Ozy sues Ben Smith and BuzzFeed, claiming the media executive stole trade secrets to create Semafor

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December 21, 2023·7 min read



Semafor co-founder, former New York Times columnist, and BuzzFeed News editor-in-chief Ben Smith and Ozy founder Carlos Watson.Dia Dipasupil/Getty Images; Kimberly White/Getty Images

- A dishy lawsuit from Ozy accuses Ben Smith of killing the company only to steal its business model for Semafor.
- It alleges Smith violated an NDA by disclosing trade secrets from a failed BuzzFeed merger.
- Smith sabotaged Ozy as a New York Times columnist, then created "Ozy 2.0" with his outlet Semafor, it claims.

Did Ben Smith sabotage Ozy only to plunder its ideas for Semafor?

That's the question at the heart of a lawsuit filed Thursday morning in Brooklyn Federal Court, alleging that Smith, the Semafor co-founder and former editor-in-chief of BuzzFeed News, violated a non-disclosure agreement and stole trade secrets from Ozy in order to build his own media company.

The lawsuit — filed by Ozy Media against Smith, Semafor, and BuzzFeed — draws a portrait of Smith improperly acting as a media columnist and aspiring mogul at the same time.

It claims Smith was a major player in an ultimately unsuccessful 2019 merger between BuzzFeed and Ozy, used NDA-protected information from those talks to assassinate Ozy in a series of articles for The New York Times, and then replicated Ozy's investor and revenue strategies for his own media company.

"Ben Smith did not just take the proverbial page out of the OZY playbook: he took the entire playbook," the lawsuit alleges.

Smith, reached by phone, declined to comment, "obviously."

A BuzzFeed representative also declined to comment.

Semafor cofounder Justin Smith didn't immediately responded to a request for comment.

Ben Smith's reporting led to Ozy's implosion

Founded and led by media entrepreneur Carlos Watson, Ozy launched in 2013. By 2020, it had raised $83 million from investors who included well-known names, such as Marc Lasry, Laurene Powell Jobs, and Ron Conway. Axel Springer, which owns Business Insider, was also an investor.

Watson, the face of the company, landed interviews with high-profile figures, including Bill Clinton and Trevor Noah, hosted its signature live event Ozy Fest in New York City, built what he described as a robust newsletter operation, and struck deals with streaming services.

A series of articles by Smith, who had joined The New York Times as a media columnist after leading BuzzFeed's news division, sparked Ozy's collapse.

In a September 2021 article, Smith reported that Samir Rao, Ozy's cofounder and chief operating officer, impersonated a YouTube executive in a meeting with investors at Goldman Sachs — actions that would later lead to a federal prosecution against Watson, and a guilty plea from Rao. Smith also reported on claims that Ozy had wildly inflated its audience numbers in public statements. In one column he likened Ozy to the notorious blood-testing company Theranos.

Advertisers and investors left Ozy in droves. Ozy closed down its operations and laid off its entire staff, many of whom described internal doubts about the company and a breakneck workplace culture to Business Insider at the time. The Securities and

Exchange Commission, investors, and insurers all sued the company. Attempts to revive the company, in 2022 and 2023, floundered.

In early 2023, federal prosecutors in Brooklyn indicted Watson and Ozy Media, alleging he conspired to impersonate multiple media executives while courting investors and lenders, and that the company broke criminal financial laws by misrepresenting its financial results, debts, and audience size.



Ozyfest cofounder Carlos Watson speaking in a panel at Ozyfest in 2018.Brad Barket/Getty Images for Ozy Media

The indictment, Ozy's new lawsuit says, was "largely parroting the false accusations levied in Ben Smith's reporting."

In court filings, Watson has defended his actions as "at worst commonplace puffery" and alleged that the federal prosecutors have gone after him because he's Black. A

federal judge has since ruled the prosecutors ran afoul of a rule barring them from making statements about a defendant's character when they referred to Watson in a press release as a "con man."

That criminal case is scheduled to go to trial in May, court records show — with Rao as a likely cooperating witness.

Ozy's Thursday lawsuit — brought by Dustin Pusch, one of the attorneys who drove Dominion Voting Systems' defamation lawsuits against right-wing media companies that peddled lies about the 2020 election — puts the blame for Ozy's and Watson's woes at Smith's feet.

Smith was deeply involved in BuzzFeed-Ozy merger talks, the lawsuit says

In disclosures included in his articles for The New York Times, Smith said he was only "peripherally involved" in acquisition talks between Ozy and BuzzFeed. But according to the lawsuit, his role was much deeper.

In August of 2019, a time when BuzzFeed CEO Jonah Peretti was looking for merger opportunities, Smith met with Watson and "took Watson's temperature on a willingness to sell his company," the lawsuit claims.

The following month, the two companies signed a non-disclosure agreement — Rao signed on Ozy's behalf and Peretti for BuzzFeed, a copy reviewed by Business Insider

shows — to allow Ozy to start disclosing confidential internal information so that BuzzFeed could evaluate the company.

Court filings do not indicate whether Smith was aware of the document, but the contract holds BuzzFeed "responsible for any breach of confidentiality by its respective employees and agents."

By January 2020, BuzzFeed offered to buy Ozy for $300 million and make Watson the company's president, the lawsuit claims.

Watson rejected the offer, the lawsuit says. He believed that BuzzFeed needed Ozy more than Ozy needed BuzzFeed. Watson also believed Smith didn't really want him as his boss, the lawsuit says.

"Watson sensed Smith's discomfort with the idea of a joint OZY-BuzzFeed venture," the lawsuit says. "Smith seemed to have a particular difficulty with the idea that Watson would be made President of and a Board Member for the joint venture, and that Smith would have to answer to both Watson and Peretti in such a scenario."

The following month, Smith decamped from BuzzFeed to The New York Times. In his reporting about Ozy, Smith violated BuzzFeed's NDA, the lawsuit alleges.

When Watson raised the issue with an editor at The New York Times before it published his first story about Ozy, the editor brushed away concerns and said "she was outside of the city and could not dig into the issues before publication," the lawsuit says.

A representative for the Times didn't immediately respond to a request for comment. In 2022, Ben Smith left The New York Times to build Semafor with former Bloomberg Media CEO Justin Smith, who is not related to him.

The lawsuit claims Semafor is 'Ozy 2.0'

Central to the lawsuit is the claim that Semafor's pitch appeared novel, but was actually "a spitting image" of Ozy Media.

According to the lawsuit, Semafor "reverse engineered" Ozy's strategy of mixing events, podcasts, subscription newsletters, and video operations to effectively create "Ozy 2.0."

In fact, many established and upstart media companies, from The New York Times to 2011-founded Vox Media (and, to be sure, Business Insider), were adopting a similar playbook of revenue diversification during that time by distributing their content on multiple platforms, including digital video, email newsletters, and live events.

At launch, Semafor presented itself as a publication for educated, global readers that would break news, present new kinds of storytelling, and emphasize individual reporters. It was compared to publications like Axios and Vox for its efforts to be transparent and improve readability; and was said to import Smith's well-established scoop-driven approach.

Ozy promoted itself at launch as a media company for curious people interested in change and ideas, with a focus on emerging business and cultural figures.

The suit also tries to make the case that Smith tried to replicate Ozy's investor support. It cites Laurene Powell Jobs of the Emerson Collective multiple times, boasting that she was one of Ozy's earliest investors and that she turned away opportunities to invest in BuzzFeed.

Her media investments weren't unique to Ozy, though. Steve Jobs's widow was also well known to back many media, Hollywood production, and digital nonprofit news companies, including venerable magazine The Atlantic, Axios, and studio Anonymous Content. She later retreated from funding some of those ventures.

As it happened, Powell Jobs never invested in Semafor, although the Smiths approached Emerson Collective about investing, according to an Axios report. The lawsuit claims only people "close to Powell Jobs" put any money into the company.

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