

MAGICJACK VOCALTEC LTD  
Form DFAN14A  
January 18, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. \_\_)**

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary proxy statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e) (2))

Definitive proxy statement

Definitive additional materials

Soliciting material under Section 240.14a-12

MAGICJACK VOCALTEC LTD.

(Name of Registrant as Specified in Its Charter)

PAUL M. POSNER

CARNEGIE TECHNOLOGIES HOLDINGS, LLC

FRANK BELL

NABIL N. EL-HAGE

RICHARD L. KIMSEY

MORRIS A. MILLER

RICHARD W. TALARICO

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

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

**EXPLANATORY NOTE**

On January 13, 2017, Paul M. Posner and Carnegie Technologies Holdings, LLC issued the press release attached hereto as Exhibit A with respect to the nomination of directors to be included in the proxy statement of MAGICJACK VOCALTEC LTD., a company incorporated in the State of Israel (the “Issuer”).

SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT OF MAGICJACK VOCALTEC LTD. AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES ON BEHALF OF PAUL M. POSNER AND CARNEGIE TECHNOLOGIES HOLDINGS, LLC, FROM THE SHAREHOLDERS OF MAGICJACK VOCALTEC LTD., FOR USE AT ITS ANNUAL MEETING WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN ANY SUCH PROXY SOLICITATION. WHEN COMPLETED, A DEFINITIVE PROXY STATEMENT AND A FORM OF PROXY WILL BE AVAILABLE TO SHAREHOLDERS OF MAGICJACK VOCALTEC LTD. FROM THE COMPANY AT NO CHARGE AND WILL ALSO BE AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). If you have questions or need assistance voting your shares, please contact MacKenzie Partners, Inc. at (800) 322-2885 (toll-free in North America) or at +1 (212) 929-5500 (call collect) or by email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com).

Exhibit A

**Carnegie Technologies Clarifies the Record for magicJack Shareholders**

*Company Now Discloses Carnegie's Prior All-Cash Offer*

*Carnegie has Nominated Five Highly Qualified Candidates for the Board; Requests a Full Strategic Alternatives Process*

*Company is Attempting to Deny Shareholders the Opportunity to Vote for Carnegie's Director Nominees*

**SAN ANTONIO, TX - January 13, 2017** – Carnegie Technologies Holdings, LLC and Founder Paul M. Posner (“Carnegie”), the holder of approximately 1.6% of the shares in magicJack VocalTec Ltd. (“magicJack” or the “Company”) (NASDAQ: CALL), today commented on magicJack’s recent additional disclosures to shareholders.

“First and foremost, Carnegie has nominated a slate of highly skilled and experienced directors to guide magicJack as it faces a number of critical financial, operating and commercial decisions,” said Paul Posner, Founder and CEO of Carnegie Technologies. “The current board has failed to create value for shareholders and the time for new board oversight is now. On the Company’s most recent disclosure, however, shareholders should note that the Company is attempting to deny them the opportunity to vote for Carnegie’s nominees by claiming, incorrectly, that the nominations were technically flawed. We are confident that we have met every standard for the nomination process and that the definitive proxy materials will include Carnegie’s director nominees.”

Added Posner, “As we stated in our earlier communication, Carnegie is optimistic about the Company’s potential under its ownership, which is why we announced our intention to make an offer to the newly elected Board, subject to confirmatory due diligence, to acquire magicJack at \$8.50 per share. Now that the Company has provided disclosure of its previously confidential prior negotiations with Carnegie, the context for bringing needed change for shareholders has been revealed for all to see.”

Concluded Posner, “While Carnegie is still interested in presenting an all-cash offer to acquire magicJack, shareholders deserve the benefit of a new Board that will judge that offer against a comprehensive set of alternatives. They also

deserve a new Board that has the industry and capital markets skillset to guide this company effectively and unlock value for all shareholders absent any transaction or alternative. Shareholders will soon have an opportunity to exercise their right to bring about change and we look forward to their support for our slate of director nominees.”

magicJack shareholders should recognize that the Company’s current track-record is very clear:

The share price has languished over the last two years except for when shareholders have independently taken action. magicJack’s stock closed at \$5.80 on August 19, 2016, the date of the Kanen Wealth Management, LLC (“Kanen”) announcement, which is 58% lower than the average share price of 2014 and 30% lower than the average level of 2015. In the three months before the Kanen announcement, magicJack’s stock declined 3.7% whereas its peer group increased 23.5%.[1]

The Company has failed to effectively deploy or return cash to shareholders, never instituting a dividend policy. Instead, the Board authorized the spending of \$20 million on share buybacks during 2015 and another \$38 million in cash to acquire Broadsmart in the first quarter of 2016. Meanwhile, the market capitalization of the Company declined by 21% over that same time period.

The Company has failed to manage its own initiative of redomestication and is facing a delisting by not holding its annual meeting by the regulated date.

The Company has failed to facilitate a liquid trading market for its stock, as the daily average dollar trading volume has declined by 95% over the past two years, from \$8.5 million to just \$500,000 now.

Carnegie presented its premium all-cash offer to acquire magicJack on September 9, 2016. At the time, the offer represented a premium of 40% to the Company's 30-day average price of \$6.09 per share and 56% above the closing price of \$5.46 on August 18, 2016, immediately prior to the letter from Kanen actively seeking change at the Company.

When presented with the Carnegie offer, the current board apparently failed to run a comprehensive process to evaluate if other interested parties would consider bidding for some or all of the Company.

On January 5, 2017, Carnegie announced the nomination of five highly qualified candidates for election to magicJack's Board of Directors at its 2016 Annual Meeting of Shareholders. The Carnegie nominees include Frank Bell, Nabil El-Hage, Richard Kimsey, Morris Miller and Richard Talarico. Carnegie also supports the election of magicJack director nominee Gerald Vento, and Alan B. Howe, a nominee of Kanen Wealth Management, LLC.

magicJack shareholders of record at the close of business on January 25, 2017 will be entitled to vote at the 2016 Annual General Meeting scheduled for February 28, 2017, at 10:00 am Israel time. For additional details, please go to [www.MJProxy.com](http://www.MJProxy.com)

Carnegie has retained The Bank Street Group as its financial advisor, as well as Meitar Liquornik Geva Leshem Tal as its Israeli counsel and Wiggin and Dana LLP as US securities law counsel.

### **Director Nominee Information**

**FRANK BELL**, 62, is a telecommunications expert specializing in starting up/transforming and streamlining companies, driving revenue growth and profitability, and maximizing market value. Mr. Bell has led 8 successful start-up and turnaround companies and has more than 30 years of relevant industry experience. Currently, Mr. Bell is President of Wireless Consulting Services, Inc. where he provides Executive and Senior Level Management consulting services for wireless operators, focusing on start-ups, restructures, and retail distribution & market expansions. His current work is focused on companies including: TracFone (a subsidiary of America Movil - Mexico); RBD Marketing (dba SalesMakers, Inc. - USA); and Limitless Mobile LLC (UK). Past clients include: Sprint PCS, Ericsson, Columbia Capital, MC Venture Partners, and Thermo Companies. He is currently serving as a contract executive to RBD Marketing and is responsible for all corporate strategy and business development. Prior to his

executive consulting roles, Mr. Bell was President of Global Sales and Marketing for Globalstar which provides satellite voice and data services in 120+ countries around the world. At Globalstar, Mr. Bell successfully re-engaged distribution partners and launched three new products

resulting in a doubling of revenue for duplex sales (the company's satellite phone) in just one year and an increase in the stock price of 800%. Prior to Globalstar, Mr. Bell led Open Mobile (Puerto Rico) for six years as its President and Chief Operating Officer. Under Mr. Bell's leadership, the company achieved its 5-year subscriber business plan in 18 months, was EBITDA positive in 5 months, and all equity was returned to investors within 4 years. Prior to Open Mobile, Mr. Bell was a Founding Officer of MetroPCS and was responsible for delivering over 1 million wireless subscribers in Florida. Prior to MetroPCS, Mr. Bell had multiple roles with profit and loss responsibility at SprintPCS, Pacific Telesis (PacTel Paging), and DialPage (a Providence Journal Company). Mr. Bell has a MA - Human Resource Management & Organizational Development from Pepperdine University in Malibu, CA; and a BS - Business Administration from Old Dominion University in Norfolk, VA. He also served as a Captain in the US Army. Mr. Bell brings consumer, business, international, and public company telecommunications experience and will provide insightful direction to the Company.

**NABIL EL-HAGE**, 58, is an expert in corporate governance and corporate finance. Mr. El-Hage founded the Academy of Executive Education, LLC, an independent provider of executive education and advisory programs to institutional clients specializing in providing corporate governance education. Prior to founding the Academy of Executive Education, Mr. El-Hage served as Senior Associate Dean for External Relations and Adjunct Professor of Business Administration at Harvard Business School and has also served as Professor of Management Practice at Harvard Business School in the Finance Area and as a Senior Lecturer at Harvard Business School. While at Harvard, Mr. El-Hage was voted Capstone Professor six times, a rare honor, and was also awarded the prestigious Student Association Teaching Award in 2006. In addition to his academic experience, Mr. El-Hage gained experience in venture capital and private equity with TA Associates, Levant Capital Partners, and Advent International, as well as operating experience as the Chief Financial Officer of The Westwood Group, Inc. and Back Bay Restaurant Group, Inc. He also has served as Chairman and Chief Executive Officer of Jeepers! Inc., a private equity-financed national chain of indoor theme parks. Mr. El-Hage has served on the boards of numerous private and public companies, ranging from start-ups to those with several billion dollars in revenues. He also previously served as the independent chairman of the MassMutual Premier Funds, a \$10 billion+ mutual fund complex. Mr. El-Hage's diverse areas of expertise in corporate governance, management, and finance which have been honed through both business and academic excellence coupled with his extensive board experience will deliver a great deal of knowledge and perspective to the Company.

**RICHARD KIMSEY**, 62, brings more than 30 years' experience in the telecommunications industry and has played a lead role in several prominent companies. Most recently, Mr. Kimsey founded the third largest urgent care business in western Florida, Lavender Health Care. Prior to establishing Lavender, Mr. Kimsey was CEO of Caribbean Operations for Cable & Wireless, plc where he was responsible for transforming fourteen disparate, slow-moving island phone companies into a cohesive, fast-moving integrated communications service provider. Prior to Cable & Wireless, Mr. Kimsey was CEO of TelePacific Communications, a California-based competitive carrier, where he laid the foundation for TelePacific to be named one of Inc. Magazine's Top 100 "Fastest-Growing Private Companies in America". Prior to leading TelePacific, Mr. Kimsey served as President, Southeast Region for Sprint PCS where he was responsible for the planning, start-up, implementation and profit-and-loss management of the company's operations in thirteen states. As leader of Sprint PCS' most successful region, Mr. Kimsey was responsible for a significant portion of the company's \$6 billion in annual revenue, and directed the activities of over 3,000 associates while his region led the other three





Sprint PCS regions in almost every key performance metric. Prior to joining Sprint PCS, Mr. Kimsey served as executive director for Cox Enterprises, Inc. where he was in charge of personal communications systems (PCS) development while overseeing the strategy and successful implementation of the delivery of wireless telecommunications over cable television infrastructure. Prior to joining Cox Enterprises, Mr. Kimsey spent eight years with BellSouth's cellular operations where he was involved in the startup of their cellular operations in the United States and Australia. Mr. Kimsey earned a master's degree in Business Administration from Vanderbilt University and a Bachelor's of Science degree from the University of Tennessee. Mr. Kimsey's directly related experiences in competitive telecommunications businesses along with his MBA and CPA background will provide extraordinary and relevant guidance and perspective to the Company.

**MORRIS A. MILLER**, 50, is a technology investor and co-founded Rackspace Hosting, Inc. Most recently, Mr. Miller serves as the Chief Executive Officer of Xenex Disinfection Services LLC, a world leader in automated room disinfection through the use of Xenon technology and innovative hospital disinfection protocols. Mr. Miller is responsible for Xenex's overall business strategy and oversight of day-to-day operations. Mr. Miller has previously formed Sequel Ventures and Cutstone Ventures which invests in and acts as an advisor to numerous start-ups including Inventables and Golfballs.com. Prior to Sequel and Cutstone, Mr. Miller was a Co-Founder of Rackspace Hosting, Inc. and served as its Managing Director and Chief Executive Officer after prior roles of being its President and Chief Operating Officer beginning in 1999. Prior to Rackspace, Mr. Miller served as Managing Director for Knightsbridge, LLC and as a Principal at Curtis Hill Publishing Company. He also held various positions at Matthews & Branscomb, a San Antonio law firm. Mr. Miller served as a board member of Rackspace Hosting, Inc. from 1999 to 2015 and has served as a Member of the Advisory Board at Inventables, Inc., The Search Monitor LLC, and Adometry, Inc. (formerly known as Click Forensics, Inc) which was sold to Google. Mr. Miller received a B.A. in Psychology from The University of Texas at Austin, and a J.D. from the Dedman School of Law at Southern Methodist University. Mr. Miller is also an alumnus of Phillips Exeter Academy, and a member of APIC, BioMed SA, and ACG Central Texas.

**RICHARD TALARICO**, 61, has been associated with The Hawthorne Group since March of 1986. Hawthorne is a private investment and management company which invests through affiliates primarily in media and communications companies. Hawthorne provides management and administrative services to these business ventures. Mr. Talarico became a partner in the firm in 1990. Mr. Talarico has been involved in numerous start-up and turnaround investments including the cable television, video post-production, advertising and promotion agency and software development industries. Mr. Talarico's responsibilities have included structuring, negotiating and financing activities and operating roles in the portfolio companies including chief financial officer and chief executive officer. Mr. Talarico has conducted many executive search activities on behalf of portfolio companies and has served as a board member on a number of these companies. Mr. Talarico was a founding partner in Allin Communications Corporation in 1994, a Hawthorne-backed investment. Mr. Talarico became Chairman of the Board and Chief Executive Officer of the Company in July 1996. Mr. Talarico led a successful public offering in November of 1996. Mr. Talarico also served as Chairman of the Board of Directors from July 1996 until September 2009 and continues to serve as a Director of the Company. Mr. Talarico has served as an officer and director of the Company's other subsidiaries since their inception or acquisition by the Company. Mr. Talarico also has served on the Board of Directors of the Jefferson Regional Medical Center, a 341 bed acute care hospital, since 2011. In addition, Mr. Talarico is a board



member (since 2013) and Chairman of the Grants Committee of the Jefferson Regional Foundation. The Foundation has assets in excess of \$75 million and makes charitable grants in the Hospital's service area. Since 2014, Mr. Talarico has served as a board member of Brentwood Bank. The Bank, with assets of approximately \$560 million dollars, has served the Western Pennsylvania area since 1922 with full commercial banking services including residential and commercial lending. Mr. Talarico serves as chairman of the Governance and Nominating Committee, and is a member of the Asset/Liability, Loan and Audit Committees. Prior to joining The Hawthorne Group, Mr. Talarico was a Tax Manager with the Pittsburgh office of Arthur Andersen & Co. where he earned his Certified Public Accountant certification in the Commonwealth of Pennsylvania. Mr. Talarico graduated Cum Laude from Duquesne University with a BS in Business Administration and earned a Masters in Business Administration from the University of Michigan.

### **Additional Information**

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### **About Carnegie Technologies**

Carnegie Technologies brings together the best and brightest minds to challenge the status quo and develop real, revenue-generating communications products that take advantage of the fundamental shifts in the communications technology ecosystem. Founded in 2010 by Paul Posner following a successful 20-year history operating wireless networks and developing adjunct communications products, Carnegie Technologies has over 100 employees and engineering teams on four continents with deep expertise in application development and software for mobile devices, cellular core network operations, and more that is now leveraged to drive the development of the next generation of communications technology.

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[1] Carnegie Technologies Holdings, LLC defines magicJack VocalTec Ltd.'s peer group as 8x8, Inc., Fusion Telecommunications International, Inc., j2 Global, Inc., Mitel Networks Corporation, Ooma, Inc., RingCentral, Inc., ShoreTel, Inc., and Vonage Holdings Corp.