

Audit clears Facebook despite Cambridge Analytica leaks

April 20 2018, by Barbara Ortutay



In this March 29, 2018, file photo, the logo for Facebook appears on screens at the Nasdaq MarketSite in New York's Times Square. An audit of Facebook's privacy practices for the Federal Trade Commission found no problems even though Facebook knew at the time that a data-mining firm improperly obtained private data from millions of users. The audit by PricewaterhouseCoopers is available on the FTC's website, though it is heavily redacted. It covers February 12, 2015 to February 11, 2017. (AP Photo/Richard Drew, File)

An audit of Facebook's privacy practices for the Federal Trade

Commission found no problems even though the company knew at the time that a data-mining firm improperly obtained private data from millions of users—raising questions about the usefulness of such audits.

Facebook agreed to outside audits every two years as part of a 2011 settlement with the FTC over its privacy practices. It is not clear from the report whether the company informed PricewaterhouseCoopers, which performed the audit, of the Cambridge Analytica data grab that would put Facebook in the crosshairs of Congress.

The heavily redacted audit by PricewaterhouseCoopers is available on the FTC's website. It covers February 12, 2015 to February 11, 2017.

PwC declined to comment, but Facebook said Friday that keeping data secure is a priority.

"We remain strongly committed to protecting people's information, said Rob Sherman, Facebook's deputy chief privacy officer, in a statement. "We appreciate the opportunity to answer questions the FTC may have."

The fact that PwC found no issues raised red flags for privacy advocates.

"The FTC failed to protect the public," said Jeffrey Chester, executive director of the nonprofit digital rights group Center for Digital Democracy. "Instead of conducting its own review to enforce one of its most important decisions—the consent decree—it looked the other way, which allowed Facebook to engage in serious misconduct."

Chester said the audit shows that the "FTC cannot be relied on to really protect consumers."

The 2011 consent decree bound Facebook to a 20-year privacy commitment. Any violations of that pact could cost the company a ton of

money. In his congressional testimony last week, Facebook CEO Mark Zuckerberg appeared uninformed about key details of the agreement, saying he did not remember if it carried a financial penalty.

Any violations of the 2011 agreement could subject Facebook to fines of \$41,484 per violation per user per day. To put that in context, Facebook could theoretically owe \$8 billion for one single day violation affecting all of its American users, or about half of the profit that the company booked for all of last year.

The agreement requires that Facebook users give "affirmative express consent" any time that data they haven't made public is shared with a third party. Cambridge Analytica accessed information from so many users (the firm puts the number at 30 million, although Facebook has said 87 million) because it was able to access the data of people's friends, and not just people who explicitly permitted access when they took a personality quiz. While Facebook did have controls in place that allowed people to restrict such access, they are found buried in the site's settings and are difficult to find.

Sen. Catherine Cortez Masto, a Democrat from Nevada, said during last week's hearing that in her view, "these requirements were not met," because user consent shouldn't have been buried in privacy settings.

PwC disagreed.

"In our opinion, Facebook's privacy controls were operating with sufficient effectiveness to provide reasonable assurance to protect the [privacy](#) of covered information and that the controls have so operated throughout the Reporting Period, in all material respects for the two years ended February 11, 2017," the report states.

Facebook is also under a separate investigation by the FTC because of

the Cambridge Analytica scandal. The agency is looking at whether Facebook has engaged in "unfair acts" that cause "substantial injury" to consumers.

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