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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

AKAZOO S.A.,

Defendant.

20 Civ. _____ (____)

JURY TRIAL DEMANDED

ECF CASE

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC”), for its Complaint against Akazoo S.A. (“Defendant,” “Akazoo,” or “the Company”), alleges as follows:

I.
SUMMARY OF THE ACTION

1. Over a multi-year period spanning its existence as a private and then public entity, Akazoo defrauded multiple groups of investors out of millions of dollars. It claimed to be a rapidly growing music streaming company focused on emerging markets with millions of paying monthly subscribers and over €105 million (or \$124 million) in annual revenue. In reality, as it recently admitted in a public filing with the SEC, the Nasdaq-listed company had no paying users and negligible, if any, revenue.

2. Akazoo is the product of a 2019 business combination between (a) Akazoo Limited (“Old Akazoo”), a purported subscription-based online music streaming company formed in 2010 and (b) Modern Media Acquisition Corp. (“MMAC”), a special purpose acquisition company. When Akazoo took its current form, the Company held \$54.8 million in investor funds as a result of the business combination: \$14.2 million from MMAC’s shareholders and another \$40.6 million from accredited investors (individuals and institutions) through a private investment in public equity (“PIPE”) offering at the time of the combination. The Company obtained these investor funds by grossly misrepresenting the nature and success of its music streaming business.

3. The Company continued to mislead the public while its shares were traded on the Nasdaq from September 2019 to May 2020. Among other things, Akazoo claimed €64.5 million in revenue in the first half of 2019 and €15.6 million in gross profit based on thriving operations in 25 countries. In reality, Akazoo generated at most negligible revenue, operated in only a few countries, and its only significant source of funds was the \$54.8 million it had raised from investors.

4. After a short-seller report exposed the Company’s fraud in April 2020, Akazoo’s Board initiated an internal investigation of the Company’s operations. On May 21, 2020, Akazoo described the results of the internal investigation in a Form 6-K filed with the SEC, admitting that “former members of Akazoo’s management team and associates defrauded Akazoo’s investors...by materially misrepresenting Akazoo’s business, operations, and financial results as part of a multi-year fraud.” Additionally, Akazoo admitted that it had only negligible revenue and subscribers, its historical financial statements were materially false and misleading, and “former members of Akazoo management and associates participated in a sophisticated

scheme to falsify Akazoo’s books and records[.]” As a result of the conduct by Akazoo’s former management team, and as described in its public filings, Akazoo defrauded its investors and violated the federal securities laws.

5. On May 1, 2020, the Nasdaq halted trading in Akazoo’s stock, whose price had fallen from a high of \$7.49 in the weeks following its formation in September 2019 to \$1.16 when trading stopped. On June 2, 2020, the Nasdaq delisted Akazoo’s stock. As of the date of this filing, Akazoo has depleted more than \$23 million of investor funds and currently holds approximately \$31.5 million.

II. **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

6. The SEC brings this action under Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)]. The SEC seeks permanent injunctions against the Defendant, enjoining it from committing future violations of the securities-law provisions identified in this Complaint, and disgorgement of all ill-gotten gains obtained as a result of its fraudulent activity, plus prejudgment interest. The SEC also seeks any other relief the Court may deem appropriate pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] and Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)].

III. **JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction over this action under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Defendant has directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national

securities exchange, in connection with the acts, practices, transactions, and courses of business alleged in this Complaint.

8. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the Southern District of New York and elsewhere, and were effected, directly or indirectly, by making use of the means or instruments or instrumentalities of transportation or communication in interstate commerce, or of the mails, or the facilities of a national securities exchange. Both Akazoo's and MMAC's common stock were traded on the Nasdaq, which is located in this District. Prior to the business combination, representatives of Old Akazoo and MMAC met in New York City to conduct due diligence meetings and plan the PIPE offering.

IV. DEFENDANTS

9. **Akazoo S.A.** is a company organized under the laws of Luxembourg with its purported principal place of business in London, United Kingdom and its actual principal place of business in Athens, Greece. Akazoo's ordinary shares are registered with the SEC pursuant to Section 12(b) of the Exchange Act and were traded on the Nasdaq under the ticker "SONG," prior to being delisted on June 2, 2020. Before its September 11, 2019 business combination with MMAC, Akazoo operated as Akazoo Limited ("Old Akazoo"), a company organized under the laws of the United Kingdom with its primary place of business in Athens, Greece. Old Akazoo was a purported subscription-based online music streaming company. It was formed in 2010 when it spun off from its Greek-based parent company.

V.
OTHER RELEVANT ENTITY

10. **Modern Media Acquisition Corp. (“MMAC”)** was a special purpose acquisition corporation formed under the laws of Delaware for the purpose of effecting a merger, share exchange, asset acquisition, or other similar business combination with a focus on media, entertainment, and marketing service companies. MMAC filed an initial public offering of common stock with the SEC on Form S-1, effective May 11, 2017, and registered its common stock under Section 12(b) of the Exchange Act. On May 17, 2017, MMAC conducted an IPO that raised \$207 million, which the company was to hold in trust until it effected a business combination. MMAC’s common stock was publicly traded on the Nasdaq. Based on the terms set out in MMAC’s IPO prospectus, and in accordance with its charter, if MMAC did not complete a deal by February 17, 2019, it had to dissolve, liquidate, or request an extension from its shareholders. MMAC’s shareholders had a right to redeem their shares for cash if MMAC did not meet the February 17, 2019 deadline or they could keep their shares and vote for an extension. Under Exchange Act Rule 12g-3(a), Akazoo is a “successor issuer” to MMAC.

VI.
FACTS

A. Akazoo’s Formation

11. Beginning in May 2017, MMAC started searching for a media, entertainment, and marketing service company with which to combine, eventually identifying Old Akazoo as a target. Old Akazoo purported to be a thriving business with key metrics comparable to the streaming service Pandora. Additionally, Old Akazoo claimed that it had: (1) launched a free, ad-supported streaming radio service in 2017; and (2) acquired and developed a small portfolio of patented artificial intelligence-based recommendation technology.

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