

Music Streaming Fraud: The New Problem After Piracy?



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» Introduction into the Dark Side of Music

In the first quarter of the 21st century, we have been confronted with the emergence of music streaming services. At the start of the 21st century, online music revenues consisted of mostly of “a-la-carte” downloadable music (via iTunes), mobile music (remember Apple’s iPod) in the second place, and physical music in the third place. Streaming music – which erupted by the launch of Spotify in 2008 - did not exist on a global scale until 2010-2015, becoming the largest source of revenue in the Music industry in 2015.

In the first decade, IFPI reported that piracy was the biggest threat for music and the online market. In 2025, streaming is dominant accounting for 80% of market revenue. While the combined market of physical and digital music was plummeting from approximately \$ 20.7 billion in 2005, to \$ 19.6 billion in 2006, in 2024, streaming constituted 69 percent of recorded music revenues worldwide, signalling a profound transformation in the music industry.[1] With this shift, the industry has entered a new legal era: the protection of rights, accurate royalty allocation, and market integrity depend on the reliability of streaming data.

The trigger for this article: fraud case at BumaStemra

So how reliable is streaming data and the system of royalty distribution? As two Amsterdam-based lawyers, this question struck us, after the general members’ meeting of the Dutch collective music rights organization (CMO) Buma/Stemra was

abruptly cancelled in May 2025, just one day before it was due to take place.^[2] The cancellation followed reports of fraud, which prevented the auditor from signing off on the annual accounts. According to Dutch press coverage, ‘dozens of cases of fraud’ had been uncovered, involving approximately €107.000 that had been distributed to fraudulent accounts. During an internal audit at the end of April 2025, it was discovered that fraudsters used false documents to become member of Buma/Stemra and receive remuneration for the use of music. Among other things, forged non-Dutch identity documents were used. The president of Buma/Stemra confirmed that 81 suspicious accounts had been blocked. These accounts had collectively submitted nearly 900 musical works for which royalties were claimed and paid out.

Although the individuals behind the scheme remain unidentified to date, the episode illustrates that fraud is no abstract problem. It strikes at the heart of the collective management system, with real consequences for transparency, governance, and trust in the music industry. The core problem with such schemes is not only the unlawful enrichment of fraudsters, but also the financial and image harm inflicted on legitimate rightsholders. Because royalties are distributed from a common pool, every euro diverted to a fraudulent account is one less for genuine artists, composers, lyricists, publishers and labels. In this way, fraud does not merely distort reporting figures; it directly undermines the trust and fairness upon which CMO’s (like Buma/Stemra) depend.^[3]

The Bigger Problem: Manipulating Streaming Data

Moreover, fraud extends beyond rights registration and frequently takes place on the streaming platforms themselves, where play counts are artificially inflated. Fraudulent streaming is a theft of revenues that should have gone to legitimate artists and authors, but the implications reach further than royalty misallocation. Manipulated streams skew platform recommendation algorithms, making it harder for authentic artists to have their music discovered. They also corrupt the consumer data that artists and their teams increasingly rely upon to plan tours and marketing campaigns, thereby narrowing the already limited opportunities available to emerging talent seeking a foothold in the business.

The problem is, of course, not limited to the Netherlands but extends across borders, with its impact magnified on a global scale. According to the International Federation of the Phonographic Industry (IFPI), the streaming market was valued at approximately €18 billion in 2024. Even if Apple Music's estimate, that fraud accounts for "less than 1%" of activity, were correct, this would still represent hundreds of millions of euros in losses each year, as The Guardian has calculated.

In this article, we will outline the various methods employed in fraudulent schemes (paragraph 2), provide an overview of international case law together with our key takeaways (paragraph 3), examine the measures currently implemented by streaming platforms (paragraph 4), and conclude with our recommendations for the future (paragraph 5).

» A Thousand Ways to Cheat the System

Farms of Fraud

Fraud in the music streaming industry can take various forms. Some of the most recurring methods of fraud, are so-called 'farms'.

- Bot Farms are automated systems or software that imitate human behaviour in order to artificially inflate the number of streams.
- Click Farms are large groups of individuals with paid streaming accounts, often based in low-wage countries, who are compensated to repeatedly stream specific content. Because this method involves actual human interaction, it is considerably harder to detect than bot farms.

The activities of these farms are often combined with the creation of fake artists, fake songs, fake playlists, and fake user accounts.

Semi-legal Promotional Services

One of the more 'grey' practices involves marketing organizations offering artists the possibility to inflate their streams. Companies often advertise their services as "Spotify promotion services", while sometimes generating fake streams. These fake streams not only increase the artist's royalty payments but are also successful enough to secure placement on the highly esteemed curated playlists. Ending up on such

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a playlist, curated by a “Playlist Plugger” is important since in a single day in 2024, more songs are being uploaded than in the entirety of 1989. That means that approximately 100.000 – 120.000 songs^[4] are uploaded daily on platforms like Spotify^[5] (in 2024). Take into account, that in 2018, this was ‘just’ 20.000 a day.

It should be noted that playlist plugging is not illegal: many companies operate as legitimate marketing and promotion services, pitching tracks to independent or official playlist curators in a lawful way.

The grey area arises where these services cross the line into dubious practices, such as relying on bots and fake accounts to simulate streams. While these practices may seem clearly fraudulent, many artists believe they are simply purchasing a marketing campaign. Artists, on their turn, don’t always realize that these companies actually use bot or click farms to manipulate these figures.

AI-generated Music

The final form of fraud to be addressed involves the use of artificial intelligence (AI) to generate music, which is then uploaded and (possibly artificially) streamed, often in combination with the bot and click farm manipulation discussed above.

As has been widely discussed in the previous IAEL yearbook^[6], generative AI is the next major disruption to the music industry. Generative AI tools are widely available, often free of charge, and can be operated with little to no musical technical expertise. As a result, streaming platforms are confronted with a flood of AI-generated content, much of which may be of dubious artistic or commercial value.

Recent reporting by The Guardian (April 2025) referred to research from a major streaming service indicating that approximately 20,000 AI-generated tracks are uploaded every day.^[7] For comparison; in 2018 (pre-AI) this was the total of uploaded songs daily. According to Deezer, this volume represents around 18% of all new daily submissions to the platform (of a total of 110.000 a day). The report did not clarify whether all such tracks ultimately enter the catalogue and accrue royalties, but even if only a fraction is admitted, the scale is striking.

The Velvet Sundown

In June 2025, the AI band “the Velvet Sundown” released^[8] three albums on Spotify^[9] including an apparent ‘hit’ with the name ‘Dust on the Wind’ that has 2.8 million streams on Spotify alone, after the first 85 days online. After the reveal^[10] that the band is 100% AI, the achieved peak of 1 million monthly listeners dropped to approximately 420.000 listeners within two months^[11]. The Velvet Sundown describes itself in its social



The Velvet Sundown – note; do not look too closely at the left hand of the electric guitar player in the band.

media profiles featuring photos that look fake, as a “synthetic music project guided by human creative direction, and composed, voiced, and visualized with the support of artificial intelligence”.

While Deezer flags AI-generated content (*Some tracks on this album may have been created using artificial intelligence*) to date (august 2025), Spotify hasn't made any public attempts to label such content (The Velvet Sundown remains a *verified artist*). Apple Music, Amazon Music, Tidal and other music streaming platforms are silent on the topic.

The implications are significant. For smaller and independent artists, whose share of streams is already limited, the exponential rise of AI-generated music further reduces visibility and dilutes income. More broadly, the proliferation of ‘synthetic music content’ threatens to undermine the diversity and fairness that streaming platforms claim to foster, raising both ethical and legal concerns around authorship, remuneration, and market manipulation.

According to a November 2024 study of CISAC^[12] *the market for music and AV content generated by AI will increase exponentially in the next five years, growing from around*

€ 3 billion now to € 64 billion in 2028. However, music and audiovisual creators will see respectively 24% and 21% of their revenues at risk of loss by 2028. This amounts to a cumulative loss of € 22 billion over the 5-year period (€ 10 billion in music; € 12 billion in audiovisual).

» Has Successful Legal Action Been Taken Yet?

We have examined which legal actions have been initiated in recent years against streaming fraud and, where available, whether these actions have been successful. In examining the legal landscape surrounding streaming fraud, one striking observation is the scarcity of case law. To date, no court proceedings in the Netherlands have been reported in which streaming fraud formed the central issue. Internationally, too, the number of cases is limited, and most have not resulted in landmark rulings. Below, we outline three notable cases and highlight the key takeaways from each.

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Denmark

In a recent Danish case, a 54-year-old man was alleged to have committed approximately € 600.000 in fraud between 2014 and 2017, by distributing 689 musical works via Spotify, Apple Music, and other platforms. Prosecutors said ‘the huge numbers of streams required to generate that amount of money could not have been generated by genuine users and that unauthorized techniques were likely to have been deployed instead.’ In addition, he breached copyright law by allegedly taking 37 works from other artists, changing the length and tempo of the music and then collecting royalties under his own name.^[13]

In the final conviction, € 270.000 of fraud was proven. He was sentenced to eighteen months’ imprisonment, of which three months must actually be served, and was ordered to repay the fraudulent amount along with a comparable fine. During the period 2014–2017, he was even listed in Denmark as the 46th highest-earning composer from streaming royalties.^[14] An interesting fact to this case was, that the Higher Court has increased the sentence, thereby sending a crucial signal that such actions will be severely punished.

United States

In what has been described as the first US criminal case centered on AI-driven streaming fraud, musician Michael Smith was indicted for allegedly creating hundreds of thousands of AI-generated tracks and employing bot networks to stream them billions of times. According to prosecutors, the tracks were supplied to Smith in or around 2018 through a partnership with the chief executive of an unnamed AI-music company. It is alleged that he fraudulently claimed more than \$ 10 million in royalties. Smith now faces charges of wire fraud and money laundering. The case remains pending.^[15]

Brazil

In July 2025, a court in São Paulo delivered a ruling against a marketing company engaged in generating fake followers, likes, and streams across platforms including Spotify and YouTube. The court found the company liable for misleading advertising, consumer fraud, and violations of several constitutional rights. As a result, the company was ordered to cease its unlawful activities under penalty of fines, to pay collective damages, and to surrender its domain names for suspension.

This judgment marked the first decision within the broader initiative known as ‘Operation Authentica’, led by the Public Attorney’s Office^[16]. The project targets online services offering fake interactions and, to date, has encompassed investigations into 38 local sites engaged in streaming fraud.^[17]

Takeaways From Cases

Despite growing awareness of streaming fraud, legal actions in response have thus far met with limited success.^[18] To better understand why music streaming fraud is hard to prosecute, the best approach is to look at streaming fraud in the same manner as to click fraud in online advertising. Many companies have filed lawsuits claiming advertising click fraud against companies like Google and Facebook. However, most of these cases were dismissed by the courts due to insufficient proof of fraud. Without access to internal data or documents, typically held by the platforms themselves, right holders often rely on circumstantial evidence, which generally fails to meet this burden of proof.

Claims of music streaming fraud face the same structural barriers. Whether the alleged misconduct involves AI-generated content, fake artist accounts, or manipulated streams, rights holders generally lack access to the critical evidence needed to substantiate their claims. As in the click fraud context, this evidentiary asymmetry creates a substantial hurdle for right holders and severely limits the viability of litigation as a mechanism to combat streaming fraud.

» Platform Responses to Streaming Fraud

Streaming platforms have begun to take active measures against fraudulent activity on their services, both through contractual and technical means. On the one hand, they increasingly rely on their terms and conditions, allowing them to suspend accounts, withhold royalties, or terminate distribution agreements in cases of suspected fraud. On the other hand, platforms deploy sophisticated detection systems, using algorithms and anomaly-detection software to identify unusual streaming patterns, such as repetitive plays, abnormal geographic clustering, or sudden spikes in listener activity.

By way of illustration, the following section provides an overview of the measures implemented by Spotify.

Spotify's Terms of Use and Enforcement Mechanisms

Spotify's Terms of Use expressly prohibit any artificial increase in the number of streams or followers, the artificial promotion of content, or other forms of manipulation.[19]

Spotify imposes fines on labels and distributors when tracks are found to have been subject to artificial streaming. These penalties are calculated on a per-track basis and are typically only applied in cases of significant or repeated abuse.[20]

Spotify has also made it clear that paid third-party services which guarantee streams, are not legitimate. Promotional services that claim to increase streams in exchange for payment violate the platform's terms of use, and reliance on such services may result in the permanent removal of an artist's music. Likewise, any service that offers guaranteed placement on Spotify playlists in return for money is explicitly prohibited.

Spotify shares monthly reports with labels and distributors about confirmed fraud. Based on these reports, distributors may take measures such as issuing a warning or, in cases of undeniable or repeated fraud, removing content from streaming services or suspending an account.

Depending on the severity of the manipulation, tracks may be removed from Spotify playlists. Spotify also reserves the right to remove manipulated content from the platform in cases of repeated or undeniable artificial streaming.

Finally, Spotify has introduced structural measures to reduce fraudulent exploitation. They have increased the number of streams a track needs in a 12-month period before royalties can be paid, and extended the minimum track length for "noise" recordings like white noise tracks.

“As the challenges of streaming fraud become more apparent, the search for effective countermeasures has intensified”

» From Problem to Solution: Can the Industry Outsmart the Fraudster?

As the challenges of streaming fraud become more apparent, the search for effective countermeasures has intensified. Technological innovation and alternative business

models may provide new opportunities to strengthen the integrity of the digital music market.

Technological Innovation

Although artificial intelligence is often portrayed as a disruptor of copyright norms, it also has significant potential to reinforce them. AI-powered monitoring systems are increasingly capable of analysing vast amounts of digital content in real time, enabling the rapid detection of unauthorized uploads or suspicious streaming behaviour immediately after release. By relying on continuous learning, such tools become progressively more effective at recognising even subtle patterns of manipulation.

To enhance transparency, an additional step could be the introduction of an ethical identifier system that clearly labels AI-generated compositions. Such a mechanism would allow platforms, rights holders, and consumers to distinguish between human- and machine-created works, thereby reducing the risk of fraud.

Alternative Business Models

An alternative approach to combating streaming fraud that has gained traction in recent academic and policy discussions, is the introduction of a user-centric payment system.^[21] Under the current market-centric model, all subscription revenues are pooled together and distributed according to the total number of streams. As a result, artists with the highest global streaming numbers capture the largest share of royalties, irrespective of whether a particular subscriber has ever listened to them. This system not only disadvantages smaller and niche artists, but also creates incentives for

fraudulent behaviour, as artificially inflating global stream counts directly increases the share of the collective royalty pool.

“Although artificial intelligence is often portrayed as a disruptor of copyright norms, it also has significant potential to reinforce them”

By contrast, a user-centric model allocates each subscriber's payment solely to the artists that individual actually listens to, in proportion to the number of streams generated by that subscriber. In such a system, niche artists benefit more directly from loyal listeners, while large-scale manipulation becomes less attractive. Fraudulent strategies such as operating bot networks that

continuously stream the same catalogue would no longer yield a disproportionate share of the global revenue pool, but would instead be limited to the subscription revenue of the account in question, making fraud less efficient.

Although the user-centric model is not without challenges, such as increased

administrative complexity, it offers a promising pathway to a fairer and more fraud-resistant royalty distribution framework. From a legal perspective, its adoption could also help reduce disputes over misappropriated royalties and strengthen the argument that platforms have taken reasonable measures to safeguard the integrity of their payment systems.

» Conclusion

Streaming fraud has evolved into a sophisticated and multifaceted problem for the music industry. From bot and click farms to semi-legal promotional services and AI-generated content, the methods of manipulation are increasingly complex and global in scope. Legal action against such practices has so far been limited, and existing case law offers little precedent for those seeking redress. As a result, enforcement has largely shifted to the platforms themselves. Contractual sanctions, technical detection tools, and changes to royalty allocation rules illustrate how streaming services have positioned themselves as the primary line of defense against fraud.

However, efforts to fight streaming fraud require international cooperation between governments, streaming platforms, and CMOs. For practitioners and policymakers, the challenge is twofold: to encourage platforms to strengthen self-regulation, and to explore legal frameworks that can provide clearer remedies for rights holders.

These challenges are reminiscent of the years when piracy was at its peak. At the time, parties equipped or eligible to take action, spent a long time navel-gazing over how much they actually wanted to do about the problem. In the end, it was also crucial that as long as the problem was financially advantageous for these parties, little to no action was taken. Individual musicians will generally lack the financial clout to push for changes in laws or regulations. Perhaps AI legislation (or whatever remains of it) and case law will provide solutions.

Without such developments, the risks posed by fraudulent practices, including financial losses, market distortion, and reputational damage, will persist, undermining the integrity of the streaming ecosystem as a whole. Without decisive and coordinated measures, streaming fraud risks becoming the piracy of the twenty-first century, eroding trust and value in the music industry once again. With curiosity, we await the next twenty-five years, in which the music industry will face the challenge of shaping a transparent and sustainable streaming environment.

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