

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101166 / September 25, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22182

In the Matter of

Howard S. Jonas,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Howard S. Jonas (“Jonas” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of violations of the beneficial ownership reporting requirements of the federal securities laws.
2. Section 13(d) of the Exchange Act and the rules promulgated thereunder require any person who directly or indirectly acquires beneficial ownership of more than 5% of a registered class of equity security to file a statement with the Commission disclosing certain information and to file certain updating amendments. Section 13(d) is a key provision that allows shareholders and potential investors to evaluate changes in substantial shareholdings. See 113 Cong. Rec. 855 (1967). The duty to file is not dependent on any intention by the stockholder to gain control of the company, but on a mechanical 5% ownership test.
3. While subject to these reporting requirements due to his beneficial ownership of a registered class of equity securities of IDT Corporation ("IDT"), Genie Energy Ltd. ("Genie"), Rafael Holdings, Inc. ("Rafael"), and IDW Media Holdings, Inc. ("IDW"), Respondent violated Section 13(d) by failing to timely file on Schedules 13D as required with respect to each of these issuers.

Respondent

4. Jonas, age 68, is a resident of Easton, Pennsylvania. Jonas was subject at all relevant times to Section 13(d) of the Exchange Act as an acquirer of greater than 5% beneficial ownership of registered classes of securities of IDT, Genie, Rafael, and IDW. Jonas founded IDT in 1990. Jonas has served as Chairman of the Board of Directors of IDT since inception and has held various executive officer positions. IDT spun off multiple former subsidiaries into separate reporting issuers, including Genie, Rafael and IDW. Jonas has been Chairman of the Board of Directors and, during much of the relevant times, an executive officer for each of Genie, Rafael, and IDW.

Issuers

5. IDT is a Delaware corporation with its principal place of business in New Jersey. A class of IDT common stock was first registered with the Commission under Section 12 of the Exchange Act in connection with its initial public offering ("IPO") in 1996. While its class or classes of equity securities registered under Section 12 of the Exchange Act have changed over time, at all relevant times Jonas was a greater than 5% beneficial owner of its registered classes of equity securities. Since 2011, IDT's class of securities registered with the Commission under

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Section 12 of the Exchange Act has been its Class B common stock, which trades on the NYSE (ticker: IDT).

6. Genie is a Delaware corporation with its principal place of business in New Jersey. Genie is a former subsidiary of IDT. On October 28, 2011, IDT completed a spin-off of Genie to IDT's stockholders, becoming an independent public company, and Genie entered into various agreements with IDT for IDT to provide services to Genie, such as administrative services. In connection with the spin-off, Genie registered its Class B common stock with the Commission under Section 12 of the Exchange Act and became traded on the NYSE (ticker: GNE).

7. Rafael is a Delaware corporation with its principal place of business in New Jersey. Rafael is a former IDT subsidiary. On March 26, 2018, IDT completed a spin-off of Rafael to IDT's stockholders, becoming an independent public company, and Rafael entered into various agreements with IDT for IDT to provide services to Rafael, such as administrative services. In connection with the spin-off, Rafael registered its Class B common stock with the Commission under Section 12 of the Exchange Act and became traded on the NYSE (ticker: RFL).

8. IDW is a Delaware corporation with its principal place of business in New Jersey. On September 14, 2009, IDT completed a spin-off of IDW (then named CTM Media Holdings) to IDT's stockholders and IDW's common stock was registered with the Commission under Section 12 of the Exchange Act until terminating its registration in 2011. In 2021, IDW's Class B Common Stock became registered again with the Commission under Section 12 of the Exchange Act, effective August 2, 2021 and began trading on the NYSE (ticker: IDW). On April 27, 2023, IDW announced its intention to voluntarily delist its Class B common stock and to terminate its registration under Section 12 thereafter, which became effective August 6, 2023.

Applicable Legal Framework

9. Section 13(d)(1) of the Exchange Act and Rule 13d-1(a) together require any person, including a group, who has acquired beneficial ownership of more than 5% of a class of equity security registered under Section 12 of the Exchange Act to publicly file a Schedule 13D disclosure statement with the Commission, which includes, among other things, the identity of the beneficial owner, the amount of beneficial ownership, and plans or proposals regarding the issuer. During the time period herein, Rule 13d-1(a) required the Schedule 13D to be filed within 10 days² after the triggering acquisition.

² On October 10, 2023, the Commission adopted amendments to the rules governing beneficial ownership reporting under Sections 13(d) and 13(g) to update and shorten certain filing deadlines (the "2023 Amendments"). Modernization of Beneficial Ownership Reporting, SEC Release No. 34-98704 (Oct. 10, 2023), 88 Fed. Reg. 76896 (Nov. 7, 2023). Among other provisions, the 2023 Amendments shortened the deadline for filing the initial statement on Schedule 13D from 10 days to 5 business days. Id. at 76897, 76906. Compliance with this new deadline is required as of February 5, 2024. See id. at 76942.

10. During the time period herein, Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) thereunder required a filer to amend a Schedule 13D promptly³ as material changes occur in disclosures previously made, including but not limited to, any material increase or decrease in the percentage of the class beneficially owned. An acquisition or disposition of beneficial ownership of securities in an amount equal to 1% or more of the class of securities is deemed material for purposes of Rule 13d-2. Under the standard applicable during the time period herein, any delay in filing beyond the date the filing reasonably can be made may not be prompt.⁴

11. Under Section 13(d) of the Exchange Act and the application of Rule 13d-3, a beneficial owner of a security includes “any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise” has or shares voting or investment power with respect to such security. More than one person may be a beneficial owner of the same securities.

12. There is no state of mind requirement for violations of Section 13(d) and the rules thereunder.⁵ The failure to timely file a required report, even if inadvertent, constitutes a violation.⁶

Respondent Failed to Timely File Schedule 13D Statements and Amendments

13. Prior to the Commission’s enforcement staff contacting Respondent in January 2023 regarding his filings on Schedule 13D, Respondent had not made any filings on Schedule 13D with respect to any issuer in almost five years, despite being required to file on Schedule 13D with respect to at least four issuers, including the requirement to file amendments promptly as material changes occurred in the information set forth previously on Schedule 13D.⁷

³ The 2023 Amendments created a bright-line rule that replaces “promptly” with a two-business day requirement. *Id.* at 76897, 76921. Compliance is required as of February 5, 2024. *See id.* at 76942.

⁴ Amendments to Beneficial Ownership Reporting Requirements, SEC Release No. 34-39538 (Jan. 12, 1998), 63 Fed. Reg. 2854, 2855 n.14 (Jan. 16, 1998).

⁵ *See, e.g., SEC v. Savoy Indus., Inc.*, 587 F.2d 1149, 1167 (D.C. Cir. 1978) (“Indeed, the plain language of section 13(d)(1) gives no hint that intentional conduct need be found, but rather, appears to place a simple and affirmative duty of reporting on certain persons. The legislative history confirms that Congress was concerned with providing disclosure to investors, and not merely with protecting them from fraudulent conduct”).

⁶ *See Oppenheimer & Co., Inc.*, 47 SEC 286, 1980 WL 26901, at *2 (May 19, 1980) (Commission opinion) (“We have previously held that the failure to make a required report, even though inadvertent, constitutes a willful violation”); *see generally Herbert Moskowitz*, 77 SEC Docket 446, 2002 WL 434524, at *7 (Mar. 21, 2002) (Commission opinion) (“evidence of both motive for non-disclosure and actual market impact ... is irrelevant” to whether violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder occurred).

⁷ Respondent was also subject to Section 16(a) of the Exchange Act with respect to the four issuers. Section 16(a) of the Exchange Act and the rules promulgated thereunder apply to every person who is the beneficial owner of more than 10% of any class of any equity security registered pursuant to Section 12 of the Exchange Act, and any officer

Beneficial Ownership of IDT

14. Respondent has been subject to the reporting requirements of Exchange Act Section 13(d) since acquiring beneficial ownership of more than 5% of a registered class of equity securities of IDT by at least May 1998, and remains subject to those requirements. Respondent filed an initial Schedule 13D statement on May 18, 1998, and filed four amendments between October 1998 and March 2004.

15. Thereafter, however, Respondent did not file any further amendments for 19 years. On March 6, 2023, Respondent filed an amendment to the Schedule 13D reflecting numerous material changes under Rule 13d-2(a) to the information set forth previously that occurred throughout the intervening time period, including, among other things:

- Material changes in Respondent’s beneficial ownership of IDT’s Class B common stock dating back to at least March 2007;
- Respondent’s acquisition of beneficial ownership of IDT shares constituting more than 1% of the outstanding class of Class B common stock, on December 21, 2018;
- Respondent’s dispositions of beneficial ownership of IDT shares, constituting more than 14% of the outstanding class of Class B common stock to trusts over which he “no longer has or reports beneficial ownership,” on April 6, 2020;
- Respondent’s acquisition of beneficial ownership of IDT shares, constituting more than 1% of the outstanding class of Class B common stock, on April 25, 2022; and
- Respondent’s acquisition of beneficial ownership of IDT shares, constituting more than 1% of the outstanding class of Class B common stock, on April 28, 2022.

Beneficial Ownership of Genie

16. Respondent has been subject to the reporting requirements of Exchange Act Section 13(d) since acquiring beneficial ownership of more than 5% of Genie’s registered class of Class B common stock of upon IDT’s spin-off of Genie in October 2011, and Respondent

or director of the issuer of any such security (collectively, “insiders”). Pursuant to Section 16(a) and Rule 16a-3, insiders are required to, among other things, file Form 4 reports disclosing most types of transactions within two business days following the execution date of the transaction. Respondent’s filings of Form 4 reports did not alter Respondent’s obligations under Section 13(d) of the Exchange Act and were not a substitute for making the required filings on Schedules 13D. Separately, IDT, Genie, Rafael, and IDW filed annual proxy statements each year that disclosed Jonas’ beneficial ownership. The issuers’ filings of these proxy statements did not alter Respondent’s obligations under Section 13(d) of the Exchange Act and were not a substitute for Respondent making required filings on Schedules 13D.

remains subject to those requirements. Respondent filed an initial Schedule 13D statement on November 8, 2011 and filed an amendment to the Schedule 13D in October 2012.

17. Thereafter, however, Respondent did not file any further amendments for more than 10 years. On February 28, 2023, Respondent filed an amendment to the Schedule 13D reflecting numerous material changes under Rule 13d-2(a) to the information set forth previously that had occurred throughout the intervening time period, including, among other things:

- Material changes in Respondent’s beneficial ownership of Genie’s Class B common stock dating back to at least December 2012;
- Respondent’s dispositions of beneficial ownership of Genie shares, constituting more than 1% of the outstanding Class B common stock, to trusts over which he “no longer has or reports beneficial ownership” on September 17, 2018;
- Respondent’s dispositions of beneficial ownership of Genie shares, constituting more than 1% of the outstanding Class B common stock, to trusts over which he “no longer has or reports beneficial ownership” on April 6, 2020; and
- Respondent’s acquisitions of beneficial ownership of Genie shares, constituting more than 1% of the outstanding Class B common stock, from January 1, 2021 through August 3, 2022.

18. In addition, after Respondent’s February 28, 2023 amendment to Schedule 13D, Respondent again failed to timely file additional amendments required as a result of material changes under Rule 13d-2(a) to the information set forth previously, including:

- Respondent’s acquisitions of beneficial ownership of Genie shares, constituting more than 1% of the outstanding Class B common stock, from May 5, 2023 through May 11, 2023, which was not reflected in an amendment until July 17, 2023; and
- Respondent’s acquisitions of beneficial ownership of Genie shares, constituting more than 1% of the outstanding Class B common stock on June 6, 2023, which was not reflected in an amendment until July 17, 2023.

Beneficial Ownership of Rafael

19. Respondent has been subject to the reporting requirements of Exchange Act Section 13(d) since acquiring beneficial ownership of more than 5% of Rafael’s registered class of Class B common stock upon IDT’s spin-off of Rafael as of March 26, 2018. Respondent filed an untimely initial Schedule 13D statement on April 12, 2018, approximately one week after the 10-day filing deadline applicable at the time under Exchange Act Rule 13d-1(a). That initial

Schedule 13D reported that Respondent beneficially owned approximately 20.3% of the outstanding Class B common stock.

20. Thereafter, Respondent did not file any amendments for almost 5 years. On February 28, 2023, Respondent filed an amendment to the Schedule 13D reflecting numerous material changes under Rule 13d-2(a) to the information set forth previously that had occurred during the intervening time period, including, among other things:

- Respondent's acquisition of beneficial ownership of Rafael shares, constituting approximately 10% of the outstanding Class B common stock, on January 18, 2019;
- Respondent's acquisition of beneficial ownership of Rafael shares, constituting more than 10% of the outstanding Class B common stock, on August 7, 2019; and
- Respondent's disposition of beneficial ownership of Rafael shares, constituting more than 30% of the class of outstanding Class B common stock, to trusts over which he "no longer has or reports beneficial ownership" on April 6, 2020, as a result of which Respondent reported that he ceased to be a greater than 5% beneficial owner as of that date.

Beneficial Ownership of IDW

21. Respondent has been subject to the reporting requirements of Exchange Act Section 13(d) since acquiring beneficial ownership of more than 5% of IDW's registered class of Class B common stock by at least August 6, 2021, and remained subject to those requirements until IDW terminated its registration under Section 12 of the Exchange Act in August 2023.

22. Respondent was required to file an initial Schedule 13D statement by August 16, 2021, and to thereafter file amendments promptly as material changes occur. However, Respondent failed to make any such filings for more than two-and-a-half years. On February 28, 2023, Respondent filed an untimely initial Schedule 13D statement, and filed an amendment to the Schedule 13D on April 27, 2023 to correct certain errors and include additional required information. The initial Schedule 13D statement, as amended, reflected several transactions between August 2021 and June 2022 that increased his beneficial ownership by at least 3% from his beneficial ownership as of August 6, 2021.

Violations

23. As a result of the conduct described above, Respondent violated Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder.

Respondent's Remedial Efforts

24. In determining to accept Respondent's Offer, the Commission considered certain remedial acts undertaken by Respondent and cooperation afforded to Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$90,000 to the Securities and Exchange Commission, for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Howard S. Jonas as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Thomas Smith, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary