

Q&A: Cambridge Analytica's bankruptcy won't halt probes

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In this April 18, 2018, file photo, a graphic from Cambridge Analytica's Twitter page is displayed on a computer screen in New York. A published report said the data firm at the center of Facebook's privacy debacle is closing its doors. (AP Photo/Mark Lennihan, File)

The company at the center of the Facebook privacy scandal, political consultancy Cambridge Analytica, is going out of business. But that doesn't mean those behind the entity will escape the scrutiny of

regulators.

As authorities continue to investigate the use of the data of millions of people, here's a look at what the bankruptcy filings in the U.K. and U.S. mean for the probe.

HOW DID THIS START?

Facebook suspended Cambridge Analytica in light of allegations that it had improperly harvested personal data from as many as 87 million Facebook accounts and used the material in Donald Trump's presidential election campaign. Cambridge Analytica says it bought the data from another company that was contractually required to comply with data protection rules and that none of the Facebook data was used in the Trump campaign.

The scandal triggered a sharp drop in Facebook shares amid concern the revelations could threaten the social network's business model of offering a free service in return for data that could be marketed to advertisers. At one point, the sell-off wiped \$50 billion off the company's market value.

WHAT DOES CAMBRIDGE ANALYTICA SAY?

The company suspended its CEO, Alexander Nix, pending an investigation. Last week it said it was "no Bond villain" and had been vilified by inaccurate reporting, including footage of Nix boasting of the company's dirty tricks—including honey traps and fake news—to win elections.

Cambridge Analytica also hired an outside lawyer to investigate the allegations. Results of the probe released Wednesday contradicted claims made by whistleblower Christopher Wylie and described his involvement with the firm as being "very modest."

WHAT NOW?

Britain's Information Commissioner's Office has been investigating Cambridge Analytica and its parent company, SCL Group, as part of a wider look at the use of personal data and election campaigns. That probe, which involves as many as 30 other companies, goes on. The commissioner's office said Thursday that it will continue "civil and criminal investigations and will seek to pursue individuals and directors as appropriate and necessary, even where companies may no longer be operating."

The office also promised to "monitor closely any successor companies," meaning that the people behind Cambridge Analytica wouldn't be able to avoid scrutiny simply by incorporating under a new name.

British corporate records show that Nix is also director of a company called Emerdata Ltd. that was incorporated in August 2017. Other Emerdata directors include people associated with Cambridge Analytica. The New York Times reported that officials from Cambridge Analytica and SCL have raised the possibility of using Emerdata as a rebranding of Cambridge Analytica by buying the latter's data and intellectual property. More details could emerge when Cambridge Analytica files for bankruptcy protection in New York, as planned.

Damian Collins, the chair of the U.K. Parliament's media committee, told Sky News that he was "alive to the risk" that the company might try

to rebrand itself.

WILL THE BANKRUPTCY STOP THE INVESTIGATION?

Absolutely not, say British authorities. Collins told Sky News that company leaders will "be in for a nasty surprise" if they think shutting Cambridge Analytica will make it possible to erase the data that prompted the investigation.

Facebook also says it will continue to seek answers "to understand exactly what happened and make sure it doesn't happen again."

While individuals and businesses are typically required to preserve evidence for known investigations, it's not clear how this will work if a company is insolvent. And in any case, the U.K. Information Commissioner says it can take action against individual directors even of a company that's been declared insolvent, Collins added.

It doesn't appear the closure would directly affect the parent company, SCL Group, making it more difficult to get rid of evidence on insolvency grounds. Wednesday's news release announcing the decision lists only Cambridge Analytica and SCL Elections, not the parent [company](#).

IS FACEBOOK OFF THE HOOK?

Not at all.

Founder Mark Zuckerberg testified last month to the U.S. Congress

about the use of the data in the presidential election. He acknowledged that tighter regulation of data is inevitable, but otherwise came away relatively unscathed—Facebook shares rose after his testimony.

The U.K. and EU parliaments also want Zuckerberg to answer their questions publicly, though he has so far declined. Collins this week repeated that, insisting that he needs to come clean on 40 questions Chief Technology Officer Mike Schroepfer failed to "fully" answer last week.

Collins also said there was no precedent for a senior executive refusing a summons, adding that even Rupert and James Murdoch chose to appear during an investigation into phone hacking.

The Federal Trade Commission in the U.S., meanwhile, also is investigating Facebook.

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