

US warns Facebook on privacy in WhatsApp mega deal (Update)

April 10 2014



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The warning came as the Federal Trade Commission (FTC) informed

Facebook it had approved the deal, according to sources familiar with the review, allowing Facebook to go forward with its largest-ever acquisition and expand its footprint and mobile offerings.

In a letter to both companies, the FTC noted that WhatsApp has made "promises" to consumers on protecting their data and that both companies have told consumers that after the acquisition, WhatsApp will continue its current privacy practices.

"We want to make clear that, regardless of the acquisition, WhatsApp must continue to honor these promises to consumers," FTC official Jessica Rich said in the letter.

Rich said that if the deal is completed and WhatsApp fails to honor these promises, "both companies could be in violation" of the law "and, potentially, the FTC's order against Facebook."

Rich was referring to a 2011 settlement in which Facebook pledged to get consumers' consent before making changes that override their privacy settings.

The letter reminded the companies that WhatsApp, which has an estimated 450 million users around the world, has a privacy policy stating that it "does not collect names, emails, addresses or other contact information from its users' mobile address book" and that it does not collect location data or keep an archive of messages.

"WhatsApp's hundreds of millions of users have agreed to use the WhatsApp service, and to have WhatsApp collect and transmit their information, with the understanding that these promises will be honored," said Rich, who heads the FTC's bureau of consumer protection.

Last month, two privacy activist groups asked regulators to put on hold the Facebook acquisition to ensure against misuse of user data.

The complaint filed by the Electronic Privacy Information Center and Center for Digital Democracy said the deal may undermine the privacy of users by allowing Facebook access to user information, which could be used for advertising purposes.

A Facebook spokeswoman said the company was satisfied with the FTC review and that "both companies will continue to comply with all applicable laws after the transaction closes."

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Citation: US warns Facebook on privacy in WhatsApp mega deal (Update) (2014, April 10)
retrieved 19 April 2024 from <https://phys.org/news/2014-04-facebook-privacy-whatsapp.html>

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