UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

_____, Individually and on behalf of all others similarly situated, Plaintiff, v. ENVOY MEDICAL, INC. F/K/A ANZU SPECIAL ACQUISITION CORP I, BRENT LUCAS, and DAVID R. WELLS, Defendants.	**Case No:** **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** JURY TRIAL DEMANDED

Plaintiff ____ ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants' public documents, and announcements made by Defendants, public filings, wire and press releases published by and regarding Envoy Medical, Inc. ("Envoy" or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Envoy Class A common stock between November 17, 2023 and December 19, 2023, inclusive (the "Class Period"). Plaintiff seeks to recover compensable

damages caused by Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

II. JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

III. PARTIES

6. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased Envoy Class A common stock during the Class Period and was economically damaged thereby.

7. Envoy Medical is a hearing health company focused on providing innovative technologies across the hearing loss spectrum. Envoy Medical has launched fully implanted devices for hearing loss, including its fully implanted Esteem® active middle ear implant and the fully implanted Acclaim® cochlear implant, an investigational device.

8. The Company is incorporated in Delaware and its head office is located at 4875 White Bear Parkway, White Bear Lake, Minnesota, 55110. Envoy's Class A common stock and redeemable warrants trade on the Nasdaq Global Market ("NASDAQ") under the ticker symbol "COCH" and "COCHW", respectively.

9. Defendant Brent Lucas ("Lucas") has served as the Chief Executive Officer ("CEO") since November 2015.

10. Defendant David R. Wells ("Wells") has served as the Company's Chief Financial Officer ("CFO") since August 2023.

11. Defendants Lucas and Wells are collectively referred to herein as the "Individual Defendants."

12. Each of the Individual Defendants:

(a) directly participated in the management of the Company;

(b) was directly involved in the day-to-day operations of the Company at the highest levels;

(c) was privy to confidential proprietary information concerning the Company and its business and operations;

(d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

(e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

(f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or

(g) approved or ratified these statements in violation of the federal securities laws.

13. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

14. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

15. Envoy and the Individual Defendants are collectively referred to herein as "Defendants."

IV. SUBSTANTIVE ALLEGATIONS

A. Background

16. On April 17, 2023, Anzu Special Acquisition Corp I, ("Anzu"), entered into a business combination agreement (the "Business Combination Agreement"), by and among Anzu, Envoy Merger Sub, Inc., a direct wholly owned subsidiary of Anzu ("Merger Sub"), and Envoy Medical Corporation. Anzu changed its name to "Envoy Medical, Inc." (the "Post-Combination Company").

17. On April 18, 2023, the Company announced on Form 8-K that on "April 17, 2023, prior to entering into the Business Combination Agreement, Anzu, Envoy, and Meteora Special Opportunity Fund I, LP ("MSOF"), Meteora Capital Partners, LP ("MCP") and Meteora

Select Trading Opportunities Master, LP ("MSTO" and, together with MSOF and MCP, collectively the "Seller") entered into an agreement (the "Forward Purchase Agreement" or "FPA") for an OTC Equity Prepaid Forward Transaction (the "Forward Purchase Transaction")."

18. The press release clarified details regarding the FPA, stating the following in relevant part:

> The Forward Purchase Agreement provides that no later than the earlier of (a) one (1) business day after the Closing and (b) the date any assets from Anzu's trust account are disbursed in connection with the Business Combination (the "Prepayment Date"), Seller shall be paid directly, out of the funds held in Anzu's trust account, an amount (the "Prepayment Amount") equal to the product of (i) the redemption price per share indicated to investors ahead of Anzu's redemption notice deadline (the "Redemption Price") and (ii) the Number of Shares less (y) 50% of the Prepayment Shortfall (as discussed below). On the Prepayment Date, in addition to the Prepayment Amount, the Counterparty shall transfer a number of shares of Anzu Class A Common Stock to the Seller equal to the product of (x) the Number of Shares and (y) 2.00% (such shares of Anzu Class A Common Stock, the "Share Consideration"), which Share Consideration shall be incremental to the Maximum Number of Shares, shall not be included in the Number of Shares under the Forward Purchase Agreement, and Seller shall have no obligations with respect to such Share Consideration in connection with the Forward Purchase Agreement, other than to sell them pursuant to an effective FPA Registration Statement (as discussed below) or an available exemption under the Securities Act.
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> The maturity date will be the earliest to occur of (a) the later of (x) June 30, 2024 and (y) the 365th day following the Closing and (b) the date specified by Seller in a written notice to be delivered to Counterparty at Seller's discretion (not earlier than the day such notice is effective) after the occurrence of a (x) Seller VWAP Trigger Event or (y) Delisting Event (the "Maturity Date"). Upon the occurrence of the Maturity Date, the Counterparty is obligated to pay to Seller an amount equal to the product of (1) (a) the Number of Shares as set forth in the initial Pricing Date Notice less (b) the number of Terminated Shares, multiplied by (2) $0.25 or, if Counterparty elects to provide the Maturity Consideration in shares of Anzu Class A Common Stock as described in the following sentence, $0.50 (the "Maturity Consideration"). At the Maturity Date, the Counterparty will be entitled to deliver the Maturity Consideration to Seller in cash or in shares of Anzu Class A Common Stock (other than in the case of a Delisting Event, in which case it will be at the election of the Seller). If paid in shares of Anzu Class A Common

> Stock, the number of shares of Anzu Class A Common Stock shall be based on the average daily VWAP Price over 30 trading days ending on the Maturity Date, to the extent the shares of Anzu Class A Common Stock used to pay the Maturity Consideration are freely tradeable by Seller. If such shares of Anzu Class A Common Stock used to pay the Maturity Consideration are not freely tradeable by Seller, the Counterparty shall pay to Seller an additional amount equal to the product of (a) three (3) multiplied by (b) the (i) the Number of Shares as set forth in the initial Pricing Date Notice less (ii) the number of Terminated Shares (the "Penalty Shares"), provided that if such Penalty Shares become freely tradeable by Seller within 45 days after the Maturity Date, the Seller shall return to Counterparty such number of Penalty Shares that are valued in excess of Maturity Consideration based on the 10-day VWAP ending on the date that such Shares become freely tradeable by Seller.

B. Materially False and Misleading Statements Issued During the Class Period

19. On November 17, 2023, after market hours, the Company filed its 2023 third quarter report (the "3Q23 Report") on Form 10-Q for the quarter ended September 30, 2023. Attached to the 3Q23 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Lucas and Wills attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

20. The 3Q23 Report provided further details of the FPA as follows:

> On April 17, 2023, prior to entering into the Business Combination Agreement, Anzu and Envoy entered into an agreement (as amended to date, the "Forward Purchase Agreement" or "FPA") with Meteora Special Opportunity Fund I, LP ("MSOF"), Meteora Capital Partners, LP ("MCP"), Meteora Select Trading Opportunities Master, LP ("MSTO") and Meteora Strategic Capital, LLC ("MSC" and, collectively with MSOF, MCP and MSTO, the "Sellers" or "Meteora parties") for an over-the-counter equity prepaid forward transaction.
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> Pursuant to the terms of the Forward Purchase Agreement, on the Closing Date, the Sellers purchased 425,606 shares of New Envoy Class A Common Stock (the "Recycled Shares") directly from the redeeming stockholders of Anzu. Also on the Closing Date, the Company paid to the Sellers a prepayment amount of $4.5 million required under the Forward Purchase Agreement directly from the trust account and transferred to the Sellers 8,512 shares of New Envoy Class A Common Stock (the "Share Consideration").

* * *

> The Company accounts for its Forward Purchase Agreement in accordance with ASC 815-40. Accordingly, the Company recognizes the forward purchase agreement asset and the forward purchase agreement warrant liability at fair value at each reporting period. The assets and liabilities are subject to re-measurement at each balance sheet date, and any change in fair value is recognized in the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss).

21. The 3Q23 Report calculated the FPA's assets and liabilities, as shown below:

4. Fair Value Measurement

The following tables provide information related to the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Forward purchase agreement assets	$ -	$ -	$ 2,386	$ 2,386
	$ -	$ -	$ 2,386	$ 2,386
Liabilities:				
Forward purchase agreement warrant liability	$ -	$ -	$ 1,793	$ 1,793
Warrant liability	1,274	-	-	1,274
	$ 1,274	$ -	$ 1,793	$ 3,067

22. The statements contained in ¶¶ 19-21 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Envoy's 3Q23 Report included certain errors regarding the Company's accounting treatment of the FPA for the 3Q23 Report prepayment amount, the equity section of the condensed consolidated balance sheet with any remaining balance of the prepaid forward contract, including the maturity consideration and the share consideration, as non-current liabilities in its condensed consolidated balance sheet for the 3Q23 Report; (2) as a result, Envoy would need to restate the aforementioned financial statement; and (3) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

C. THE TRUTH BEGINS TO EMERGE

23. Then, on December 19, 2023, after market hours, the Company issued a press release on Form 8-K announcing its non-reliance on previously issued financial statements or a related audit report or completed interim review. The Company downplayed the severity of the 3Q2023 Report's internal controls, by stating the following, in relevant part:

> On December 14, 2023, the audit committee (the "Audit Committee") of the board of directors of Envoy Medical, Inc. (the "Company"), after considering the recommendations of management, concluded that the Company's previously issued unaudited interim financial statements included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (the "Previous Financial Statements" and such period, the "Affected Period"), should no longer be relied upon.
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> The determination relates to the Company's interpretation of the accounting guidance applicable to the forward purchase agreement, dated April 17, 2023, by and among the Company, Envoy Medical Corporation, Meteora Special Opportunity Fund I, LP, Meteora Capital Partners, LP, Meteora Select Trading Opportunities Master, LP and Meteora Strategic Capital, LLC (as amended to date, the "FPA"). The Company expects to restate the accounting treatment of the FPA for the Affected Period to reclassify the prepayment amount, currently recorded as part of the forward purchase agreement assets in the condensed consolidated balance sheet of the Previous Financial Statements, to the equity section of the condensed consolidated balance sheet with any remaining balance of the prepaid forward contract, including the maturity consideration and the share consideration, as non-current liabilities in its condensed consolidated balance sheet for the Affected Period.
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> Management concluded that the error above is consistent with the Company's existing material weaknesses in internal control over financial reporting as of September 30, 2023, as previously disclosed in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.

24. On this news, Envoy's stock price fell $0.27 per share, or 10.71%, to close at $2.25 per share on December 20, 2023, damaging investors.

25. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common shares, Plaintiff and other Class members have suffered significant losses and damages.

V. PLAINTIFF'S CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired Envoy securities publicly traded on the NASDAQ during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

27. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, the Company's securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

28. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

29. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

30. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;

- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of the Company;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of the Company's securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

31. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

32. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- the Company's securities met the requirements for listing, and were listed and actively traded on the NASDAQ, an efficient market;
- as a public issuer, the Company filed public reports;
- the Company communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

33. Based on the foregoing, the market for the Company securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the common units, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

34. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

35. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

36. This Count asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

37. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

38. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

39. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or

dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

40. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Company's personnel to members of the investing public, including Plaintiff and the Class.

41. As a result of the foregoing, the market price of the Company's securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of the Company's securities during the Class Period in purchasing the Company's securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

42. Had Plaintiff and the other members of the Class been aware that the market price of the Company's securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased the Company's securities at the artificially inflated prices that they did, or at all.

43. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

44. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of the Company's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

45. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

46. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's misstatement of revenue and profit and false financial statements.

47. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

48. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class

Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Company securities.

49. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

VI. PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

VII. JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: