

FSM420 Case 2018

Privacy Commissioner launches Facebook investigation

GATINEAU, QC, March 20, 2018 – The Office of the Privacy Commissioner of Canada has opened an investigation related to recent media reports regarding alleged unauthorized access and use of Facebook user profiles.

“We have received a complaint against Facebook in relation to allegations involving Cambridge Analytica and have therefore opened a formal investigation,” says Commissioner Daniel Therrien. “The first step will be to confirm with the company whether the personal information of Facebook users in Canada was affected.”

The investigation will examine Facebook’s compliance with Canada’s federal private sector privacy law, the Personal Information Protection and Electronic Documents Act (PIPEDA).

“The allegations we’ve seen in media reports raise extremely important privacy questions. The digital world, and social media in particular, have become entrenched in our daily lives and people want their rights to be respected.”

The UK Information Commissioner’s Office has an ongoing related investigation.

“We will remain in contact with the UK office and will work with other data protection authorities as appropriate. Ultimately, our goal is to ensure that the privacy rights of Canadian Facebook users are protected,” says Commissioner Therrien.

Due to confidentiality provisions under PIPEDA, no further details regarding the investigation are available at this time.

Both federal privacy laws are in urgent need of reform and the Commissioner has called on the government to address the shortcomings in Canada’s privacy regime.

“If true, the allegations raise a major challenge for privacy rights. We have recommended strengthening Canada’s private sector law in order to help strengthen consumer trust. I welcome the support of a Parliamentary committee that recently reviewed PIPEDA,” says Commissioner Therrien.

ASSUME THE ROLE OF THE PRIVACY COMMISSIONER AND determine how you would conduct the review of Facebook.

A recent article regarding Facebook and Cambridge Analytica

Facebook is under fire this week over a controversy involving tens of millions of users’ personal information.

The drama began when the \$500 billion company admitted Friday that data analysis firm Cambridge Analytica, which has close ties to President Trump's election campaign and right-leaning mega donors, used data that had been collected from 50 million users without their consent. Facebook has since suspended Cambridge Analytica's access to its platform.

Still, Facebook is taking a beating from commentators and investors alike. Facebook's stock was down about 7% Monday afternoon, dropped another 2.5% Tuesday. The company's market value has shrunk 8% this week. Meanwhile, lawmakers in the U.S. and the U.K. are demanding CEO Mark Zuckerberg explain his company's practices.

Here's what to know about Facebook's latest crisis.

What is Cambridge Analytica?

Cambridge Analytica is a political analysis firm that claims to build psychological profiles of voters to help its clients win elections. The company is accused of buying millions of Americans' data from a researcher who told Facebook he was collecting it strictly for academic purposes. Facebook allowed Aleksandr Kogan, a psychology professor at the University of Cambridge who owns a company called Global Science Research, to harvest data from users who downloaded his app. The problem was that Facebook users who agreed to give their information to Kogan's app also gave up permission to harvest data on all their Facebook friends, as well, according to the *Guardian*.

The breach occurred when Kogan then sold this data to Cambridge Analytica, which is against Facebook's rules. Facebook says it has since changed the way it allows researchers to collect data from the platform as a result.

Christopher Wylie, a whistleblower who worked at Cambridge Analytica before quitting in 2014, claimed on NBC's *Today Show* Monday morning that the firm was "founded on misappropriated data of at least 50 million Facebook users."

Wylie added that Cambridge Analytica's goal was to establish profiling algorithms that would "allow us to explore mental vulnerabilities of people, and then map out ways to inject information into different streams or channels of content online so that people started to see things all over the place that may or may not have been true."

The data firm initially told British Parliament it did not collect people's information without their content during a hearing in February, but later admitted in a statement to the New York *Times* that they did in fact obtain the data, though the company claims to have deleted the information as soon as it found out it violated Facebook's privacy rules.

Cambridge Analytica issued a number of press releases in the days following the explosive media reports, saying that it "strongly denies the claims" it acted improperly.

"In 2014 we received Facebook data and derivatives of Facebook data from another company, GSR, that we engaged in good faith to legally supply data for research," the statement reads. "After it subsequently became known that GSR had broken its contract with Cambridge Analytica because it had not adhered to data protection regulation, Cambridge Analytica deleted all the Facebook data and derivatives, in

cooperation with Facebook... This Facebook data was not used by Cambridge Analytica as part of the services it provided to the Donald Trump presidential campaign.”

Facebook also issued a statement on its website Monday saying that the claim there was a data breach is “completely false” and Facebook users “gave their consent” when they signed up for certain kinds of apps, like the one Kogan exploited for data collection purposes. The social media juggernaut also maintained that “no systems were infiltrated, and no passwords or sensitive pieces of information were stolen or hacked.”

Who is the Cambridge Analytica whistleblower?

Christopher Wylie, a former employee of Cambridge Analytica, spoke out about the firm’s practices on the *Today Show* Monday morning after previously giving an interview to the *New York Times*. Wylie, who quit the company in 2014, said he believes it’s important for Americans to know what companies are doing with their personal information, as well as whether Cambridge Analytica’s practices influenced the democratic process.

“This was a company [Cambridge Analytica] that really took fake news to the next level by powering it with algorithms,” he said in an interview on the *Today Show* Monday morning.

Wylie also claimed that Cambridge Analytica has been in talks with Russian oil companies and employs a psychologist who works on Russia-funded projects. Any ties between Cambridge and Russia could complicate matters for Facebook, which has spent the past several months grappling with accusations that Moscow used it and other social media networks to meddle in the 2016 U.S. elections.

In a statement, Cambridge Analytica said Wylie left the company to found a rival firm.

“Their source is a former contractor for Cambridge Analytica – not a founder as has been claimed – who left in 2014 and is misrepresenting himself and the company throughout his comments,” the company said.

What is Cambridge Analytica’s connection to Steve Bannon?

Onetime Trump campaign advisor and Former White House Chief Strategist Steve Bannon was previously vice president of Cambridge Analytica’s board, according to the *New York Times*. Wylie told the *Guardian* that Bannon was his boss at Cambridge Analytica. Bannon has been involved in propping up right-wing political groups for years, having been the executive chairman and co-founder of Breitbart News, a far right-wing digital publication, until he stepped down from the position in January.

Additionally, Republican megadonor and onetime Breitbart News CEO Robert Mercer, who has funded numerous conservative campaigns at every level of government, invested \$15 million in Cambridge Analytica. His daughter, Rebekah Mercer was also a board member of the political data firm. The Mercers originally supported Ted Cruz’ presidential campaign, but became patrons of the Trump campaign after Cruz bowed out of the 2016 presidential race.

The *Times* reported that through their family foundation the Mercer’s have donated more than \$100 million to conservative causes — \$10 million of which went to Breitbart News, and another \$6 million that went to the Government Accountability Institute, a nonprofit founded by Bannon.

What does Mark Zuckerberg say?

Facebook executives responded to the crisis on Wednesday by issuing statements on the social media platform.

Zuckerberg admitted that Facebook made mistakes and acknowledged that his company failed to responsibly protect the data of customers.

He gave a timeline explaining how the improper data harvesting occurred, and said that in 2014 the company changed its practices to limit the ability of “abusive apps” to collect data from users and their other Facebook friends who did not give consent.

“In 2007, we launched the Facebook Platform with the vision that more apps should be social...To do this, we enabled people to log into apps and share who their friends were and some information about them....In 2013, a Cambridge University researcher named Aleksandr Kogan created a personality quiz app. It was installed by around 300,000 people who shared their data as well as some of their friends’ data. Given the way our platform worked at the time this meant Kogan was able to access tens of millions of their friends’ data.”

Zuckerberg also acknowledged that journalists informed Facebook as early as 2015 that Kogan shared this data with Cambridge Analytica, and said the company subsequently banned Kogan’s apps from the social network because they violated Facebook policies.

“This was a breach of trust between Kogan, Cambridge Analytica and Facebook. But it was also a breach of trust between Facebook and the people who share their data with us and expect us to protect it. We need to fix that,” he wrote on Facebook.

He also said the company will investigate all apps that had “access to large amount of information” before the 2014 policy changes, and that Facebook plans to further restrict developers’ access to Facebook users’ data moving forward. The company will also make it easier for users to deny permission to third party developers that collect their personal information. As part of this effort, the company plans to move its privacy tool to the top of the News Feed.

Facebook’s Chief Operating Officer Sheryl Sandberg shared Zuckerberg’s post on her own Facebook page, saying she “deeply regrets” that the company did not do more to address the problem. Facebook will also start to ban developers who misuse “personally identifiable information” and alert users when Facebook learns their data has been misused, she wrote.
