Written by <u>C. Mitchell Shaw</u> on March 14, 2019



Facebook Under Criminal Investigation; Allowed Big Tech Firms to Steal Users' Data

Facebook — already beleaguered by one scandal and investigation after another — is in deeper trouble than ever. Federal prosecutors are conducting a criminal investigation of the social-media giant over deals it struck with some of the largest tech companies in the world. The deals allowed those companies access to users' private data — including private messages, in some cases — without users' knowledge or consent.

The New York Times is reporting,

A grand jury in New York has subpoenaed records from at least two prominent makers of smartphones and other devices, according to two people who were familiar with the requests and who insisted on anonymity to discuss confidential legal matters. Both companies had entered into partnerships with Facebook, gaining broad access to the personal information of hundreds of millions of its users.

The companies were among more than 150 firms, including Amazon, Apple, Microsoft and Sony, that had cut sharing deals with the world's dominant social media platform. The agreements, previously reported in *The New York Times*, let the companies see users' friends, contact information and other data, sometimes without consent. Facebook has phased out most of the partnerships over the past two years.

This criminal investigation is related to the 2011 consent agreement between Facebook and the Federal Trade Commission (FTC), which Facebook entered into to avoid legal troubles at that time. The datasharing deals Facebook forged with major tech companies appear to clearly violate that FTC agreement.

This investigation — while sharing some similarities and overlap — is separate from other investigations looking into the Cambridge Analytica data scandal that began Facebook's current woes. In that data-sharing scandal alone, Cambridge Analytica — a data-mining company that leveraged user data for political campaigns — was given access to the data of at least 87 million users. That data was used to benefit the Trump campaign, angering many who seemed to have no compunction to the Obama campaign doing the same thing and more in 2012.

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As the *Times* reported:

It is not clear when the grand jury inquiry, overseen by prosecutors with the United States attorney's office for the Eastern District of New York, began or exactly what it is focusing on. Facebook was already facing scrutiny by the Federal Trade Commission and the Securities and Exchange Commission. And the Justice Department's securities fraud unit began investigating it after reports that Cambridge Analytica, a political consulting firm, had improperly obtained the Facebook data of 87 million people and used it to build tools that helped President Trump's election campaign.

The data-sharing deals Facebook had with other tech companies makes Cambridge Analytica look like the mere tip of the iceberg.

For instance, according to records obtained by the *Times*, Bing — Microsoft's search engine — was able to create a detailed map of the friends of nearly all Facebook users. Netflix and Spotify were able to read users' private messages. As the *Times* <u>reported</u> on those records in December 2018, "The social network permitted Amazon to obtain users' names and contact information through their friends, and it let Yahoo view streams of friends' posts as recently as this summer, despite public statements that it had stopped that type of sharing years earlier."

While all of this was going on, users were deliberately kept in the dark. Apps developed by companies with which Facebook had data-sharing agreements were allowed to violate the privacy settings users had set for their devices. In fact, Apple — which made a name for itself by standing up to the FBI over demands to compromise the encryption standards on its iPhone and iPad devices — is perhaps one of the most egregious abusers of user privacy in all of this.

The records obtained by the *Times* show that Apple was able to hide from users all indicators that their devices were even asking for the data. Furthermore, Apple devices also had access to the contact numbers and calendar entries of people who had changed their account settings to disable all sharing. This brings to mind the old saying that if you have a reputation for always being on time, you can be as late as you want. Apple seems to be content with having a reputation for standing for user privacy — but that appears to be just a reputation, and not a fact.

And there is the rub. Facebook is taking a well-deserved beating for violating its users' privacy, but it could not have done so without some very big names in tech being willing to purchase those stolen tidbits of data.

Regardless of what legal action comes out of all of this, there is one important takeaway: Each individual is responsible for taking appropriate steps to guard his or her own privacy. If that means refusing to do business with companies that profit by eroding that privacy, then the free market can do much more in this area than government could ever do.

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