem necessary for the ongoing management and control of the Company;

iv) an order collapsing the Class A and B stock structure into a single class of voting stock such that the Cotter family can no longer abuse public shareholders by running RDI as a personal fiefdom and to prevent the Cotter family disputes between the Cotter-family Class B shareholders or the inequitable Cotter family control of the Company as a whole from further damaging the Company and the public shareholders;

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

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

DATED this 12th day of August, 2015.

ROBERTSON & ASSOCIATES, LLP

By: _____

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

Derivatively On Behalf of Reading International, Inc.

CERTIFICATE OF SERVICE

The undersigned, an employee of Robertson & Associates, LLP, hereby certifies that on the _____ day of August, 2015, I served a true and correct copy of Plaintiffs-In-Intervention's **VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT; DEMAND FOR JURY TRIAL** by electronic service by submitting the foregoing to the Court's E-filing System for Electronic Service upon the Court's Service List pursuant to EDCR 8. The copy of the document electronically served bears a notation of the date and time of service.

PLEASE SEE THE E-SERVICE MASTER LIST

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

Dated: August , 2015

An employee of ROBERTSON & ASSOCIATES, LLP

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CLERK OF THE COURT

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DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of JAMES J. COTTER, Deceased. JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc. Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants.	Case No. P. 14-082942-E Dept. 11 **Case No. A-15-719860-B** Dept. No. XI *Jointly Administered* **[COURTESY FILING OF] MOTION TO COMPEL ARBITRATION** **HEARING** **Date: 9/1/2015** **Time: 8:30a**

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Reading International, Inc., a Nevada corporation by and through undersigned counsel of record, hereby moves this Court for an order compelling arbitration of this dispute, with a corresponding stay of this action during such arbitration. This Motion is based upon the files and records in this matter, the attached memorandum of authorities, and any argument allowed at the time of hearing.

DATED this 31st day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

James J. Cotter Jr.'s ("Mr. Cotter") complaint sets forth a number of claims, all of which involve either directly or indirectly the termination of his employment with Reading International, Inc. ("Reading"). This is borne out by the relief Mr. Cotter requests, which is reinstatement of his position with Reading. What Mr. Cotter fails to mention in his complaint is that his employment was governed by an Employment Agreement. Pursuant to that agreement any disputes relating to Mr. Cotter's employment must be arbitrated. None of Mr. Cotter's allegations stem from anything other than his desire to recapture his employment. As a result, this matter must be stayed, pending arbitration of Mr. Cotter's claims.

II. SUMMARY OF FACTS

On June 3, 2013, Mr. Cotter executed an Employment Agreement pursuant to which he was to act as the President for Reading. The Employment Agreement provides all controversies relating thereto should be arbitrated. As relevant to this motion:

> "Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction."

Employment Agreement attached hereto as **Exhibit 1**, at ¶13.

On June 12, 2015, concluding a process of review and deliberation that had begun some three weeks earlier on May 21, 2015, Reading's Board of Directors voted to terminate Mr. Cotter's employment with Reading. In the afternoon of that same day, June 12th, Plaintiff filed the present suit in which he alleges Breach of Fiduciary Duty against all Defendants, Breach of Fiduciary Duty against Reading Directors Margaret Cotter, Ellen Cotter, Adams, Kane and McEachern, and Aiding and Abetting Breach of Fiduciary Duty against Margaret Cotter and Ellen Cotter for the actions taken leading to his termination. *See* Complaint on file herein at p.25, 26, and 27. The only relief Mr. Cotter seeks is to obtain re-employment and obtain money damages resulting from his termination. Mr. Cotter's prayer for relief requests an Order "enjoining Defendants from taking further action to effectuate or implement the (legally ineffectual) termination of Plaintiff as President and CEO of RDI", and for an order determining "that the termination was legally ineffectual and of no force and effect." Complaint, at p. 28, *Prayer for Relief*.

A review of the Motion for Preliminary Injunction filed on August 4th demonstrates clearly that this case is about nothing more than the termination of Mr. Cotter's employment. There are no less than twenty-one (21) references to Mr. Cotter's employment "termination" in the first ten pages of the brief. These references paint a clear picture of what is

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really at issue in this case, the termination of Mr. Cotter's employment which was governed by his agreement with the company. *See e.g.* Motion for Preliminary Injunction, page 2, lines 15-22 (Mr. Cotter acknowledges the termination of his employment "precipitated" the commencement of this action); Motion for Preliminary Injunction, page 7, lines 9-12 (alleging Mr. Cotter was pressured by his sisters to "avoid termination as President and CEO"); page 7, lines 22-23 (suggesting what Mr. Cotter had to do to "avoid being fired"); page 7, lines 25-26 (discussion alleging threats to "terminate" Mr. Cotter"); page 10, lines 14-24 (referencing the Boards' decision to terminate Mr. Cotter). Moreover, when it comes to the relief requested in the Preliminary Injunction Motion, Mr. Cotter's first request is that the court restore him to the positions of President and CEO of Reading a determination that will necessarily involve his employment agreement. *See,* Motion for Preliminary Injunction, page 3, item number one.

Mr. Cotter's dispute is subject to arbitration. Reading filed a Demand for Arbitration with the American Arbitration Association on July 14, 2015 requesting declaratory relief determining that Mr. Cotter's employment and employment agreement with Reading have been validly terminated, that the Board validly removed him from his position with Reading, that Mr. Cotter is required to submit his resignation from all positions with Reading and its affiliates and subsidiaries, including as a member of the Board of Directors, and that Mr. Cotter is not owed any further compensation or benefits under the employment agreement due to such a breach. Reading also seeks an order requiring Mr. Cotter to resign, and/or any damages resulting from his failure to resign, as well as its costs and fees. See the Demand for Arbitration attached hereto as **Exhibit 2.** Mr. Cotter has rejected the demand thus necessitating this motion.

It appears that Mr. Cotter, understanding that he has no claim under his Employment Agreement, is attempting to end run the absolute right of Reading to terminate his employment without cause (subject to the payment of a negotiated liquidated damage amount) by claiming that the exercise of that absolute right by the Board was somehow a breach of the fiduciary

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duties owed by those directors to Reading itself. It is to be noted that, if this is correct, then any terminated employee could make the same end run around his or her employment contract, so long as that former employee was a shareholder at the time of his or her termination. This would materially undermine the ability of corporate employers to negotiate "at will" employment contracts or to require arbitration.

III. LEGAL ARGUMENT

This Court should enter an order compelling Mr. Cotter to honor his agreement and arbitrate all pending claims as the Employment Agreement is a valid and existing contract with an agreement to arbitrate disputes thereunder, and all of Mr. Cotter's claims arise from or relate to the Employment Agreement.

A. The Employment Agreement is a Valid and Existing Arbitration Agreement.

Reading is a Nevada corporation headquartered in California. Mr. Cotter was employed with Reading subject to an Employment Agreement with a California choice of law provision. Courts typically give wide latitude to the choice of law in a contract governing arbitration so long as the situs of the choice of law has a substantial relation with the transaction. *Coleman v. Assurant, Inc.*, 508 F. Supp. 2d 862, 865 (D. Nevada, 2007) citing *Ferdie Sievers and Lake Tahoe Land Co., v. Diversified Mortg. Investors*, 95 Nev. 811, 603 P.2d 270, 273 (1979). The Court must also analyze whether the arbitration provision is contrary to the public policy of the current forum. *Id*. Thus, while both the law California (the choice of law forum) and Nevada (the current forum) are relevant, these distinctions do not matter. Both California and Nevada law strongly favor arbitrating this dispute.

In Nevada, an agreement to arbitrate is valid, enforceable, and irrevocable. *See* NRS 38.219. Nevada's public policy strongly favors enforcing contractual provisions for arbitration. *Phillips v. Parker*, 106 Nev. 415, 794 P.2d 716 (1990). Consequently, when there is an agreement to arbitrate there is a "presumption of arbitrability." *Id*. All doubts concerning the arbitrability of the subject matter should be resolved in favor of arbitration. *Id*. citing *Exber, Inc.*

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v. Sletten Constr. Co., 92 Nev. 721, 729, 558 P.2d 517, 522 (1976). Courts are not to deprive the parties of the benefits of arbitration they have bargained for, and arbitration clauses are to be construed liberally in favor of arbitration. *Id.*

Nevada favors arbitration because it generally avoids the higher costs and longer time periods associated with traditional litigation. *Burch v. Second Judicial Dist. Ct.*, 118 Nev. 438, 442; 49 P.3d 647, 650 (2002). Indeed, Nevada law expressly provides for Courts to order arbitration under the terms of an applicable agreement whenever possible:

> 1. On motion of a person showing an agreement to arbitrate and alleging another person's refusal to arbitrate pursuant to the agreement:
>
> (a) If the refusing party does not appear or does not oppose the motion, the court shall order the parties to arbitrate; and
>
> (b) If the refusing party opposes the motion, the court shall proceed summarily to decide the issue and order the parties to arbitrate unless it finds that there is no enforceable agreement to arbitrate.

NRS 38.221. Once the Court determines that arbitration is appropriate, the district court, upon compelling arbitration, is required to "stay any judicial proceeding that involves a claim subject to the arbitration." NRS 38.221(6).

California, too, holds "a strong public policy in favor of arbitration as a speedy and relatively inexpensive means of dispute resolution." *Lewis v. Fletcher Jones Motor Cars, Inc.*, 205 Cal. App. 4th 436, 452 (2012), as modified (Apr. 25, 2012). "A trial court is required to order a dispute to arbitration when the party seeking to compel arbitration proves the existence of a valid arbitration agreement covering the dispute." *Laswell v. AG Seal Beach, LLC*, 189 Cal. App. 4th 1399, 1404-05 (2010)(Emphasis added).

Therefore, regardless of which state's law is applied, arbitration is the favored avenue for adjudication. Mr. Cotter has no basis to dispute the existence of or his assent to the Employment Agreement. Therefore, this Court should order Mr. Cotter to proceed with Arbitration.

B. The Arbitration Provision Applies to All Claims at Issue.

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The plain language of the Employment Agreement confirms Mr. Cotter agreed to arbitrate the issues at bar. The arbitration provision in Mr. Cotter's Employment Agreement is broad and encompasses "any dispute or controversy arising under this Agreement or relating to its interpretation or the breach thereof." Exhibit 1, ¶13. The Employment Agreement defines Mr. Cotter's terms of employment, duties, compensation, expenses and benefits, among other rights and obligations. *Id*, generally. The Employment Agreement specifically provides Mr. Cotter may be terminated by the Board of Directors, and it defines the Parties' obligations to each other once that termination occurs. Exhibit 1, ¶10. Mr. Cotter hopes that by alleging the Reading Directors breached their fiduciary duty, he can obtain the relief he seeks (reinstatement of his employment) without mentioning his Employment Agreement. This strategy should fail.

Nevada Courts have ruled that creative pleading is not sufficient to avoid a prior agreement to arbitrate. In *Phillips v. Parker*, the Plaintiff attempted to use a strategy very similar to James Cotter Jr.'s strategy here. To avoid arbitration, the *Parker* Plaintiff amended his complaint to avoid any mention of a breach of contract, and instead alleged claims of RICO, wrongful removal of a director, breach of fiduciary duty, fraud and conversion. *Phillips v. Parker*, 106 Nev. 418. The *Parker* Court was unpersuaded, ruling that the Plaintiff cannot use the agreement with the arbitration provision to demonstrate his ownership of stock in a corporation, without placing himself squarely within the ambit of the arbitration provisions covering controversies or claims arising out of or relating to the agreement. *Id*. "Despite careful pleading, the amended complaint relates to the agreement and hence is subject to arbitration." *Id*.

Once you peel away the hyperbole in the complaint you find that Mr. Cotter believes he was improperly discharged. Because his right of employment arises from the Employment Agreement, any allegations of improper discharge would fall within its terms. Mr. Cotter cannot argue he is entitled to retain his position with Reading, without referencing his rights under the Employment Agreement. He has no other basis to be employed. To give Mr. Cotter the relief he

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seeks, the Court must analyze whether the Reading Board's actions breached Mr. Cotter's rights under the Employment Agreement. Mr. Cotter cannot avoid his agreement by simply ignoring it or with creative pleading.

IV.CONCLUSION

Because Mr. Cotter's claims arise out of and relate to his Employment Agreement, such claims must be arbitrated. This matter should be stayed and the Court should compel Mr. Cotter to submit his claims to arbitration pursuant to the terms set forth in the Employment Agreement.

DATED this 31st day of August, 2015.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **[Courtesy Filing of] Motion to Compel Arbitration** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

A-15-719860-B - James Cotter, Jr., Plaintiff(s) vs. Margaret Cotter, Defendant(s)

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DATED this 31st day of August, 2015.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP

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EXHIBIT 1

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 3, 2013 by and between Reading International, Inc., a Nevada corporation, (the "Company"), and James J. Cotter, Jr. (the "Executive").

1. Term of Employment

Subject to the provisions of Section 10 below, the Company shall employ the Executive, and the Executive shall serve the Company in the capacity of President for a term commencing as of June 3, 2013 and ending that date which is twelve (12) months after either party provides the other party with written notice of termination (the "Term of Employment").

2. Duties

During the Term of Employment, the Executive will serve as the Company's President and will report directly to the Chief Executive Officer. The Executive shall devote substantially all of his business time to the Company and shall perform such duties, consistent with his status as President of the Company, as he may be assigned from time to time by the Chief Executive Officer.

3. Compensation

During the Term of Employment, the Company shall pay to the Executive as compensation for the performance of his duties and obligations hereunder a salary at the rate of $335,000 per annum during each year of the term of this Agreement. Such salary shall be paid in accordance with the Company's standard payment practices.

4. Expenses and Other Benefits

All travel, entertainment and other reasonable business expenses incident to the rendering of services by the Executive hereunder will be promptly paid or reimbursed by the Company subject to submission by the Executive in accordance with the Company's policies in effect from time to time. The Executive shall be entitled to a vehicle allowance of $15,000, per annum.

The Executive shall be entitled during the Term of Employment to participate in employee benefit and welfare plans and programs of the Company including, without any limitation, any key man or executive long term disability insurance and employee stock option plans to the extent that any other senior executives or officers of the Company or its subsidiaries are eligible to participate and subject to the provisions, rules, regulations, and laws applicable thereto. The Executive shall immediately be granted 100,000 employee stock options, which options shall vest annually over a five (5) year period.

5. Death or Disability

This Agreement shall be terminated by the death of the Executive and also may be terminated by the Board of Directors of the Company if the Executive shall be rendered incapable by illness or any physical or mental disability (individually, a "disability") from substantially complying with the terms, conditions and provisions to be observed and performed on his part for a continuous period in excess of three (3) months or ninety (90) days in the aggregate during any twelve (12) months during the Term of Employment.

6. Disclosure of Information; Inventions and Discoveries

The Executive shall promptly disclose to the Company all processes, trademarks, inventions, improvements, discoveries and other information (collectively, "developments") directly related to the business of the Company conceived, developed or acquired by him alone or with others during the Term of Employment by the Company, whether or not during regular working hours or through the use of material or facilities of the Company. All such developments shall be the sole and exclusive property of the Company, and upon request the Executive shall deliver to the Company all drawings, sketches, models and other data and records relating to such development. In the event any such development shall be deemed by the Company to be patentable, the Executive shall, at the expense of the Company, assist the Company in obtaining a patent or patents thereon and execute all documents and do all other things necessary or proper to obtain letters patent and invest the Company with full title thereto.

7. Non-Competition

The Company and the Executive agree that the services rendered by the Executive hereunder are unique and irreplaceable. During his employment by the Company, the Executive shall not provide any type of services to any business that in the reasonable judgment of the Company is, or as a result of the Executive's engagement or participation would become, directly competitive with any aspect of the business of the Company.

8. Non-Disclosure

The Executive will not at any time after the date of this Employment Agreement divulge, furnish or make accessible to anyone (otherwise than in the regular course of business of the Company) any knowledge or information with respect to confidential matters of the Company, except to the extent such disclosure is (a) in the performance of his duties under this Agreement, (b) required by applicable law, (c) authorized in writing by the Company, or (d) when required to do so by legal process, that requires him to divulge, disclose or make accessible such information.

9. Remedies

The Company may pursue any appropriate legal, equitable or other remedy, including injunctive relief, in respect of any failure by the Executive to comply with the provisions of Sections 6, 7 or 8 hereof, it being acknowledged by the Executive that the remedy at law for any such failure would be inadequate.

10. Termination

This Agreement and the Executive's employment with the Company may be terminated by the Board of Directors of the Company (i) in the event of the Executive's fraud, embezzlement or any other illegal act committed intentionally by Executive in connection with Executive's duties as an executive of the Company which causes or may reasonably be expected to cause substantial economic injury to the Company or (ii) upon thirty (30) days' notice to the Executive if the Executive shall be in material breach of any material provision of this Employment Agreement other than as provided in clause (i) above and shall have failed to cure such breach during such thirty (30) day period (the events in (i) and (ii) shall constitute "Cause"). Any such notice to the Executive shall specify with particularity the reason for termination or proposed termination. In the event of termination under this Section 10 or under Section 5 (except as provided therein), the Company's unaccrued obligations under this Agreement shall cease and the Executive shall forfeit all right to receive any unaccrued compensation or benefits hereunder but shall have the right to reimbursement of expenses already incurred. If the Company terminates Executive without Cause, the Executive shall be entitled to compensation and benefits which he was receiving for a period of twelve months from such notice of termination. Notwithstanding any termination of the Agreement pursuant to this Section 10 or by reason of disability under Section 5, the Executive, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of Sections 6, 7 and 8 (unless this Agreement is terminated on account of the breach hereof by the Company) of this Agreement.

In the event of any termination, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement. The Company's obligations hereunder and the Executive's rights to payment shall not be subject to any right of set-off, counterclaim or other deduction by the Company not in the nature of customary withholding, other than in any judicial proceeding or arbitration.

11. Resignation

In the event that the Executive's services hereunder are terminated under Section 5 or 10 of this Agreement (except by death), the Executive agrees that he will deliver his written resignation to the Board of Directors, such resignation to become effective immediately.

12. Data

Upon expiration of the Term of Employment or termination pursuant to Section 5 or 10 hereof, the Executive or his personal representative shall promptly deliver to the Company all books, memoranda, plans, records and written data of every kind relating to the business and affairs of the Company which are then in his possession on account of his employment hereunder, but excluding all such materials in the Executive's possession which are personal and not property of the Company or which he holds on account of his past or current status as a director or shareholder of the Company.

13. Arbitration

Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction.

14. Waiver of Breach

Any waiver of any breach of this Employment Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part either of the Executive or of the Company.

15. Assignment

Neither party hereto may assign his or its rights or delegate his or its duties under this Employment Agreement without the prior written consent of the other party; provided, however, that this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Company, upon (a) a sale of all or substantially all of the Company's assets, or upon merger or consolidation of the Company with or into any other corporation, and (b) upon delivery on the effective day of such sale, merger or consolidation to the Executive of a binding instrument of assumption by such successors and assigns of the rights and liabilities of the Company under this Agreement, provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of the Executive under this Agreement may be assigned or transferred other than his rights to compensation and benefits, which may be transferred by will or operation of law or as otherwise specifically provided or permitted hereunder or under the terms of any applicable employee benefit plan.

16. Notices

Any notice required or desired to be given hereunder shall be in writing and shall be deemed sufficiently given when delivered or 3 days after mailing in United States

certified or registered mail, postage prepaid, to the party for whom intended at the following address:

The Company:

Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045

The Executive:

James J. Cotter, Jr.
Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045

or to such other address as either party may from time to time designate by like notice to the other.

17. General

The terms and provisions of this Agreement shall constitute the entire agreement by the Company and the Executive with respect to the subject matter hereof, and shall supersede any and all prior agreements or understandings between the Executive and the Company, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by the Executive and the Company, and any such amendment or modification or any termination of this Agreement shall become effective only after written approval thereof has been received by the Executive. This Agreement shall be governed by and construed in accordance with California law. In the event that any terms or provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms and provisions hereof. In the event of any judicial, arbitral or other proceeding between the parties hereto with respect to the subject matter hereof, the prevailing party shall be entitled, in addition to all other relief, to reasonable attorneys' fees and expenses and court costs.

18. Indemnification

The Company shall indemnify the Executive to the fullest extent permitted by law in effect as of the date hereof, or as hereafter amended, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) reasonably incurred by the Executive in connection with a Proceeding. For the purposes of this section, a "Proceeding" shall mean any action, suit or proceeding, whether civil, criminal, administrative or investigative, in which the Executive is made, or is threatened to be made, a party to, or a witness in, such action, suit or proceeding by reason of the fact that he is or was an

officer, director or employee of the Company or is or was serving as an officer, director, member, employee, trustee or agent of any other entity at the request of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

READING INTERNATIONAL, INC.

By: _____
James J. Cotter, Sr.

AGREED TO AND ACCEPTED:

By: _____
James J. Cotter, Jr.

EXHIBIT 2

AMERICAN ARBITRATION ASSOCIATION®

EMPLOYMENT ARBITRATION RULES
DEMAND FOR ARBITRATION

Please visit our website at www.adr.org if you would like to file this case online. AAA Customer Service can be reached at 800-778-7879.

Mediation: If you would like the AAA to contact the other parties and attempt to arrange mediation, please check this box ☐.
There is no additional administrative fee for this service.

Parties (Claimant)

Name of Claimant: Reading International, Inc.			Representative's Name (if known): Gary M. McLaughlin		
Address: 6100 Center Drive, Suite 900			Firm (if applicable): Akin Gump Strauss Hauer & Feld LLP		
			Representative's Address: 2029 Century Park East, Suite 2400		
City: Los Angeles	State: CA	Zip Code: 90045	City: Los Angeles	State: CA	Zip Code: 90067
Phone No.:	Fax No.:		Phone No.: (310) 728-3358	Fax No.: (310) 229-1001	
Email Address:			Email Address: gmclaughlin@akingump.com		

Parties (Respondent)

Name of Respondent: James J. Cotter, Jr.			Representative's Name (if known): Kate Visosky		
Address: 311 Homewood Road			Firm (if applicable): Sheppard Mullin Richter & Hampton LLP		
			Representative's Address: 1901 Avenue of the Stars, Suite 1600		
City: Los Angeles	State: CA	Zip Code: 90049	City: Los Angeles	State: CA	Zip Code: 90067
Phone No.: (646) 331-2650	Fax No.:		Phone No.: (310) 228-3700	Fax No.: (310) 228-3701	
Email Address: jcotterprivate@gmail.com			Email Address: kvisosky@sheppardmullin.com		

Claim: What was/is the employee's annual wage range? ☐ Less than $100,000 ☐ $100,000-$250,000 ☑ Over $250,000
Note: This question is required by California law.

Amount of Claim: Non-monetary claims; monetary claims TBD - see attached.

Claim involves: ☐ Statutorily Protected Rights ☑ Non-Statutorily Protected Rights

In detail, please describe the nature of each claim. You may attach additional pages if necessary:

See attached.

Other Relief Sought: ☑ Attorneys Fees ☐ Interest ☑ Arbitration Costs ☐ Punitive/ Exemplary ☑ Other See attached.

Neutral: Please describe the qualifications for arbitrator(s) to hear this dispute:

Experience with employment, executive agreements, and corporate governance matters.

Hearing: Estimated time needed for hearings overall: hours or 2-3 days

Hearing Locale: Los Angeles ☐ Requested by Claimant ☑ Locale provision included in the contract

Filing Fee: ☐ Employer-Promulgated Plan fee requirement or $200 *(max amount per AAA rules)*
☑ Standard Fee Schedule for Individually-Negotiated Contracts ☐ Flexible Fee Schedule for Individually-Negotiated Contracts

Amount Tendered: $3,250 (non-monetary claims; current monetary claims less than $150,000)

Notice: To begin proceedings, please send a copy of this Demand and the Arbitration Agreement, along with the filing fee as provided for in the Rules, to: American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043. Send the original Demand to the Respondent.

Signature (may be signed by a representative):

Date: July 14, 2015

Pursuant to Section 1284.3 of the California Code of Civil Procedure, consumers with a gross monthly income of less than 300% of the federal poverty guidelines are entitled to a waiver of arbitration fees and costs, exclusive of arbitrator fees. This law applies to all consumer agreements subject to the California Arbitration Act, and to all consumer arbitrations conducted in California. Only those disputes arising out of employer promulgated plans are included in the consumer definition. If you believe that you meet these requirements, you must submit to the AAA a declaration under oath regarding your monthly income and the number of persons in your household. Please contact the AAA's Western Case Management Center at 1-877-528-0879. If you have any questions regarding the waiver of administrative fees, AAA Case Filing Services can be reached at 877-495-4185.

Attachment to Arbitration Demand

James J. Cotter, Jr. is the former CEO and President of Reading International, Inc. ("Reading" or the "Company"). His employment and employment agreement with the Company were properly terminated by the Board of Directors of the Company on June 12, 2015, at which time he was removed as an officer of the Company and each of its subsidiaries and as a manager and/or director of each subsidiary. His employment agreement required him to submit his resignation from all capacities with the Company in the event his employment is terminated, and Reading contends that this includes requiring him to resign his position as Chief Executive Officer and President of the Company, any position for any affiliate or subsidiary of the Company, and his position on the Company's Board of Directors. Reading also contends that it is not required to pay any continuing compensation or benefits under his employment agreement due to Mr. Cotter's material breach by refusing to resign. Mr. Cotter is challenging the validity of his termination of employment and his removal as Chief Executive Officer and President of the Company, and has refused to resign from any position. Mr. Cotter has also sued the individual members of the Board of Directors, and the Company as a nominal defendant, in Nevada alleging breach of fiduciary duty as a result of his termination.

Reading seeks declaratory relief determining that Mr. Cotter's employment and employment agreement with the Company have been validly terminated, that the Board validly removed him from his positions as Chief Executive Officer and President of the Company and positions with the Company's subsidiaries and that Mr. Cotter is required to submit his resignation from all positions with the Company and its affiliates and subsidiaries, including as a member of the Board of Directors, and that Mr. Cotter is not owed any further compensation or benefits under the employment agreement due to such breach. Reading will also seek an order requiring Mr. Cotter to resign, and/or any damages resulting from his failure to resign, as well as its costs and fees.

In the event of any termination, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the

Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement. The Company's obligations hereunder and the Executive's rights to payment shall not be subject to any right of set-off, counterclaim or other deduction by the Company not in the nature of customary withholding, other than in any judicial proceeding or arbitration.

11. Resignation

In the event that the Executive's services hereunder are terminated under Section 5 or 10 of this Agreement (except by death), the Executive agrees that he will deliver his written resignation to the Board of Directors, such resignation to become effective immediately.

12. Data

Upon expiration of the Term of Employment or termination pursuant to Section 5 or 10 hereof, the Executive or his personal representative shall promptly deliver to the Company all books, memoranda, plans, records and written data of every kind relating to the business and affairs of the Company which are then in his possession on account of his employment hereunder, but excluding all such materials in the Executive's possession which are personal and not property of the Company or which he holds on account of his past or current status as a director or shareholder of the Company.

13. Arbitration

Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction.

14. Waiver of Breach

Any waiver of any breach of this Employment Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part either of the Executive or of the Company.

15. Assignment

Neither party hereto may assign his or its rights or delegate his or its duties under this Employment Agreement without the prior written consent of the other party; provided, however, that this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Company, upon (a) a sale of all or substantially all of the Company's assets, or upon merger or consolidation of the Company with or into any other corporation, and (b) upon delivery on the effective day of such sale, merger or consolidation to the Executive of a binding instrument of assumption by such successors and assigns of the rights and liabilities of the Company under this Agreement, provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of the Executive under this Agreement may be assigned or transferred other than his rights to compensation and benefits, which may be transferred by will or operation of law or as otherwise specifically provided or permitted hereunder or under the terms of any

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

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

v.

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

Defendants.

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

BUSINESS COURT

MOTION TO DISMISS COMPLAINT

Hearing Date:
Hearing Time:

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

MOTION TO DISMISS COMPLAINT

COMES NOW, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern, by and through their counsel of record, Cohen-Johnson, LLC and Quinn Emanuel Urquhart & Sullivan, LLP, and hereby submit this Motion to Dismiss the Complaint.

This Motion is based upon the following Memorandum of Points and Authorities, the pleadings and papers on file, and any oral argument at the time of a hearing on this motion.

DATED this 3rd day of September, 2015.

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
QUINN EMANUEL
URQUHART & SULLIVAN,
LLP

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

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

NOTICE OF MOTION

TO: ALEXANDER ROBERTSON IV, ROBERTSON & ASSOCIATES, LLP , and ADAM C. ANDERSON, PATTI, SGRO, LEWIS & ROGER , Attorneys for Plaintiffs.

PLEASE TAKE NOTICE that the above Motion will be heard the 13 day of Oct, 2015 at 9:00am in Department XXVII of the above designated Court or as soon thereafter as counsel can be heard.

Dated this 3rd day of September, 2015.

Respectfully Submitted,

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
H. Stan Johnson, Esq.

Christopher Tayback
Marshall M. Searcy
QUINN EMANUEL
URQUHART & SULLIVAN,
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Attorneys for Defendants
Margaret Cotter, Ellen Cotter,
Douglas McEachern, Guy Adams,
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiffs are a small group of professional investors with unclear and questionable motives looking to exploit a dispute between siblings in the wake of their father's death.[1] In a complaint that often repeats verbatim the allegations of the former CEO's grievance over his termination by Reading International, Inc. ("Reading"), Plaintiffs allege that Reading's Board of Directors somehow breached its duties to the company by deciding—after a series of meetings—to fire the CEO. Nonetheless, Plaintiffs do not describe a single task or project that the former CEO ever accomplished. They fail to identify any special skills or abilities of the former CEO. In fact, Plaintiffs do not identify any injury that they suffered from the CEO's termination—not surprising, considering that Reading's stock price was higher a month after the CEO's termination than on the day he was fired.

In addition to parroting the employment claims of Reading's former CEO, Plaintiffs also allege that four directors have formed an executive committee that has "frozen out" other members of the board. But closer examination reveals that this claim is little more than window dressing. Executive committees are permitted by both Reading's by-laws and Nevada law. Further, Plaintiffs do not identify a single action taken by the committee that has been opposed by any other board member. Plaintiffs certainly do not identify any action taken by the committee that has breached any duty to shareholders or caused any injury to them.

Plaintiffs' complaint criticizes expenditures approved by the Board: they allege that, going as far back as 2007, the Board approved payments made on behalf of the founder of the company (who died last year). They allege that the Board increased director compensation from $35,000/year to $50,000/year. But, to the extent their claims aren't already barred by the statute of limitations, Plaintiffs fail to allege that they were shareholders during the time these expenditures were made. This failure is fatal to Plaintiffs' claims. In any event, Plaintiffs fail to

---

[1] In fact, this action has been coordinated with the Nevada probate action (Case No. P-14-082942-E) relating to James Cotter, Sr.'s estate.

show how these expenditures were made as a function of anything other than ordinary business judgment.

Moreover, for all of the above claims, Plaintiffs failed to make any demand on Reading's Board of Directors and fail to allege why a demand (if they could articulate one) would have been futile. For their claims about the termination of Reading's CEO, Plaintiffs allege a "quasi-familial" relationship between certain of the directors, including the former CEO. But there is nothing sinister about close friendships between directors, and cases hold that such friendships are not an impediment to the exercise of proper business judgment. In any event, none of Plaintiffs' allegations provide any reason to believe that a demand on the Board concerning Plaintiffs' other claims would have been futile.

Based on these numerous fatal flaws in the Complaint, defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, and Douglas McEachern (the "Moving Defendants") respectfully request that Plaintiffs' Complaint be dismissed in its entirety. Plaintiffs have failed to state a claim as to each of the five purported causes of action.

II. ALLEGATIONS IN PLAINTIFFS' COMPLAINT[2]

Plaintiffs allege they are current holders of non-voting shares of Reading International, a corporation principally engaged in the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. Compl., ¶¶ 2-10. Plaintiffs allege that Reading has two classes of stock: Class A non-voting stock and Class B voting stock. Id., ¶ 11. Plaintiffs are a group of professional investors motivated by short-term profit seeking to capitalize on the dispute between James Cotter, Jr. and Reading in order to increase the value of their non-voting stock at the expense of the voting stock, including by collapsing the Class A and Class B shares into one class. Id. at 16. Plaintiffs allege that approximately 70% of the Class B voting stock is the subject of a trust and estate dispute

[2] Nearly all of the allegations and insinuations in the Complaint are false. However, solely for the purpose of this Motion and as required by Nevada law, Plaintiffs' baseless allegations are accepted as pleaded and summarized herein. See Pemberton v. Farmers Ins. Exch., 858 P.2d 380, 381 (Nev. 1993).

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between James, Ellen, and Margaret Cotter relating to their late father's estate. Id. ¶¶ 11, 13, 16. Their father, James J. Cotter, Sr., controlled approximately 70% of Reading's Class B stock until his death in 2014. Id., ¶¶ 13, 15-16. Plaintiffs allege that James J. Cotter, Jr. was made President of Reading in June 2013, id. ¶ 14, and made CEO of Reading in August 2014. See id., ¶ 13.

Plaintiffs also make the following allegations in support of their causes of action against Reading and its directors (except for James Cotter, Jr.):

Termination of James Cotter, Jr. As President and CEO

According to Plaintiffs' Complaint, James Cotter, Jr. alleges in his own complaint (referred to herein as the "JJC Complaint") that he was terminated by a vote of Reading's Board of Directors on June 12, 2015, because he refused to settle his litigation with Margaret and Ellen Cotter regarding their father's estate. Id., ¶¶ 16-17. Plaintiffs also allege that James Cotter, Jr. believes his termination constituted a breach of fiduciary duty by the five Reading directors who voted in favor of termination: defendants Margaret Cotter, Ellen Cotter, Edward Kane, Douglas McEachern, and Guy Adams (each of the Moving Defendants). Id., ¶¶ 17-18.

Formation of an Executive Committee

Plaintiffs allege that in the litigation resulting from his termination, James Cotter, Jr. filed a motion claiming that defendants Margaret Cotter, Ellen Cotter, Kane, and Adams have formed an "Executive Committee" of Reading's Board that has "frozen out" the remaining directors from participating in Board decisions. Id., ¶ 19. Both Reading's bylaws and Nevada law explicitly authorize the formation of board of directors committees to manage affairs of a company. See Nev. Rev. Stat. § 78.125(1) ("[T]he board of directors may designate one or more committees which, to the extent provided in the resolution or resolutions or in the bylaws of the corporation, have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation."); Ex. A attached hereto at p. 6 (Reading's Amended and Restated Bylaws). Plaintiffs do not identify any decisions made by the Executive Committee that the full board did not participate in.

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Purported Delay of Annual Meeting of Reading's Shareholders

Plaintiffs allege that an annual meeting of Reading shareholders would normally have been held in or around May 2015. Compl., ¶ 20. Plaintiffs allege that due to either the Cotter family trust and estate litigation or a decision by Reading leadership, Reading has not yet filed a proxy statement with the SEC or held its annual meeting. Id. Nevada law provides certain specific remedies for holders of voting shares of a company if an annual meeting to elect directors is not held at least every 18 months. See Nev. Rev. Stat. § 78.345(1) ("If any corporation fails to elect directors within 18 months after the last election of directors required by NRS 78.330, the district court has jurisdiction in equity, upon application of any one or more stockholders holding stock entitling them to exercise at least 15 percent of the voting power, to order the election of directors in the manner required by NRS 78.330."). Plaintiffs do not allege they own any voting shares of Reading. Notably, Plaintiffs' allegations about the supposed shareholder meeting delay do not form the basis for any of the causes of action in the Complaint. Instead, these allegations are apparently included primarily as the basis for Plaintiffs' Motion for a Preliminary Injunction.

Reading's last annual shareholders meeting was held in May 2014, less than 18 months ago. Compl. ¶ 20. Reading has set its next annual meeting for November 10, 2015, less than 18 months from the last meeting. See Ex. B attached hereto (September 1, 2015, Reading Form 8-K).[3] Neither Reading nor its Board even announced any intention to delay the company's annual meeting or allow more than 18 months to pass between meetings.

Alleged Corporate "Waste"

Plaintiffs allege that all of the director defendants (the Moving Defendants, Storey, and Gould) wasted Reading corporate assets in a number of ways, including: (1) approving, in 2007, a retirement plan for James J. Cotter, Sr.; (2) increasing director compensation after James J.

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[3] On a motion to dismiss, the court may consider documents whose contents are referenced in the complaint. See In re Silicon Graphics Inc. Sec. Litig., 183 F.3d 970, 986 (9th Cir. 1999), superseded by statute on other grounds. Reading's SEC filings are referenced by Plaintiffs throughout their Complaint.

Cotter, Sr.'s death; (3) approving the reimbursement of Ellen Cotter for taxes incurred in connection with an exercise of Reading stock options; (4) approving payments in connection with James J. Cotter, Sr.'s memorial; and (5) paying bonuses at various times to James J. Cotter, Sr. Compl., ¶¶ 59-63.

III. LEGAL STANDARD

Nevada Rule of Civil Procedure 12(b)(5) provides for the dismissal of a claim when a party has failed to state a claim upon which relief can be granted. On a motion to dismiss, the trial court is to "determine whether or not the challenged pleading sets forth allegations sufficient to make out the elements of a right to relief." Pemberton v. Farmers Ins. Exch., 858 P.2d 380, 381 (citation omitted). A complaint should be dismissed if it appears beyond a doubt that a plaintiff can prove no set of facts that would entitle a plaintiff to relief. See Buzz Stew, LLC, v. City of N. Las Vegas, 181 P.3d 670, 672 (Nev. 2008).

To survive a motion to dismiss, a claim must be pleaded showing a party's entitlement to relief. This "requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do[.]" Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007).[4] Bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss. See G.K. Las Vegas Ltd. P'ship v. Simon Prop. Grp., Inc., 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006); see also Sprewell v. Golden State Warriors, 266 F.3d 979, 988 (9th Cir. 2001) opinion amended on de*nial of reh'g*, 275 F.3d 1187 (9th Cir. 2001).

[4] Nevada courts often look to interpretations of analogous federal rules as persuasive authority. Executive Mgmt., Ltd. v. Ticor Title Ins. Co., 38 P.3d 872, 876 (Nev. 2002) ("Federal cases interpreting the Federal Rules of Civil Procedure are strong persuasive authority, because the Nevada Rules of Civil Procedure are based in large part upon their federal counterparts.") (quotation marks and citation omitted).

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IV. ARGUMENT

A. Because Plaintiffs Have Failed to Allege Any Breach Of Fiduciary Duty, They Have Failed To State Any Claim Upon Which Relief Can Be Granted

Each of Plaintiffs' purported causes of action in the Complaint is based on an alleged breach by certain of Reading's directors of a fiduciary duty owed to the corporation. Plaintiffs allege that this duty was breached by (1) terminating James Cotter, Jr. as Reading's President and CEO; (2) forming an Executive Committee; (3) abusing control of Reading; (4) mismanaging Reading; (5) and wasting corporate assets, including by approving a retirement plan for James Cotter, Sr., approving bonuses to James Cotter, Sr., approving payments relating to James Cotter, Sr.'s memorial, and increasing director compensation. A claim for breach of fiduciary duty requires a plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused the damages." Brown v. Kinross Gold U.S.A., Inc., 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). Here, Plaintiffs have failed to allege how any of the complained-of conduct constitutes a breach of any fiduciary duty or how they have been damaged by any such breach, even if all Plaintiffs' allegations are accepted as true.

1. Plaintiffs' Claims For Anything Other Than Breach Of Fiduciary Duty Are Barred By Nevada Law

As a preliminary matter, Plaintiffs' purported "abuse of control" (Third Cause of Action), "gross mismanagement" (Fourth Cause of Action), and "corporate waste" (Fifth Cause of Action) claims are not separate and distinct from their claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty. Because these claims are not separate causes of action, and are instead simply reiterations of Plaintiffs' claims for breach of fiduciary duty, the Court should dismiss Plaintiffs' Third, Fourth, and Fifth Causes of Action. See, e.g., In re W. World Funding, Inc., 52 B.R. 743, 766-67 (D. Nev. 1985) (corporate waste and gross mismanagement are considered breaches of an officer's fiduciary duty) aff'd in part, rev'd in part sub nom. Buchanan v. Henderson, 131 B.R. 859 (D. Nev. 1990) rev'd, 985 F.2d 1021 (9th Cir. 1993); Rabkin v. Philip A. Hunt Chem. Corp., 547 A.2d 963, 969 (Del. Ch. 1986) (corporate waste is an example of a breach of fiduciary duty). Nevada courts have never recognized claims against corporate officers or directors for "abuse of control," "gross mismanagement," or

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"corporate waste" as being distinct from a claim of breach of fiduciary duty. Indeed, Nevada law exonerates directors from liability to their corporation for any claim other than one for intentional breach of fiduciary duty:

> [A] director or officer is not individually liable to the corporation or its stockholders for any damages as a result of any act or failure to act . . . unless it is proven that:
>
> (a) The director's or officer's act or failure to act constituted a breach of his fiduciary duties as a director or officer; **and**
>
> (b) The breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

See Nev. Rev. Stat. § 78.138(7) (emphasis added). Thus, to the extent Plaintiffs claim that these purported causes of action are for something other than breach of fiduciary duty, they should be dismissed as prohibited by Nevada law; Plaintiffs have not alleged any facts that, even if true, would demonstrate intentional misconduct by any director.

2. Plaintiffs' Various Allegations Fail To Allege An Actual Breach Of A Fiduciary Duty By Any Director of Reading Or Any Damages Resulting From Such A Breach

In addition, despite their various allegations, Plaintiffs have failed to properly allege any breach of fiduciary duty (First and Second Causes of Action). Plaintiffs may disagree with the actions of the Reading's Board, but they have not alleged that any of the complained-of conduct constituted an act of intentional misconduct by any defendant. Directors of Nevada corporations are entitled to a statutory presumption (i.e., the business judgment rule) that they "acted in good faith, on an informed basis and with a view to the interests of the corporation." Nev. Rev. Stat. § 78.138(3).

(a) The Termination of James Cotter, Jr. Did Not Constitute A Breach Of Any Fiduciary Duty and Did Not Proximately Cause Any Damages

Plaintiffs fail to identify how terminating a corporate officer is a breach of fiduciary duty to Reading. At most, Plaintiffs allege that the Moving Defendants took into consideration the ongoing animosity between the Cotters as one factor in deciding to vote in favor of James Cotter, Jr.'s termination. The fact that a company's CEO cannot work well with its directors is a valid

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basis for terminating the executive and is a decision protected by the business judgment rule. See In re Walt Disney Co. Derivative Litig., 906 A.2d 27, 69-73 (Del. 2006) (holding termination consistent with corporate governance documents not breach of fiduciary duty, and termination of President because CEO could not "work well" with President was within the protection of the business judgment rule). Nor do Plaintiffs dispute James Cotter, Jr.'s allegation, made in his own complaint, that he was terminated by a majority of Reading's independent directors in accordance with the Board of Directors resolution specifically relating to the termination of a member of the Cotter family. See JJC Compliant, ¶¶ 43, 105. Plaintiffs do not allege any intentional misconduct by any director in connection with James Cotter, Jr.'s termination and have therefore failed to sufficiently allege a breach of fiduciary duty in connection with that Board decision. See Nev. Rev. Stat. § 78.138(7).

Nor do Plaintiffs describe how James Cotter, Jr.'s termination caused injury or damage to Reading's shareholders. To sustain their damage claims, Plaintiffs must plead facts, and not just conclusions, from which a reasonable inference can be drawn that Moving Defendants caused such damages by engaging in "intentional misconduct, fraud or a knowing violation of law." See Nev. Rev. Stat. § 78.138(7). They have not done so. Instead, Plaintiffs allege that Reading's share price has gone down since James Cotter, Jr.'s termination. See, e.g., Compl. ¶ 39. It is not reasonable to infer that the difference between Reading's share price on June 12, 2015, and today resulted from the CEO's termination. Stock prices fluctuate all the time, and any decrease in price could be due to myriad factors, including notably James Cotter, Jr.'s lawsuit against Reading (filed on the same day as his termination), the subsequent complaint filed by the Plaintiffs, or wider economic circumstances such as the crash of the Chinese stock market, which began on the same day as Plaintiff's termination.[5] In reality, the performance of Reading shares between June 12 and September 2, 2015, was better than the NASDAQ, Dow, or S&P 500

[5] See, e.g., Keith Bradsher & Chris Buckley, *China's Market Rout Is a Double Threat*, New York Times, July 5, 2015, retrieved from http://www.nytimes.com/2015/07/06/business/international/chinas-market-rout-is-a-double-threat.html?_r=0 ("About $2.7 trillion in value has evaporated since the Chinese stock market peaked on June 12.").

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indices. Since James Cotter, Jr.'s termination, Reading shares have at times traded at a higher price than on the day he was terminated. There is no basis for Plaintiffs' unsupported conclusion that any decrease in Reading's share price over the last two-and-a-half months was proximately caused by the company's termination of James Cotter, Jr.. See G.K. Las Vegas Ltd. P'ship v. Simon Prop. Grp., Inc., 460 F. Supp. 2d 1246, 1261 (D. Nev. 2006) (bald contentions, unsupported characterizations, and legal conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to dismiss).

In addition, Plaintiffs themselves allege that Reading's share price increased during the time James Cotter, Jr. was CEO. See Compl., ¶ 22. That is the same time frame as some of the purported corporate waste alleged by Plaintiffs. To the extent Plaintiffs wish to use share price as a proxy for damage to shareholders, then by their own measure many of their claims would lack foundation.

Plaintiffs recite, without factual support, that "[a]s a direct and proximate result" of Moving Defendants' conduct, some unspecified injury was suffered. Compl., ¶¶ 42, 48, 52, 56, 64. However, Plaintiffs fail to offer any allegations regarding the nature of the supposed injury or damages therefrom and how or why they are related to James Cotter, Jr.'s termination. Mere conclusory allegations with no factual support are insufficient; the Complaint should be dismissed. See Twombly, 550 U.S. at 555. Because Plaintiffs have failed to adequately plead proximate causation, dismissal is proper here. See Brown, 531 F. Supp. 2d at 1245; Bd. of Managers of Foundry at Wash. Park Condo. v. Foundry Dev. Co., No. 4484/2010, 2013 WL 4615000, at *2-3 (N.Y. Sup. Ct. Aug. 23 2013) (granting motion to dismiss breach of fiduciary duty claim where allegations failed to make a connection of harm to nominal defendant in derivative action); Stafford v. Reiner, 804 N.Y.S.2d 114, 114-15 (N.Y. App. Div. 2005) ("[E]ven accepting as true the facts alleged in the complaint and affording [plaintiff] the benefit of every possible favorable inference, [plaintiff's] claim that the defendants' breach of fiduciary duty and/or negligence was a proximate cause of the [alleged damages] remains entirely speculative and finds no support in the record.") (citations omitted).

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(b) The Existence Of An Executive Committee And The Alleged Improper Expenditures Did Not Constitute A Breach Of Fiduciary Duty Or Proximately Cause Any Damages

Plaintiffs' allegations regarding the remaining purported breaches of fiduciary duty are even less sufficient. Plaintiffs do not allege any facts to suggest that Reading's Board engaged in any intentional misconduct with respect to director compensation, the Executive Committee, or the dispensation of corporate funds.

With respect to the Executive Committee, the Complaint does not allege even one action taken by that committee, let alone one that damaged Reading's shareholders or that was opposed by other members of the Board of Directors. The Executive Committee of Reading's Board was established prior to James Cotter, Jr.'s termination and is explicitly authorized by Nevada law and Reading's Bylaws. See Nev. Rev. Stat. § 78.125(1); Ex. A attached hereto at p. 6 (Reading's Amended and Restated Bylaws). Indeed, Reading's May 12, 2015 Form 10-K/A filing with the SEC, which was signed by James Cotter, Jr. as CEO, indicates that James Cotter, Jr. was the chairman of the Executive Committee before his termination. See Ex. C attached hereto at p. 5.

In addition, Plaintiffs' allegations regarding purported corporate waste fail to reach the exceedingly high standard for claims based on such allegations, i.e., "an exchange that is so one sided that no business person of ordinary, sound judgment could conclude that the corporation has received adequate consideration." Brehm v. Eisner, 746 A.2d 244, 263 (Del. 2000); see also In re Disney, 906 A.2d at 74 ("A claim of waste will arise only in the rare, unconscionable case where directors irrationally squander or give away corporate assets. This onerous standard for waste is a corollary of the proposition that where business judgment presumptions are applicable, the board's decision will be upheld unless it cannot be attributed to any rational business purpose.") (internal citations and quotation marks omitted). There is no allegation here of unconscionable conduct by any director. Plaintiffs simply allege that Reading's directors allocated funds in a manner that Plaintiffs do not like. Plaintiffs may genuinely believe that Reading's Board made flawed decisions regarding corporate funds, but that is not intentional misconduct. See Shoen v. SAC Holding Corp., 137 P.3d 1171, 1181 (Nev. 2006) ("[E]ven a bad

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decision is generally protected by the business judgment rule's presumption that the directors acted in good faith, with knowledge of the pertinent information, and with an honest belief that the action would serve the corporation's interests."); see also In re McKesson HBOC, Inc. Sec. Litig., 126 F. Supp. 2d 1248, 1278 (N.D. Cal. 2000) ("[C]onclusory assertions that directors breached their fiduciary duty of care are inadequate; rather, the complaint must contain well-pleaded allegations to overcome the presumption that the directors' decisions were informed and reached in good faith.").

In addition, any claim relating to James Cotter, Sr.'s retirement plan is barred by the applicable statute of limitations. Claims for breach of fiduciary duty are governed by a three-year statute of limitations. See Golden Nugget, Inc. v. A.W. Ham, Jr., 646 P.2d 1211, 1223 (Nev. 1982). Plaintiffs' claims in this action are based, at least in part, on a Supplemental Executive Retirement Plan ("SERP") that was approved by Reading's Board of Directors in 2007. See Exhibit A attached hereto at p. 7 ("In 2007, our board approved a supplemental executive retirement plan ('SERP') pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our company and its predecessors."). Accordingly, the limitations period for any claim based on this conduct has run, and all such claims must be dismissed.

Finally, Plaintiffs have failed to sufficiently allege any damages resulting from the existence of an Executive Committee or any actions of Reading's Board. A properly-pled claim for damages must show that such damages were proximately caused by "intentional misconduct, fraud or a knowing violation of law" by the defendants. See Nev. Rev. Stat. § 78.138(7). Here, Plaintiffs do not identify a single action of the Executive Committee, let alone what damages the committee allegedly caused. Nor have Plaintiffs identified any damage from any corporate expenditure that resulted from intentional wrongdoing by Moving Defendants, which is required for any claim of damages. Plaintiffs' conclusory allegations are simply not sufficient, and the failure to identify any damage to shareholders is fatal to the Complaint.

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B. Because They Offer No More Than Conclusory Allegations, Plaintiffs Have Not Adequately Pleaded Demand Futility

Ordinarily, the plaintiff in a shareholder derivative suit must "set forth with particularity [in the complaint] the efforts of the plaintiff to secure from the board of directors or trustees and, if necessary, from the shareholders such action as the plaintiff desires, and the reasons for the plaintiff's failure to obtain such action[.]" Nev. Rev. Stat. § 41.520(2). This requirement of pre-suit demand on the defendant corporation's board of directors is not merely a pleading hurdle or a technicality, but an important "rule of substantive right designed to give a corporation the opportunity to rectify an alleged wrong without litigation, and to control any litigation which does arise." See Aronson v. Lewis, 473 A.2d 805, 809 (Del. 1984), overruled in part on other grounds by Brehm v. Eisner, 746 A.2d 244 (Del. 2000); Shoen, 137 P.3d at 1184 (adopting the Aronson analysis in Nevada shareholder derivative litigation) ("The Delaware court's approach is a well-reasoned method for analyzing demand futility and is highly applicable in the context of Nevada's corporations law. Hence, we adopt the test described in Aronson, as modified by Rales[.]"). Plaintiffs have made no such demand.

Accordingly, where, as here, a plaintiff seeking to pursue a derivative action has not made a pre-suit demand on the defendant corporation's board of directors, the law requires the plaintiff to allege with particularity that demand on the board of directors would have been futile. See Nev. Rev. Stat. § 41.520(2); Nev. R. Civ. P. 23.1. This heightened pleading standard is similar to that required for claims of fraud. See Shoen, 137 P.3d at 1179-80 & n.21 ("[A] shareholder must 'set forth . . . particularized factual statements that are essential to the claim' that a demand has been made and refused, or that making a demand would be futile or otherwise inappropriate." (quoting Brehm, 746 A.2d at 254 (noting that the "with particularity" pleading required in shareholder derivative suits is similar to the heightened pleading required for claims involving fraud)); see also La. Mun. Police Emps. Ret. Sys. v. Wynn, No. 2:12-CV-509 JCM GWF, 2014 WL 994616, at *9 (D. Nev. Mar. 13, 2014) ("The plaintiffs have failed their burden to show demand would have been futile. The plaintiffs did not allege with sufficient particularity that the board of directors was disinterested or lacked independence, or that there was reasonable

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doubt that there was a valid exercise of business judgment. Therefore, this court will grant the defendants' motion to dismiss.") (internal citations omitted); Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera, No. 9503-CB, 2015 WL 4237352, at *8, 17 (Del. Ch. July 13, 2015) (granting motion to dismiss derivative complaint for failure to adequately plead demand futility with particularity). "[M]ere conclusory assertions will not suffice . . . ." Shoen, 137 P.3d at 1180.

Reading has eight directors. Accordingly, demand is not futile if at least five directors can act in a disinterested manner with respect to any of the various claims made by Plaintiffs. Plaintiffs have asserted no claims against James Cotter, Jr. (even though he was Chairman of the Executive Committee and a member of the Board during the time period of the allegedly wasteful transactions) and concede that he is disinterested with respect to the transactions at issue. Likewise, Plaintiffs do not challenge the disinterestedness of directors Gould, Storey, or McEachern. Accordingly, in order to prevail on their claim of demand futility, Plaintiffs must establish that not one of the remaining four directors can act in a disinterested manner with respect to the numerous claims at issue.

Nevada courts recognize two specific scenarios when demand by a shareholder derivative plaintiff may be excused (assuming the factual allegations are pled with particularity). Adopting the reasoning of the Delaware Supreme Court in Aronson v. Lewis, Nevada courts hold that demand is only excused if "under the particularized facts alleged, a reasonable doubt is created that: (1) the directors are disinterested and independent" or "(2) the challenged transaction was otherwise the product of a valid business judgment." See Aronson, 473 A.2d at 814; Shoen, 137 P.3d at 1180-82, 1184 (following Aronson). Here, Plaintiffs have failed to satisfy either Aronson prong. As a result, Plaintiffs do not have standing, and the Complaint should be dismissed for failure to state a claim. See Shoen, 137 P.3d at 1180.

1. Plaintiffs Have Failed to Rebut the Presumption that Reading's Directors Are Capable of Acting in a Disinterested and Independent Fashion

The first Aronson prong asks whether the board of directors can make a disinterested and independent decision when presented with the demand. The first prong only excuses demand

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where a plaintiff can "show that the protection afforded by the business judgment rule is inapplicable to the board majority approving the transaction because those directors are interested, or are controlled by another who is interested, in the subject transaction[.]" Shoen, 137 P.3d at 1182 (quotation marks and citations omitted).

A director will be deemed to be interested if the facts alleged "demonstrat[e] a potential personal benefit or detriment to the director as a result of the decision." See Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart, 845 A.2d 1040, 1049 (Del. 2004). The potential personal benefit or detriment must relate specifically to the challenged transaction. See Rales v. Blasband, 634 A.2d 927, 933 (Del. 1993). "[T]he key principle upon which this area of . . . jurisprudence is based is that the directors are entitled to a presumption that they were faithful to their fiduciary duties[,]" and the burden is upon a derivative plaintiff to overcome that presumption. Khanna v. McMinn, No. Civ.A. 20545–NC, 2006 WL 1388744, at *11 (Del. Ch. May 9, 2006) (emphasis in original). Nevada courts have explicitly rejected the proposition that "the demand requirement is excused as to the board of directors merely because the shareholder derivative complaint allege[d] that a majority of the directors participated in wrongful acts, without regard to their impartiality or to the protections of the business judgment rule[.]" Shoen, 137 P.3d at 1180-81.

Plaintiffs have failed to plead specific, particularized facts—as required by Nevada law—showing that a majority of Reading's directors are impacted by any debilitating interest or lack of independence sufficient to rebut the presumption that the business judgment rule applies. See Shoen, 137 P.3d at 1181 ("S[ince] [ap]proval of a transaction by the majority of a disinterested and independent board usually bolsters the presumption that the transaction was carried out with the requisite due care, in such cases, a heavy burden falls on a plaintiff to avoid presuit demand.") (internal brackets and quotation marks omitted).

The Complaint refers to a wide range of purportedly improper conduct spanning the course of many years, predating the tenure of certain current directors. This allegedly improper conduct by current and former directors includes:

- The termination of James Cotter, Jr. as President and CEO in 2015;

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- Approval of increased compensation to directors beginning in 2014;
- The continued existence of an Executive Committee of Reading's Board, of which James Cotter, Jr. served as chairman prior to his termination;
- The approval in 2007 of a retirement plan for James Cotter, Sr.;
- The 2014 reimbursement to Ellen Cotter of $50,000 in taxes she paid as the result of an exercise of stock options;
- The payment of expenses associated with James Cotter, Sr.'s memorial;
- The payment of performance bonuses to James Cotter, Sr. during the course of his tenure as CEO of Reading.

And yet, Plaintiffs' demand futility allegations relate almost entirely to the termination of James Cotter, Jr.—and are inadequate even as to that specific claim—and do not even attempt to explain why demand would be futile with respect to all Plaintiffs' claims. Plaintiffs' demand futility allegations against Kane, Adams, and Ellen and Margaret Cotter fail for the following reasons:

(a) Allegations Against Kane and Adams

Plaintiffs do not claim any actual knowledge of any basis why Kane and Adams, both independent directors, cannot act in a disinterested manner. Instead, Plaintiffs rely entirely on the allegations—some of which are made solely on information and belief—contained in James Cotter, Jr.'s complaint about these directors' purported lack of disinterestedness. Every substantive allegation about Kane and Adams is framed in terms of what James Cotter, Jr. alleges in the JJC Complaint. See Compl., ¶¶ 24, 25, 27-30. This complete reliance on unproven allegations in another complaint is improper and falls far short of the particularized and verified factual allegations required by Nevada law. See Shenk v. Karmazin, 867 F. Supp. 2d 379, 382 (S.D.N.Y. 2011) (allegations of demand futility insufficient under Federal Rule 23.1(b) and Delaware law where allegations merely relied on another complaint against the company).[6]

[6] Before filing a complaint, attorneys have a duty to conduct "an inquiry reasonable under the circumstances . . . ." Nev. R. Civ. P. 11(b). Relying on allegations in another complaint not yet resolved on the merits does not constitute a reasonable inquiry. See Maine State Ret. Sys. v.

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However, even taken at face value, these borrowed allegations about Kane and Adams' supposed bias against James Cotter, Jr. do not demonstrate that these directors cannot act in a disinterested manner with respect to James Cotter, Jr.'s termination or any transaction identified by Plaintiffs. Plaintiffs claim Kane and Adams are not disinterested because they are controlled by Ellen and Margaret Cotter. This purported control is based on the following allegations made by James Cotter, Jr.:

- **Kane**: Plaintiffs allege that James Cotter, Jr. alleges that Kane has a "quasi-familial" relationship with Ellen and Margaret Cotter, who call him "Uncle Ed." Compl., ¶ 24. Plaintiffs allege that James Cotter, Jr. alleges that Kane sought a raise for Ellen Cotter after her father's passing in order for her to obtain a home loan and wrote a letter to her lender in support of that same loan. Id. Plaintiffs allege that James Cotter, Jr. alleges that Kane sent an email to James Cotter, Jr. suggesting that Ellen Cotter should be given the title she wanted and Margaret Cotter be made co-head of domestic real estate for Reading (though there is no allegation that either suggestion was ever implemented). Id. Plaintiffs allege that James Cotter, Jr. alleges that Kane has "rant[ed]" about the Corleone family from the Godfather films to James Cotter, Jr. Id., ¶ 25.
- **Adams**: Plaintiffs allege that James Cotter, Jr. alleges that, at one point, Adams derived up to 70-80% of his income from entities controlled by Ellen and Margaret Cotter. Id., ¶ 28. Plaintiffs allege that James Cotter, Jr. alleges that Adams has a carried interest in certain real estate projects, and that the decision as to whether that interest will be monetized rests with Ellen and Margaret Cotter. Id., ¶ 29. Plaintiffs allege that James

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Countrywide Fin. Corp., No. 2:10-CV-0302 MRP, 2011 WL 4389689, at *20 (C.D. Cal. May 5, 2011) ("This [non-delegable duty to make a reasonable inquiry] means Plaintiffs cannot rely on allegations from complaints in other cases if the Plaintiffs themselves have not investigated the allegations."); Geinko v. Padda, No. 00 C 5070, 2002 WL 276236, at *6 (N.D. Ill. Feb. 27, 2002) (complaint did not conform with the requirements of Rule 11 where "[p]laintiffs merely have recited facts from other actions, attached copies of those actions, and asserted that red flags emerge from those facts"). Further, allegations from another complaint are immaterial as a matter of law, and may be stricken from pleadings. In re Countrywide Fin. Corp. Mortg.-Backed Sec. Litig., 934 F. Supp. 2d 1219, 1226 (C.D. Cal. 2013); RSM Prod. Corp. v. Fridman, 643 F. Supp. 2d 382, 403 (S.D.N.Y. 2009) aff'd, 387 F. App'x 72 (2d Cir. 2010).

Cotter, Jr. alleges Adams was led to believe he would be made CEO of Reading upon James Cotter, Jr.'s termination. Id., ¶ 28.

Plaintiffs' allegations with respect to Kane and Adams fail to show a lack of independence.

Plaintiffs' conclusory allegations that, according to James Cotter, Jr., Kane has a close relationship with Ellen and Margaret Cotter does not remotely disqualify him from making decisions as a Reading board member. Where futility is purportedly based on control being exerted by an interested person or persons, a plaintiff must allege particularized facts showing that "through personal or other relationships the directors are beholden to the controlling person." Aronson, 473 A.2d at 815. "Allegations of mere personal friendship or a mere outside business relationship, standing alone, are insufficient to raise a reasonable doubt about a director's independence." Beam, 845 A.2d at 1050; see also id. at 1051-52 ("Mere allegations that [co-directors] move in the same business and social circles, or a characterization that they are close friends, is not enough to negate independence for demand excusal purposes."); La. Mun. Police Emps. Ret. Sys. v. Wynn, 2014 WL 994616, at *6-7 (rejecting allegations of lack of independence based on "lengthy personal and business relationships between board members" and the controlling person including, inter alia, decades-long friendships, political contributions, threats against enemies, million-dollar charitable contributions, and outside financial relationships).

Those cases are particularly applicable here, where Kane had the same *"quasi-familial"* relationship with James Cotter, Jr. as with his sisters. Indeed, not only do Plaintiffs fail to allege with particularity the existence or nature of Ellen and Margaret Cotter's relationship with Kane, but they fail to explain how this relationship had or will have any impact on Kane's vote relating to James Cotter, Jr.'s termination, let alone the myriad other breaches of fiduciary duty alleged in the Complaint. See La. Mun. Police Emps. Ret. Sys. v. Wynn, 2014 WL 994616, at *6-7 (allegations of personal and business relationships were insufficient to show directors "lacked independence or were unable to objectively consider a transaction. Accordingly, plaintiffs have not alleged with particularity sufficient facts to show that . . . directors lack independence to

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establish that a majority of the board is interested under Shoen to excuse the demand requirement.").

Likewise, the vaguely pleaded supposed benefits being received by Adams are not sufficient to show a lack of independence. See Khanna, 2006 WL 1388744, at *20 (noting that allegations that a benefit is material to a director are necessary to excuse demand, which requires pleading particularized facts "that the alleged benefit was significant enough in the context of the director's economic circumstances[] as to have made it improbable that the director could perform her fiduciary duties . . . without being influenced by her overriding personal interest") (internal quotation marks and emphasis omitted) (quoting Orman v. Cullman, 794 A.2d 5, 23 (Del. Ch. 2002)). Rather than being pleaded with particularity, Plaintiffs' vague allegations with respect to Adams are made in wholesale reliance on unsupported claims in the JJC Complaint. Compl., ¶¶ 28-29. Plaintiffs allude to some unnamed, unspecified, and uncertain financial benefit that Adams could potentially receive if he supports Margaret and Ellen Cotter, but these alleged benefits are not pleaded with particularity to show that Adams could not exercise his fiduciary duties to Reading (or even that Adams could not receive these exact same purported benefits with James Cotter, Jr. as President and CEO).[7] See Beam, 845 A.2d at 1052 ("To create a reasonable doubt about an outside director's independence, a plaintiff must plead facts that would support the inference that because of the nature of a relationship or additional circumstances other than the interested director's stock ownership or voting power, the non-interested director would be more willing to risk his or her reputation than risk the relationship with the interested director.").

Plaintiffs do not allege that Adams' financial fate is actually controlled by Ellen and Margaret Cotter, but only that someone with an axe to grind against Adams (James Cotter, Jr.)

[7] Plaintiffs allege that Margaret and Ellen Cotter controlled Adams' termination vote in part by suggesting to him that he would succeed James Cotter, Jr. as CEO of Reading. Compl., ¶ 28. However, once James Cotter, Jr. was terminated, Ellen Cotter was appointed interim CEO. Id. Therefore, even if Adams had been motivated by a desire to become CEO himself, which he was not, it is now clear that opportunity no longer exists and is therefore irrelevant in the demand futility context.

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made an allegation of generalized financial ties. Compl., ¶¶ 28, 29. The alleged "benefit" to be received by Adams—accepting all allegations in the Complaint as true—seems to be nothing more than the chance to curry favor with Ellen and Margaret Cotter; this is not the specific, direct financial benefit required by the law and has nothing to do with the majority of Plaintiffs' claims. Instead, Plaintiffs' claims are the very type of conclusory allegations that do not meet the "heavy burden" necessary excuse pre-suit demand in a Nevada derivative claim. See Shoen, 137 P.3d at 1181-82.

(b) Allegations Against Ellen and Margaret Cotter

As with their allegations about Kane and Adams' lack of independence, Plaintiffs rely entirely on claims made by James Cotter, Jr. for their conclusion that Ellen and Margaret Cotter are not disinterested directors. Compl., ¶¶ 31-32. As already discussed, this selective cut-and-paste approach falls far short of the heightened pleading requirements for demand futility required under Nevada law.

Even accepting Plaintiffs' secondhand allegations as true, the Complaint fails to demonstrate that Ellen and Margaret Cotter are not disinterested. Plaintiffs appear to suggest that Ellen and Margaret Cotter could not act in an independent manner in connection with a demand relating to James Cotter, Jr.'s termination because of their ongoing trust and estate litigation with him. See Compl., ¶¶ 31-32. Ellen and Margaret Cotter allegedly voted to terminate James Cotter, Jr. because he would not accept a proposed settlement agreement in the family's estate litigation. Id. This demand futility allegation fails as a matter of law. See Beam, 845 A.2d at 1049. The mere fact that Ellen and Margaret Cotter are engaged in litigation with their brother over their father's estate does not render them incapable of exercising business judgment with respect to Reading. See Fagin v. Gilmartin, 432 F.3d 276, 283-84 (3d Cir. 2005) ("Potential liability from other, unrelated litigation would not make [the company's] directors interested in the decision to consider a demand for this specific derivative suit."); Richardson v. Ulsh, No. CIV.A. 06-3934 MLC, 2007 WL 2713050, at *15 (D.N.J. Sept. 13, 2007) (same). Nor does the Complaint identify any advantage obtained by Ellen and Margaret Cotter in the trust and estate litigation by terminating James Cotter, Jr. as CEO. See Shoen, 137 P.3d at 1182 ("[A]

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director who has divided loyalties in relation to, or who has or is entitled to receive specific financial benefit from, the subject transaction, is an interested director.") (emphasis added).

The vague possibility that a director could have been acting for any reason other than his or her best business judgment is insufficient to support a finding of any problematic relationship. Aronson, 473 A.2d at 815 (stating that a "mere threat . . . is insufficient to challenge either the independence or disinterestedness of directors"). Even if the trust and estate litigation impacted Ellen and Margaret Cotter's disinterestedness with respect to James Cotter, Jr.—and it does not—it would have no impact on their assessment of a demand relating to any of the other purported Board wrongdoing alleged by Plaintiffs. In addition to being directors, Ellen and Margaret Cotter are significant shareholders of Reading and own far more shares than Plaintiffs. It is of course in their best interest to maximize the value of Reading's shares, and as major shareholders their interest in doing so is far greater than that of Plaintiffs. Reading was built by Ellen and Margaret Cotter's father, and their and their family's long-term financial interests and security are inextricably tied to the company. The more attractive Reading shares are to investors and the market, the more Ellen and Margaret Cotter's shares are worth. Reading's financial health is far more valuable to Ellen and Margaret Cotter than any of the short-term personal financial benefits alleged in the Complaint.

(c) Allegations Relating to the Executive Committee

Plaintiffs allege—relying on claims made by James Cotter, Jr., but this time in a motion filed by him rather than a verified complaint—that Ellen Cotter, Margaret Cotter, Kane, and Adams are not disinterested because they have allegedly formed an Executive Committee of the Board of Directors. Compl., ¶ 33. Even setting aside that the Executive Committee was formed long before James Cotter, Jr.'s termination and that James Cotter, Jr. was the Chairman of that committee,[8] Plaintiffs do not identify a single improper action taken by the Executive Committee or offer any explanation as to why membership in this committee would somehow render a director improperly interested. That a director engaged in the complained-of conduct does not

[8] See Ex. C attached hereto at p. 5.

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somehow rebut the presumption that a director is disinterested and exercising proper business judgment. See Shoen, 137 P.3d at 1180-81 ("[T]he demand requirement is [not] excused as to the board of directors merely because the shareholder derivative complaint alleges that a majority of the directors participated in wrongful acts, without regard to their impartiality or to the protections of the business judgment rule[.]").

2. Plaintiffs Have Failed To Rebut The Presumption That Reading's Board of Directors at All Times Exercised Proper Business Judgment

Under the second Aronson prong, demand may be excused as futile where the derivative claimant "plead[s] particularized facts creating a reasonable doubt as to the 'soundness' of the challenged transaction sufficient to rebut the presumption that the business judgment rule attaches to the transaction." Khanna, 2006 WL 1388744, at *23 n.168 (citation omitted). The business judgment rule "presumes that the directors have complied with their duties to reasonably inform themselves of all relevant, material information and have acted with the requisite care in making the business decision." Shoen, 137 P.3d at 1181. Accordingly, the business judgment rule creates a "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 taken was in the best interests of the" organization. Id. at 1178-79 (quotation marks and citation omitted). Consistent with the theory underlying the business judgment rule, the party challenging the decision bears the burden of establishing facts that rebut the presumption. See id. Because the business judgment rule protects the corporate management decisions so long as they can be "attributed to any rational business purpose," Katz v. Chevron Corp., 22 Cal. App. 4th 1352, 1366 (1994) (quotation marks and citations omitted), "a heavy burden falls on plaintiff to avoid presuit demand." Shoen, 137 P.3d at 1181.

Plaintiffs have not come close to meeting their heavy burden here. Plaintiffs appear to suggest that each of the seven director defendants (the Moving Defendants, Storey, and Gould) failed to exercise proper business judgment with respect to the Board's decision to increase director compensation to bring that compensation in line with the market. Compl., ¶ 23; see also Ex. C attached hereto at p. 18-19 (outlining 2014 director compensation and showing that base

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director compensation was only $35,000/year prior to any increase). However, Plaintiffs fail to identify any reason why this was not an exercise of proper business judgment, instead relying on a conclusory allegation that this vote was an example of the Board "wasting the corporate assets to promote their own personal financial interests." Compl., ¶ 23. Plaintiffs' invective is not enough here; quite simply, Plaintiffs fail to allege facts sufficient to rebut the presumption that Reading's Board, including the Moving Defendants, believed themselves to be acting in the best interests of the corporation in making decisions about director compensation. Because Plaintiffs fail to satisfy either prong of the Aronson demand futility test, the Complaint should be dismissed.

3. Plaintiffs Make No Allegations Regarding How Any Director's Purported Bias Against James Cotter, Jr. Would Impact A Demand On The Board Relating To Any Of Plaintiffs' Other Claims

As discussed above, despite the fact the Plaintiffs allege a laundry list of wrongdoing by Reading's directors, Plaintiffs' demand futility allegations are focused almost exclusively on the termination of James Cotter, Jr. Not only are Plaintiffs' allegations inadequate with respect to that particular claim, but Plaintiffs do not and cannot explain how a supposed bias against James Cotter, Jr. would have any impact on a demand relating to any other claim.

Nevada Rule of Civil Procedure Section 23.1 requires a derivative plaintiff to "allege with particularity the efforts, if any, made by the plaintiff to obtain the action the plaintiff desires from the directors or comparable authority and, if necessary, from the shareholders or members, and the reasons for the plaintiff's failure to obtain the action or for not making the effort." In describing what action is desired by the directors, a plaintiff must explain the details of the allegation, including the responsible parties, the relief requested, and the injury caused. See Energytec, Inc. v. Proctor, Nos. 3:06–CV–0871–L, 3:06–CV–0933–L, 2008 WL 4131257, at *4 (N.D. Tex. Aug. 29, 2008) (applying Nevada law, a demand that "did not explicitly discuss wrongful activities, name the responsible parties, propose remedial relief, and allege specific injury to the corporation" was insufficient to meet the demand requirement) (citing Levner v. Saud, 903 F. Supp. 452, 456 (S.D.N.Y. 1994), *aff'd* 61 F.3d 8 (2d Cir. 1995); Allison v. General Motors Corp., 604 F. Supp. 1106, 1117 (D. Del.), aff'd 782 F.2d 1026 (3d Cir.1985)); Allison,

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604 F. Supp. at 1117 ("At a minimum, a demand must identify the alleged wrongdoers, describe the factual basis of the wrongful acts and the harm caused to the corporation, and request remedial relief.").

Here, Plaintiffs do not identify what action they desire from Reading's Board of Directors or why any Reading director cannot properly assess any particular request (besides generally alluding to a bias against James Cotter, Jr. that is irrelevant to the majority of Plaintiffs' claims). Presumably, whatever demand Plaintiffs would make on the current Board is different with respect to, for example, James Cotter, Jr.'s termination versus the bonuses allegedly paid to James Cotter, Sr. or the existence of an Executive Committee. But Plaintiffs never specify what action it expects the Board to take, let alone why a current director cannot apply sound and independent business judgment to a demand for that specific action. In addition, Plaintiffs do not explain why current directors could not properly evaluate a demand relating to conduct that predated their board tenure. See Shoen, 137 P.3d at 1182-84 (describing different demand futility tests where the allegedly improper action was taken by former as opposed to current board members).

Plaintiffs' unsupported, vague, and conclusory allegations make it impossible to determine how or why any current director might not be disinterested with respect to some unidentified, ambiguous demand on the Board relating to conduct that occurred as long as eight years ago. Plaintiffs bear the burden of showing futility with respect to a majority of directors for each potential demand on the Board. Plaintiffs do not provide anywhere near enough specificity to even begin that analysis, let alone to rebut the presumption of disinterestedness. Accordingly, Plaintiffs' demand futility allegations fail as a matter of law.

C. **Plaintiffs Have Failed to Properly Plead "Contemporaneous Ownership," an Essential Element of a Derivative Action**

The Nevada Supreme Court requires that a plaintiff plead "contemporaneous ownership" to have standing to bring a derivative lawsuit. See Keever v. Jewelry Mountain Mines, Inc., 100 Nev. 576, 577 (1984). Specifically, a plaintiff bringing a Rule 23.1 derivative action lacks standing unless he "owned stock in the corporation 'at the time of the transaction of which he

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complains' and throughout the pendency of the suit." Id. ("The requirement that the representative plaintiff has an ongoing proprietary interest in the corporation ensures that the corporation's interests in the derivative action will be adequately represented."); see also Nev. R. Civ. P. 23.1 (requiring a derivative plaintiff to "allege that the plaintiff was a shareholder or member at the time of the transaction of which the plaintiff complains").

Here, Plaintiffs fail to allege their ownership of Reading shares during the relevant time period. Indeed, Plaintiffs do not even identify what the relevant time period is, let alone when they acquired Reading shares. This suit concerns conduct dating back at least eight years. Plaintiffs' "corporate waste" cause of action, for example, relates to performance bonuses given to James J. Cotter, Sr. during the course of his long tenure at the company. See Compl., ¶ 63. The retirement plan at issue was approved in 2007.[9] Not one of the numerous Plaintiffs states when it allegedly acquired Reading stock, though each alleges that it is a current owner. See id. ¶¶ 2-8. However, given the long and unspecified time period over which Moving Defendants' alleged misconduct occurred, current stock ownership does not demonstrate (or even imply) contemporaneous ownership at the time of any purported breaches of fiduciary duty.[10] Plaintiffs have failed to alleged contemporaneous ownership of Reading shares and therefore lack standing to bring this claim.

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[9] See Ex. C attached hereto at p. 7.

[10] Plaintiffs' general allegation that they have "at all relevant times" been Reading shareholders is insufficient. *See In re RINO Int'l Corp. Deriv. Litig.*, Nos. 2:10-CV-02209-RLH, 2:10-CV-02244-KJD, 2011 WL 5245426, *2 (D. Nev. Nov. 2, 2011) ("Mere allegations that Plaintiffs 'have owned [a company's] stock during the Relevant Period ... and continue to own the Company's common stock' are insufficient. These 'relevant period' type allegations are the only type of allegations present in this complaint. Thus, the Court is compelled to dismiss the complaint for this reason alone.") (internal citation omitted).

V. CONCLUSION

WHEREFORE, based on the foregoing, Moving Defendants respectfully request the Court dismiss the Complaint in its entirety.

Dated this 3rd day of September, 2015.

COHEN-JOHNSON, LLC

By: /s/ H. Stan Johnson
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CERTIFICATE OF SERVICE

I hereby certify that on the 3rd day of September, 2015, I served a copy of the foregoing **MOTION TO DISMISS** upon each of the parties via Odyssey E-Filing System pursuant to NRCP 5(b)(2)(D) and EDCR 8.05 to:

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EXHIBIT A

AMENDED AND RESTATED

BYLAWS

OF

Reading International, Inc.

A Nevada Corporation

(formerly Citadel Holding Corporation)

AMENDED AND RESTATED

BYLAWS

OF

READING INTERNATIONAL, INC.

A Nevada Corporation

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AMENDED AND RESTAED

BYLAWS[1]

OF

READING INTERNATIONAL, INC.

A Nevada Corporation

ARTICLE I
STOCKHOLDERS

SECTION 1 ANNUAL MEETING

Annual meetings of the stockholders, commencing with the year 2000, shall be held each year within 150 days of the end of the fiscal year on the third Thursday in May if not a legal holiday, and if a legal holiday, then on the next secular day following at ten o'clock a.m., or such other date and time as may be set by the Board of Directors[2] from time to time and stated in the notice of the meeting, at which the stockholders shall elect by a plurality vote a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 2 SPECIAL MEETINGS

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the Chairman or Vice Chairman of the Board or the President, and shall be called by the Chairman, Vice Chairman or President at the written request of a majority of the Board of Directors or at the written request of stockholders owning outstanding shares representing a majority of the voting power of the Corporation. Such request shall state the purpose or purposes of such meeting.

SECTION 3 NOTICE OF MEETINGS

Written notice of stockholders meetings, stating the place, date and hour thereof, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote thereat at least ten days but not more than sixty days before the date of the meeting, unless a different period is prescribed by statute. Business transacted any special meeting of the stockholders shall be limited to the purpose or purposes stated in the notice.

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[1] These Amended and Restated Bylaws are hereinafter referred to as the Bylaws.

[2] The "Board" and "Board of Directors" are hereinafter used in reference to the Board of Directors of Reading International, Inc.

SECTION 4 PLACE OF MEETINGS

All annual meetings of the stockholders shall be held in the County of Los Angeles, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place within or without the State of Nevada as the directors shall determine. Special meetings of the stockholders may be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 5 STOCKHOLDER LISTS

The officer who has charge of the stock ledger of the Corporation shall prepare and make, not less than ten nor more than sixty days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any proper purpose germane to the meeting, during ordinary business hours for a period not less than ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 6 QUORUM; ADJOURNED MEETINGS

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 7 VOTING

Except as otherwise provided by statute or the Articles of Incorporation or these Bylaws, and except for the election of directors, at any meeting duly called and held at which a quorum is present, a majority of the votes cast at such meeting upon a given matter by the holders of outstanding shares of stock of all classes of stock of the Corporation entitled to vote thereon who are present in person or by proxy shall decide such matter. At any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the votes cast by the holders (acting as such) of shares of stock of the Corporation entitled to elect such directors.