

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**JAMES GORMLEY, individually and on
behalf of all others similarly situated,**

Plaintiff,

v.

**MAGICJACK VOCALTEC LTD., GERALD
VENTO, and JOSE GORDO,**

Defendants.

Case No. 1:16-cv-01869

Hon. Victor Marrero

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
CLASS ACTION**

**TO: ALL PERSONS OR ENTITIES WHO SOLD OR OTHERWISE DIVESTED
MAGICJACK VOCALTEC LTD. (“magicJack”) SECURITIES BETWEEN
NOVEMBER 12, 2013 AND MARCH 12, 2014 (THE “CLASS”).**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE PROCEEDS OF THE SETTLEMENTS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED NO LATER THAN JANUARY 17, 2018.**

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: magicJack Vocaltec Ltd. (“magicJack”) securities sold/divested between November 12, 2013 and March 12, 2014.

Settlement Fund: A settlement fund of \$3,650,000 in cash has been established pursuant to the settlement. Your recovery will depend on the amount of securities sold and the timing of your sales. Depending on the number of eligible securities that participate in the settlement and when those securities were sold, Lead Plaintiff estimates the average cash recovery per share of common stock will be approximately \$0.73 per share (assuming claims representing 5 million shares are filed) before deduction of court-approved fees and expenses.

Reasons for Settlement: The principal reason for the settlement is the benefit to be provided to the Class now. This benefit must be compared to the costs and risks associated with continued litigation,

including the danger of no recovery for Class Members after a contested trial and likely appeals, possibly years into the future.

If the Class Action Had Not Settled: Continuing with the case could have resulted in dismissal or loss at trial. The two sides do not agree on the amount of money that could have been won if Lead Plaintiff prevailed at trial. The parties disagree about both liability and damages and do not agree on the average amount of damages that would be recoverable if the Class prevailed on each claim alleged. The Defendants deny that they are liable to the Class and deny that the Class has suffered any damages. Among the issues about which the two sides disagree are: (1) the method for determining whether magicJack securities were artificially inflated during the relevant period; (2) the amount of any such inflation; (3) whether, and the extent to which, various statements and/or omissions alleged by Lead Plaintiff were materially false or misleading; (4) whether, and the extent to which, various statements and/or omissions alleged by Lead Plaintiff influenced the trading price of magicJack securities during the relevant period; and (5) whether the statements and/or omissions alleged were material, false, misleading, or otherwise actionable under the securities laws.

Attorneys' Fees and Expenses: Lead Counsel has not received any payment for their work investigating the facts, conducting this litigation, or negotiating the settlement on behalf of Lead Plaintiff and the Class. Court-appointed Lead Counsel will ask the Court for an award of attorneys' fees not to exceed \$1,204,500 from the Settlement Fund and reimbursement of out-of-pocket litigation expenses not to exceed \$90,000 to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per share of common stock will be \$0.26.

Deadlines: Submit Claim: January 17, 2018
Request Exclusion: December 29, 2017
File Objection: December 29, 2017

Court Hearing on Fairness of Settlement: January 19, 2018

More Information: www.magicjacksecuritieslitigation.com or

Claims Administrator:

Gormley v. magicJack Vocaltec Ltd. et al,
c/o JND Legal Administration
PO Box 6847
Broomfield, CO 80021
1-844-853-3425

Lead Counsel:

Nicholas I. Porritt, Esq
Levi & Korsinsky LLP
1101 30th Street, N.W., Suite 115
Washington, D.C. 20007
nporritt@zlk.com

- Your legal rights are affected whether you act, or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS CLASS ACTION SETTLEMENT:	
SUBMIT A CLAIM FORM NO LATER POSTMARKED THAN JANUARY 17, 2018	The only way to get a payment
EXCLUDE YOURSELF POSTMARKED NO LATER THAN DECEMBER 29, 2017	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the legal claims in this case.
OBJECT NO LATER THAN DECEMBER 29, 2017	You may write to the Court if you do not like this Settlement.
GO TO A HEARING ON JANUARY 19, 2018 AT 1:30 P.M.	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment

These rights and options – *and the deadlines to exercise them* – are explained in this Notice.

The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

You or someone in your family may have sold or divested the publicly traded securities of magicJack listed above between November 12, 2013 and March 12, 2014.

The Court ordered that this Notice be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *Gormley v. magicJack Vocaltec Ltd. et al*, 1:16-cv-01869. The person who sued is called the Lead Plaintiff, and the companies and the individuals they sued, magicJack, Gerald Vento, and Jose Gordo, are called Defendants. Defendants have agreed to settle the claims made in this case.

2. WHAT IS THIS LAWSUIT ABOUT?

Lead Plaintiff has filed this lawsuit alleging that magicJack and its former and current executive officers violated the federal securities laws by making false and misleading statements and/or omitting statements of material fact regarding magicJack's business by telling investors that magicJack's fourth-

quarter and full year revenue for fiscal year 2013 would be less than previously announced. The Defendants filed a motion to dismiss the Action, which the Court denied on November 14, 2016.

Defendants deny each and all of the claims and contentions of wrongdoing alleged by Lead Plaintiff in the litigation. They contend that they did not make any materially false or misleading statements, they disclosed all material information required to be disclosed, and any alleged misstatements or omissions were not made with the requisite intent or knowledge of wrongdoing. Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by Defendants and/or were caused by other events.

3. WHY IS THIS A CLASS ACTION?

In a class action, one or more people or entities called class representatives (in this case the court-appointed Lead Plaintiff Samuel Saad Revocable Trust) to sue on behalf of people who have similar claims. Here, all these people are called a Class or Class Members. One court resolves the issues for all the Class Members, except for those who exclude themselves from the Class. Judge Victor Marrero is in charge of this class action.

4. WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost of a litigation, and eligible Class Members who make valid claims will get compensation. Lead Plaintiff and its attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are a Class Member.

5. HOW DO I KNOW IF I AM A PART OF THE SETTLEMENT?

The Class includes *all persons who sold or otherwise divested publicly traded securities of magicJack between November 12, 2013 and March 12, 2014, except those persons or entities that are excluded, as described below.*

6. WHAT ARE THE EXCEPTIONS TO BEING INCLUDED?

You are not a Class Member if you are:

- A Defendant;
- A director, officer, or employee of magicJack during the Class Period;
- A member of the immediate family, trust, company, entity or affiliate controlled or owned by any excluded party.

If you purchased magicJack securities between November 12, 2013 and March 12, 2014, that alone does not make you a Class Member. You are a Class Member only if you sold or divested magicJack securities, as described above.

7. I'M STILL NOT SURE IF I AM INCLUDED IN THE CLASS ACTION

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1-844-853-3425, or you can fill out and return the Proof of Claim form enclosed with this Notice package, to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. WHAT DOES THE SETTLEMENT PROVIDE?

Defendants have agreed to pay a total of \$3,650,000 in cash.

The Settlement Fund will be divided among all eligible Class Members who send in valid claim forms, after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing notice (the "Net Settlement Fund").

9. HOW MUCH WILL MY PAYMENT BE?

Your share of the Net Settlement Fund will depend on several things, including, how many Class Members submit timely and valid Proof of Claim forms, the total recognized losses represented by the valid Proof of Claim forms that Class Members send in, the total number of shares of magicJack securities you sold or divested, how much you paid, and when you sold or divested.

By following the instructions in the Plan of Allocation, you can calculate what is called your Recognized Loss. The Plan of Allocation for this Settlement is as follows: Each Class Member that submits a valid Claim (an "Authorized Claimant") will be assigned a Recognized Loss. An Authorized Claimant's Recognized Loss depends upon the number of magicJack shares held at certain points in time during the Class Period. The following table provides the per-share amount of each Authorized Claimant's Recognized Loss:

		DATE SHARES SOLD			
		Prior to January 6, 2014	January 6, 2014 to February 7, 2014	February 7, 2014 to March 12, 2014	Subsequent to March 12, 2014
DATE SHARES PURCHASED	November 12, 2013 to January 6, 2014	\$0/share	\$0.86/share	\$4.29/share	\$10.49/share
	January 6, 2014 to February 7, 2014	N/A	\$0/share	\$3.43/share	\$9.64/share
	February 7, 2014 to March 12, 2014	N/A	N/A	\$0/share	\$6.21/share
	Subsequent to March 12, 2014	N/A	N/A	N/A	\$0/share

It is unlikely that you will get a payment for all of your Recognized Loss. After all Authorized Claimants have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Loss divided by the total of each Authorized Claimant's Recognized Losses. Your payment will be made in cash.

The Plan of Allocation also includes the following provisions:

- 1) There shall be no Recognized Loss attributed to any magicJack securities other than common stock, or to any magicJack common stock purchased on a foreign exchange;
- 2) The date of a purchase or sale is the “trade” date and not the “settlement” date;
- 3) The last-in, first-out basis (“LIFO”) will be applied to both purchases and sales;
- 4) Exercise of option contracts or the conversion of preferred stock into common stock will be considered to be purchases or sales of common stock as of the date of the exercise or conversion;
- 5) No cash payment will be made on a claim where the potential distribution amount is less than \$10. Please be advised that if you did not incur a Recognized Loss as defined in the Plan of Allocation, you will not receive a cash distribution from the Net Settlement Fund, but you will be bound by all determinations and judgments of the Court in connection with the Settlement, including being barred from asserting any of the Released Claims against the Released Parties.
- 6) No person shall have any claim against Lead Counsel, the Claims Administrator, or any Defendants’ Counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.
- 7) Class Members who do not submit valid Proofs of Claim will not share in the settlement proceeds. Class Members who do not either submit a request for exclusion or submit a valid Proof of Claim will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Action.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. HOW WILL I GET A PAYMENT?

To qualify for payment, you must be an eligible Class Member and you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than January 17, 2018.

11. WHEN WILL I GET MY PAYMENT?

The Court will hold a hearing on January 19, 2018, to decide whether to approve the settlement. If Judge Marrero approves the class action settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

12. WHAT AM I GIVING UP TO GET A PAYMENT OR STAY IN THE CLASS?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same legal issues in this case. It also means that all of the Court’s Order will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue any of the Defendants on your own about the same legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. HOW DO I GET OUT OF THE SETTLEMENT CLASS?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from *Gormley v. magicJack Vocaltec Ltd. et al*, 1:16-cv-01869. You must include your name, address, telephone number, signature, the number and type of magicJack securities you sold or divested between November 12, 2013 and March 12, 2014, and the dates of such sales. You must mail your exclusion request postmarked no later than December 29, 2017 to:

Gormley v. magicJack Vocaltec Ltd. et al,
EXCLUSIONS
c/o JND Legal Administration
PO Box 6847
Broomfield, CO 80021

You cannot exclude yourself by phone or by e-mail. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

14. IF I DO NOT EXCLUDE MYSELF, CAN I SUE THE DEFENDANTS FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up any right to sue the Defendants for the claims resolved by the class action settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember the exclusion deadline is December 29, 2017.

15. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue, or be part of a different lawsuit against any of the Defendants.

THE LAWYERS REPRESENTING YOU

16. DO I HAVE A LAWYER IN THIS CASE?

The Court asked the law firm Levi & Korsinsky, LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be charged for the services of these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. HOW WILL THE LAWYERS BE PAID?

Lead Plaintiff's Counsel will ask the Court for attorneys' fees of 33% of the Settlement Fund and for reimbursement of their out-of-pocket litigation expenses up to \$90,000, that were advanced in connection with the Action. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this settlement and for the risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel has not been paid for their services for conducting this litigation on behalf of the Lead Plaintiff and Class nor for their substantial out-of-pocket expenses. The fees requested will compensate Lead Counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

Lead Counsel will also request reimbursement of attorneys' fees and expenses for administration of the settlement including costs associated with notice and the fees and expenses of the claims administrator. Those amounts will be requested before distribution of the Net Settlement Fund to Class Members. Again, such sums as may be approved by the Court will be paid from the Settlement Fund.

Lead Counsel will also request the Court to award Plaintiffs James Gormley and Samuel Saad Revocable Trust an incentive award of \$5,000 each as a reward for their active participation in the Action.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. HOW DO I TELL THE COURT THAT I DO NOT LIKE THE SETTLEMENT?

If you are a Settlement Class Member, you can object to the settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Gormley v. magicJack Vocaltec Ltd. et al*, 1:16-cv-01869. Be sure to include your name, address, telephone number, signature, the magicJack securities sold between November 12, 2013 and March 12, 2014, and the reasons you object to the settlement. Any objection to the settlement must be mailed or delivered such that it is received by the following no later than December 29, 2017.

Nicholas I. Porritt, Esq.
Levi & Korsinsky LLP
1101 30th Street, N.W., Suite 115
Washington, D.C. 20007

Lead Counsel will then immediately provide to Defendants' Counsel any such objection.

19. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING?

Objecting is simply telling the Court that you do not like something about the settlement. You can object *only if* you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you do not have to.

20. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a fairness hearing at 1:30 p.m., on January 19, 2018, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 11B, New York, New York 10007. At this hearing the Court will consider whether the settlement of the Action is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Marrero will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

21. DO I HAVE TO COME TO THE HEARING?

No. Lead Counsel will answer questions Judge Marrero may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. MAY I SPEAK AT THE HEARING?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *Gormley v. magicJack Vocaltec Ltd. et al*, 1:16-cv-01869. Be sure to include your name, address, telephone number, signature, and the number and type of magicJack securities sold between November 12, 2013 and March 12, 2014. Your notice of intention to appear must be received no later than December 29, 2017, by Lead Counsel at the address listed in question 18. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

23. WHAT HAPPENS IF I DO NOTHING AT ALL?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same legal issues in this case.

GETTING MORE INFORMATION

24. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

This Notice summarizes the proposed settlement. More details are in the Stipulation and Agreement of Class Settlement dated as of September 20, 2017. You can get a copy of the Stipulation or more information about the Settlement by visiting www.magicjacksecuritieslitigation.com.

You can also contact the Claims Administrator:

Gormley v. magicJack Vocaltec Ltd. et al,
c/o JND Legal Administration
PO Box 6847
Broomfield, CO 80021

Or Lead Counsel

Nicholas I. Porritt, Esq.
Levi & Korsinsky, LLP
1101 30th Street, N.W., Suite 115
Washington, D.C. 20007

You can also obtain a copy from the Clerk's Office during regular business hours:

Clerk of Court
U.S. Courthouse
500 Pearl Street
New York, New York 10007

**DO NOT TELEPHONE THE COURT OR DEFENDANTS' COUNSEL
REGARDING THIS NOTICE**

SPECIAL NOTICE TO NOMINEES

If you sold or divested of any magicJack securities between November 12, 2013 and March 12, 2014, then, within ten (10) days after you received this Notice, you must either: (1) send a copy of this Notice and Proof of Claim by first class mail to all such beneficial owners; or (2) provide a list of names and addresses of such Persons to the Claims Administrator:

Gormley v. magicJack Vocaltec Ltd. et al,
c/o JND Legal Administration
PO Box 6847
Broomfield, CO 80021
1-844-853-3425

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: September 29, 2017

**BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE SOUTHERN
DISTRICT OF NEW YORK**