

Susman Godfrey Secures \$35 Million Settlement with Streaming Service, Akazoo, Over Fraud Charges

On behalf of a group of investors, Susman Godfrey has reached a \$35 million settlement with digital music streaming service, Akazoo, over allegations that Akazoo defrauded the investors and lied about business prospects both before and after its 2019 special purpose acquisition company (“SPAC”) merger.

According to the complaint, Akazoo allegedly defrauded multiple groups of investors out of tens of millions of dollars. Although it claimed to be a “rapidly growing music streaming company focused on emerging markets with millions of paying monthly subscribers and over [\$124 million] in annual revenue,” the truth was that it had negligible actual revenue and subscribers for years leading up to the merger.

Akazoo’s 2019 merger with a SPAC called Modern Media Acquisition Corp. was supposed to create a single company worth over \$460 million. Akazoo raised \$40.6 million from investors through a private investment in public equity (“PIPE”) offering and another \$14.2 million from shareholders in MMAC to fund the deal.

Representing the PIPE and SPAC investors, Susman Godfrey intervened in the SEC’s action case against Akazoo. Under the terms of the settlement agreement, Akazoo’s \$38.8 million disgorgement fee will be satisfied upon payment by the company of \$35 million to the allegedly defrauded investors, according to the order. The vast majority of that settlement will be paid to the PIPE and SPAC investors represented by Susman Godfrey.

“This resolution upholds the assets of our clients, which has been our goal since taking on this litigation,” said co-lead counsel on the case, [Harry Susman](#). “We will continue to fervently prosecute claims against responsible parties,” added [Vineet Bhatia](#), who served as co-lead counsel alongside Susman.

Joining Susman and Bhatia on the case is New York Associate, [Jillian Hewitt](#).

The case is *SEC v. Akazoo SA*, case number 1:20-cv-08101, in the U.S. District Court for the Southern District of New York.