

J2 GLOBAL, INC.

FORM 8-K (Current report filing)

Filed 09/28/17 for the Period Ending 09/25/17

Address	6922 HOLLYWOOD BLVD LEGAL DEPT - 5TH FLOOR LOS ANGELES, CA, 90028
Telephone	3238609200
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SIC Code	4822 - Telegraph and Other Message Communications
Industry	Integrated Telecommunications Services
Sector	Telecommunication Services
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 25, 2017

j2 Global, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

0-25965
(Commission
File Number)

47-1053457
(IRS Employer
Identification No.)

6922 Hollywood Blvd.
Suite 500
Los Angeles, California 90028
(Address of principal executive offices)

(323) 860-9200
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On September 25, 2017, the Board of Directors of j2 Global, Inc. (the “Company”) authorized the Company entering into a commitment to invest \$200 million in an investment fund (the “Fund”). The manager, OCV Management, LLC (“OCV”), and general partner of the Fund are entities with respect to which Richard S. Ressler, Chairman of the Board of Directors (the “Board”) of the Company, is indirectly the majority equity holder. In addition, Nehemia Zucker, who has announced his resignation as chief executive officer (“CEO”) of the Company (see below), will become a co-managing principal of OCV and a significant equity holder. As a limited partner in the Fund, the Company will pay an annual management fee to the manager equal to 2.0% (reduced by 10% each year beginning with the sixth year) of capital commitments. In addition, subject to the terms and conditions of the Fund’s limited partnership agreement, once the Company has received distributions equal to its invested capital, the Fund’s general partner will be entitled to a carried interest equal to 20%. The Fund has a six year investment period, subject to certain exceptions. The commitment was approved by the Audit Committee of the Board in accordance with the Company’s related-party transaction approval policy.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On September 25, 2017, Mr. Zucker informed the Company of his decision to resign as CEO effective as of December 31, 2017.

On September 25, 2017, the Board elected Vivek Shah to serve as the new CEO and as a member of the Board, both effective as of January 1, 2018. Mr. Shah, age 44, is currently the chief executive officer of Ziff Davis LLC (“Ziff Davis”), a digital media company and subsidiary of the Company. Mr. Shah joined Ziff Davis in 2010 as the company’s chief executive officer and led the sale of Ziff Davis to the Company in November 2012. Mr. Shah will bring the Board substantial experience given his role as chief executive officer of Ziff Davis.

Mr. Shah previously served as a director of The Street, Inc. from 2010 to 2014. Mr. Shah is not a party to any arrangement or understanding regarding his selection as an officer or director and, other than as set forth herein, has no arrangement or understanding with any person with respect to any future employment by the Company or its affiliates or with respect to any future transactions to which the Company or any of its affiliates will or may be a party. Mr. Shah has no family relationships with any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company. Mr. Shah is not a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Effective upon assuming the position of CEO, Mr. Shah will receive an annual salary of \$1,000,000 and be eligible for a target bonus under the Company’s non-equity incentive compensation plan of 100% of his base salary, subject to the terms and conditions of such plan.

Additionally, Mr. Shah will be awarded a long term equity award, effective January 1, 2018, under the Company’s 2015 Stock Option Plan (the “Plan”) consisting of 1,000,000 shares, which will be composed of 400,000 stock options, 200,000 time-based restricted shares and 400,000 performance-based restricted shares (the “Shah Equity Award”). The exercise price of the stock options will be equal to the fair market value of a share of Company common stock on January 1, 2018. The stock options and time-based restricted shares will vest in eight equal installments on each of the eight anniversaries of January 1, 2018 (the “grant date”). The performance share award will vest in one-eighth increments only if the Company’s common stock price remains at or above eight successive stock price thresholds for at least 20 trading days in any 30 consecutive trading day period and provided that no shares will vest before the second anniversary of the grant date; the stock price thresholds will be based on the compounded annual growth rate in the Company’s common stock price from the date of its initial public offering until the grant date of the award (January 1, 2018) as applied to each of the eight successive stock price thresholds. The Shah Equity Award will otherwise be subject to the terms and conditions of the Plan, and the individual award agreements thereunder corresponding to the awards.

Mr. Zucker has agreed to serve as an advisor to the Company from January 1, 2018 through December 31, 2018 to assist Mr. Shah and the Company with transition. For his service as an advisor to the Company, Mr. Zucker will receive a base salary of \$500,000. In connection with his retirement, all outstanding and unvested stock options and time-based restricted shares, along with the tranche of performance-vesting restricted shares next scheduled to vest, will vest in full on January 1, 2018, while the remaining tranches of outstanding performance-vesting restricted shares will remain eligible to vest in the 36 months following the termination of Mr. Zucker’s employment as an advisor to the Company.

Item 8.01 Other Events

On September 28, 2017, the Company issued a press release announcing the appointment of Mr. Shah and the resignation of Mr. Zucker as well as the OCV commitment, each as discussed above. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press Release, dated September 28, 2017.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

j2 Global, Inc.
(Registrant)

Date: September 28, 2017

By: /s/ Jeremy Rossen

Jeremy Rossen
Vice President, General Counsel

j2 Global Announces Vivek Shah to Become Chief Executive Officer in January 2018

Hemi Zucker to Become Co-Managing Principal of OCV Management (“OCV”)
with j2 Global Becoming an OCV Limited Partner

j2 Global, Inc. (NASDAQ:JCOM) announced today that it has selected Vivek Shah to succeed Nehemia Zucker as Chief Executive Officer, effective January 1, 2018. The j2 Board of Directors believes Mr. Shah is a tested and dynamic executive capable of leading j2 Global into the future as a leading Internet information and services company with a continued focus on growth and profitability. Mr. Zucker will serve as CEO of j2 until the end of this year. On January 1, 2018, Hemi will join OCV, a venture capital firm organized by j2’s Chairman of the Board, Richard Ressler.

For the past five years, Mr. Shah has served as Chief Executive Officer of Ziff Davis, LLC, j2’s digital media business. During this time, he led the media business as it grew from approximately \$50 million in annual revenues to more than \$500 million. The Company’s media business is now poised to represent approximately half of j2’s total revenue in 2018. Prior to joining j2 in 2012, when j2 acquired Ziff Davis, Mr. Shah led the purchase of Ziff Davis in 2010 in partnership with a private equity firm. From 1995 to 2009, Mr. Shah held various management positions at Time, Inc., including Group President, Digital.

Mr. Zucker has been an integral part of the j2 senior management team for more than 20 years. He has managed the company as President since 2005 and then as CEO for the past 8 years, as j2 experienced a sustained period of rapid and highly profitable growth. Previous to his elevation to CEO, he held various senior management positions at j2 including Chief Financial Officer, Chief Operating Officer, Chief Marketing Officer and Co-President. Prior to joining j2, Mr. Zucker held a number of management positions at Motorola from 1980 to 1996, including Divisional Chief Operating Manager.

“I want to thank Hemi for his 21 years of service to j2 and its shareholders and, most importantly, for his 8 years as CEO. Hemi actually brought the j2 investment opportunity to me and has been with me at j2 since OCV made its initial \$7 million investment in jfax.com in 1997. That initial investment was made at under \$1 per share, and Hemi was instrumental in every significant step and

decision along the way to the achievement of an almost hundred-fold increase in value. His leadership was key in j2's transition from a small digital fax company to a multi-billion dollar market capitalization, diversified Internet company. I very much look forward to continuing to work with Hemi at OCV creating value for j2 and its stockholders," said Mr. Ressler.

"I couldn't imagine a better leader for j2 going forward than Vivek Shah. He joined us as the head of our digital media business when we purchased Ziff Davis almost five years ago with a clear vision of bringing operational excellence and a focus on profitable growth. The board believed that there were significant opportunities in the media space to replicate what j2 was already accomplishing in communications and business services. The realization of that early thesis is now on display at our media group. We expect that Vivek's dynamic and proven leadership in this rapidly changing industry will be an exciting boost to all of j2 and its stakeholders," added Mr. Ressler.

"j2 has an incredible collection of Internet information and services brands, an impeccable track record of profitable growth and talented employees all over the world. The opportunity for the company is immense and I am honored and grateful to be leading it during its next chapter. I want to thank Hemi for his tremendous service and leadership, and look forward to a smooth transition," said Mr. Shah.

"For several years, j2 has looked for ways to invest in promising businesses and technologies that were not a fit with j2's public company environment. With Hemi becoming a co-managing principal of OCV, all of the pieces are now in place to finalize that initiative. Hemi's knowledge, experience and managerial expertise in the technology space joining with the great team at OCV gives j2 confidence that our \$200 million commitment to OCV will generate excellent returns while allowing j2 a window into early stage investment opportunities that we were not previously pursuing," said Robert Cresci, Lead Independent Director.

"I am honored and privileged to have served as CEO of this great company. I would like to thank my friends and colleagues at j2, who were indispensable to our success to date," said Hemi Zucker. "I look forward to working with Vivek on his succession and ensuring a smooth transition plan," he added. "A special thanks to our Board of Directors, and especially Richard, for supporting me throughout my career at j2. The opportunity to build great companies does not

come to everyone, and I am grateful. Moreover, as a partner at OCV, I look forward to remaining an advisor and a part of the j2 family. I am excited by the new opportunity at OCV to build another great venture that I believe will also greatly benefit j2,” he added.

About j2 Global

j2 Global, Inc. (NASDAQ: JCOM) provides Internet services through two segments: Business Cloud Services and Digital Media. The Business Cloud Services segment offers Internet fax, virtual phone, unified communications, hosted email, email marketing, online backup and CRM solutions. It markets its services principally under the brand names eFax[®], eVoice[®], Onebox[®], FuseMail[®], Campaigner[®], KeepItSafe[®], Livedrive[®] and LiveVault[®], and operates a messaging network spanning 50 countries on six continents. The Digital Media segment offers technology, gaming, lifestyle and healthcare content through its digital properties, which include PCMag, IGN, AskMen, Speedtest, Offers, ExtremeTech, Geek, Toolbox, Techbargains, emedia, Salesify, Everyday Health and others. As of December 31, 2016, j2 had achieved 21 consecutive fiscal years of revenue growth. For more information about j2, please visit www.j2global.com.

About OCV Management LLC

OCV Management LLC is a Los Angeles based investment adviser co-founded by Richard Ressler and Mark Yung in 2016. The firm leverages an investment strategy deployed successfully since 1993 and a team of seasoned professionals who have worked together for an average of 19 years. OCV invests in companies with differentiated technologies and compelling target markets, with the overriding objective of creating sustainable long-term value. As partners, OCV provides operational and financial expertise through its experienced principals, who have proven success as entrepreneurs, business leaders and investors across a variety of sectors including technology, healthcare, industrials, real estate and finance. OCV invests across all stages of a company’s growth cycle, and finds creative investment solutions to fit a company’s needs. For more information, visit <http://www.ocvpartners.com>.

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