

UNIT ED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons, Chairman
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of

Cambridge Analytica, LLC,
a corporation.

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Cambridge Analytica, LLC, a corporation, ("Respondent") has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

NATURE OF THE CASE

1. This action seeks to hold Respondent responsible for its deceptive acts and practices to harvest personal information from Facebook users for political and commercial targeted advertising purposes. Respondent, along with Alexander Nix and Aleksandr Kogan jointly and severally developed, operated, analyzed and used data obtained through an application on the Facebook platform called the "GSRApp" also sometimes referred to publicly as the "thisisyourdigitallife" app. Using the Graph application programming interface ("Graph API") Facebook made available to developers on its platform, the GSRApp harvested Facebook user profile data from approximately 250,000–270,000 Facebook users who directly interacted with the app, as well as 50–65 million of the "friends" in those users' social networks. Cambridge Analytica, LLC, Alexander Nix, and Aleksandr Kogan obtained the app users' consent to collect their Facebook profile data through false and deceptive means. Specifically, they falsely represented that the GSRApp did not collect any identifiable information from the Facebook users who authorized it.

Analytica is part of the SCL Group Ltd family of companies SCL Elections Limited (“SCL Elections”), a privately held U.K. Corporation, has held an ownership interest in Cambridge Analytica. Cambridge Analytica has operated as a data analytics and consulting company that provides voter profiling and marketing services. Cambridge Analytica describes itself on its website as “a science consultancy and marketing agency” that is “politically neutral.” In May 2018, Cambridge Analytica filed for bankruptcy, which proceedings are still ongoing.

3. During the relevant time period, Cambridge Analytica and SCL Elections conducted the business practices described below through an interrelated network of companies that have common business functions, ownership, officers, and employees. For example, Alexander NsCaceor[(N)ha-yha212 (pa)4 (ni)-2TJ ()bm.004 Tc 0.004 Tw4TJ 0 Tc 0>>BDevt3 (a)4 (c)4 (t(()

individual's personality traits according to the "OCEAN" scale, a psychometric model that measures an individual's openness to experiences, conscientiousness, extraversion, agreeableness and neuroticism

8. Specifically, researchers developed an algorithm that could predict an individual's personality based on the individual's "likes" on public Facebook pages. For example, liking Facebook pages related to Hillary Clinton, Barack Obama, and George W. Bush, and rap and hip-hop could be linked with a conservative and conventional personality. The researchers argued that their algorithm, which was more accurate for individuals who had more public Facebook page "likes," could potentially predict an individual's personality better than the person's coworkers, friends, family and even spouse.
9. Nix, SCL Elections and Cambridge Analytica were interested in this research because Cambridge Analytica intended to offer voter profiling, microtargeting and other marketing services to U.S. campaigns and other U.S.-based clients. Through mutual contacts, representatives of SCL Elections, who had dual roles at Cambridge Analytica, reached out to Kogan and academics affiliated with the Psychometrics Centre in early 2014 to discuss a potential working relationship to commercialize this research.
10. Kogan had expertise researching and analyzing Facebook data through his work at the CPW Lab through his

14. On June 4, 2014, GSR and SElections entered into a GS Data and Technology Subscription Agreement (the "June 2014 Agreement"). Nix signed this agreement for SCL Elections. Under this agreement, GSR agreed to harvest Facebook profile data from Users and

17. Nix was personally involved in the data harvesting Project. In addition to signing the June 2014 Agreement, he directly communicated and ~~wrote~~ with Kogan about the Project, personally authorized payment for Project-related costs, reviewed survey questions and specifically requested certain Facebook data or analysis, and directed internal actions within SCL Elections and Cambridge Analytica related ~~to~~ implementing the GSRApp analyzing the GSRApp data, and using the ~~GSR~~ App data for Cambridge Analytica clients in the United States.

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B.

Analytica, and its SCL affiliates delete all Facebook data in their possession. While Kogan and SCL Elections certified to Facebook that they had deleted the data obtained through the GSRApp, individuals or other entities still possess this data and/or data models based on this data.

C. Cambridge Analytica Deceptively Claimed it Participated in the EU-U.S. Privacy Shield Framework and that it Adhered to its Principles

- 31. The EU-U.S. Privacy Shield framework (“Privacy Shield”) was designed by the U.S. Department of Commerce (“Commerce”) and the European Commission to provide a mechanism for U.S. companies to transfer personal data outside of the EU that is consistent with the requirements of the European Union Directive on Data Protection. Enacted in 1995, the Directive set forth EU requirements for privacy and the protection of personal data. Among other things, it requires EU Member States to implement legislation that prohibits the transfer of personal data outside the EU, with exceptions, unless the European Commission has made a determination that the recipient jurisdiction’s laws ensure the protection of such personal data. This determination is referred to commonly as meeting the EU’s “adequacy” standard.
- 32. To satisfy the EU adequacy standard for certain commercial transfers, Commerce and the European Commission negotiated the EU-U.S. Privacy Shield framework, which went into effect in July 2016. The EU-U.S. Privacy Shield framework allows companies to transfer personal data lawfully from the EU to the United States. To join the EU-U.S. Privacy Shield framework, a company must self-certify to Commerce that it complies with the Privacy Shield Principles and related requirements that have been deemed to meet the EU’s adequacy standard. Any company that voluntarily withdraws or lets its self-certification lapse must continue to apply the Privacy Shield principles to the personal information it received while a participant in the Privacy Shield and affirm to Commerce on an annual basis its commitment to do so, for as long as it retains such information.
- 33. Companies under the enforcement jurisdiction of the FTC, as well as the U.S. Department of Transportation, are eligible to join the EU-U.S. Privacy Shield framework. A company under the FTC’s jurisdiction must self-certify to Commerce that it complies with the Privacy Shield Principles and related requirements that have been deemed to meet the EU’s adequacy standard. Any company that voluntarily withdraws or lets its self-certification lapse must continue to apply the Privacy Shield principles to the personal information it received while a participant in the Privacy Shield and affirm to Commerce on an annual basis its commitment to do so, for as long as it retains such information.

https://www.ftc.gov/ftc/2016/07/20160728-ftc-002-tc-002-002-6.5 (1)(a) (e) as

36. Until at least November 27, 2018, Cambridge Analytica disseminated or caused to be disseminated privacy policies and statements on www.cambridgeanalytica.org including, but not limited to, the following statements:

IS CAMBRIDGE ANALYTICA PART OF THE PRIVACY SHIELD FRAMEWORK?

Yes: Cambridge Analytica adheres to the ~~EU~~ Privacy Shield Principles for the transfer of EU data we use to provide our services, including the onward transfer liability provisions. With respect to personal data received or transferred pursuant to the Privacy Shield Framework, Cambridge Analytica is subject to the regulatory enforcement powers of the U.S. Federal Trade Commission. More information on the principles are available at the Privacy Shield website: <https://www.privacyshield.gov/>.

37. Cambridge Analytica, however, did not complete the steps necessary to renew Cambridge Analytica's participation in Privacy Shield after that certification expired on or about May 11, 2018, nor did they withdraw and affirm their commitment to ~~protect~~ any personal information they had acquired while in the program. After allowing Cambridge Analytica's certification to lapse, Cambridge Analytica continued to claim, as indicated in Paragraph 36, that it participates in Privacy Shield.

VIOLATIONS OF THE FTC ACT

Deceptive Claim Concerning the Collection of Personal Identifiable Information (Count I)

38. Through the means described in Paragraph 28, Cambridge Analytica represented, directly or indirectly, expressly or by implication, that

41. In fact, as described in Paragraph 37, Cambridge Analytica did not renew its participation in Privacy Shield and allowed its certification to lapse in May 2018. Therefore, the representation set forth in Paragraph 40 is false or misleading.

equations, that originated, in whole or in part, from this Covered Information. Such deletion or destruction must occur within ten (10) days of the effective date of this Order, or if such information is in the possession of a government regulatory or enforcement agency, including the United Kingdom's Information Commissioner's Office, as of the effective date of this Order, within ten (10) days after the Covered Information is returned to Respondent. Provided, however, that such Covered Information, or any information that originated in whole or in part from such Covered Information, need not be deleted or destroyed for so long as requested by a government agency or otherwise required by regulation, court order or other legal obligation; and

- C. Provide a written statement to the Commission, sworn under penalty of perjury confirming the foregoing. This statement must be provided: (1) within thirty (30) days after the effective date of the Order; or, if applicable, (2) within thirty (30) days after the Covered Information is returned to Respondent from a government regulatory or law enforcement agency, or within thirty (30) days after any legal obligation to preserve the Covered Information has ended.

V. Duty to Protect Covered Information

IT IS FURTHER ORDERED that Respondent, and Respondent's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, are permanently restrained and enjoined from disclosing, using, selling, or receiving any benefit from Covered Information or any information that originated, in whole or in part, from this Covered Information.

VI. Access to Corporate Documents and Data

IT IS FURTHER ORDERED that the Trustee shall make available to the Commission, for inventory and copying, all correspondence, email, financial data including tax returns, and any other documents, computer equipment, and electronically stored information, in Trustee's possession, custody, or control, that contain information about Respondent's role and assets at the Commission's expense. The Commission shall return each item produced for inventory or copying to the Trustee within ten (10) business days from the date and time of the Trustee's delivery of each such item.

IT IS FURTHER ORDERED that the Trustee, to the extent he has possession, custody, or control of computer equipment or electronically stored information described above, shall provide the Commission with any necessary means of access to the computer equipment or electronically stored information, including, but not limited to, computer access codes and passwords.

IT IS FURTHER ORDERED that the Trustee shall provide notice to the Commission of the proposed abandonment of any corporate books or records of Respondent, and upon the Commission's designation, the Trustee shall transfer such books and records to the Commission.

VII . Order Effective Dates

IT IS FURTHER ORDERED that the final and effective date of this Order is the 60th day after this Order is served. The Order will terminate twenty (20) years from the date of its issuance (which date may be stated at the end of this Order at the Commission's seal), or twenty (20) years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Provision in this Order that terminates in less than twenty (20) years;
- B. This Order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This Order if such complaint is filed after the Order has terminated pursuant to this Provision.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any Provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Provision as though the complaint had never been filed, except that the Order will not terminate between at te Orad n4(t)-2 (v)2 commatad9 (y)3 (s)-1 (uc)4ty-nt a fngyeh