

# Facebook users demand Cambridge Analytica secrets in bankruptcy

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Credit: CC0 Public Domain

Facebook users who say their personal data was misused, potentially to distort the last U.S. election, will have to wait to see if they can wring more information from Cambridge Analytica, the disappearing company

that played a key role in the drama.

The political consulting firm is winding down both in the U.K., its home country, and in a New York Chapter 7 bankruptcy case. Some of the dozens of Facebook users who sued both Facebook and Cambridge Analytica in U.S. district court appeared in the bankruptcy as "data breach plaintiffs" to ask if they can gather more information about the defunct company's finances.

U.S. Bankruptcy Judge Sean Lane said in Manhattan court Tuesday that they'll have to wait until September to hear his answer, when more information will hopefully become clear. Meanwhile, he entered an order in their favor to preserve any records.

His back and forth with lawyers revealed how difficult it will be to get any financial compensation—or even information—from the firm.

"I don't know some of the basic facts, which is a bit daunting," Lane said, in a hearing that ran through a laundry list of unknowns: whether Cambridge Analytica has indeed handed over all the information it collected; whether it has, or ever did have Facebook user data in its possession; what the role of board member Rebekah Mercer was in pre-bankruptcy transactions; and how Cambridge Analytica's lawyers can insist there is no one at the company to subpoena or answer such questions under oath, since someone must have hired them.

"You're here today, so you clearly have an attorney-client relationship with someone," Lane told Kristine Manoukian, a lawyer for Schulte Roth & Zabel who represents Cambridge Analytica. She told the court the law firm wouldn't accept subpoenas and had no company representatives to offer for testimony, and that it might withdraw as the firm's counsel.

Salvatore LaMonica, a trustee for the estate, said there are "minimal

assets" which will be depleted quickly if more litigation ensues, and said the Facebook users are "way down the line" in terms of requests for information, after those from the Federal Bureau of Investigation and several U.S. Attorneys General.

## **Emerdata Transaction**

At stake in the data breach plaintiff's pending request is whether there's any value to claim if they succeed in their lawsuits, which are still in early stages. One topic of interest, the data breach group says, is Emerdata Ltd., a company that bought 89.5 percent in Cambridge Analytica from Chief Executive Officer Alexander Nix and Cambridge Analytica affiliates just before the bankruptcy.

"In any case where a debtor engages in these kinds of transactions in advance of a Chapter 7 filing, it sparks interest," Michael Etkin, a lawyer for the data breach group, said in a phone interview. Etkin declined to comment on what types of claims they could make. But under bankruptcy law, assets transferred out of an estate just before a filing can sometimes be clawed back.

Emerdata, said to be under court administration, is also a figure of interest to British lawmakers, who last month recommended it be investigated amid concerns that Kremlin-backed groups used social media to influence elections.

## **Trump Re-election**

While Emerdata may be winding down, another company, Data Propria, has hired some former Cambridge Analytica executives. It has brought in revenue for its parent company CloudCommerce Inc. since being formed in February 2018, according to CloudCommerce's regulatory

filings. The Associated Press has reported that it is run by former Cambridge Analytica officials and is working on President Donald Trump's 2020 re-election campaign. CloudCommerce didn't return a message seeking comment.

The data breach group represents only some Facebook members who have sued. In around 25 similar cases that were recently consolidated in a California court, members allege Cambridge Analytica mounted a "massive data mining campaign" on 87 million Facebook users, and may have used the data when it worked on President Trump's campaign in 2016. The suits question Facebook's role and seek damages from either company for what they say were invasion of privacy and increased risk of theft and data breaches.

Cambridge Analytica, Facebook Inc. and a trustee overseeing the case all filed objections to the data breach group's requests in bankruptcy court.

Facebook users shot back in court filings that they've identified "numerous other causes for concern" since they first made their request. They cited a lack of clarity about the company's assets in the case so far and the statement made by Chief Executive Officer Julian Wheatland that he's unsure whether he or other representatives have continued access to web-based accounts, or whether a customer list exists. Also, they noted, Wheatland was directed not to answer questions when it came to whether the company had actual possession of user information.

Cambridge Analytica's backers have included the Mercer family. Its bankruptcy petition was signed by board members Rebekah Mercer and Jennifer Mercer, daughters of former New York hedge fund manager Robert Mercer. His family backed Donald Trump for president and helped reshape American conservative politics.

The bankruptcy case is Cambridge Analytica LLC, 18-11500, U.S.

Bankruptcy Court, Southern District of New York (Manhattan).

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