



## Is This the Beginning of the End of Facebook?

Facebook can't seem to shake off one major blow before another comes along. The past few weeks have seen the social media giant shaken, rattled, and exposed for the way the company handles users' data and conducts business. Now, with the market responding to that news with investors dumping stocks, both users and investors launching lawsuits, governments calling for regulation and hefty fines, and users abandoning the platform, Facebook may be in very real danger of going the way of the dodo.



In the wake of revelations that Facebook data was breached and used to manipulate voters in the 2016 U.S. presidential election, the market turned against the company, with shareholders dumping stocks. The result of that sell-off is that the company, which had hit a peak in value on February 2, saw stock values decrease by 22 percent in the next three weeks. The total loss is estimated at a whopping \$100 billion. Yes, billion.

A stock plunge of nearly one-quarter and a loss of \$100 billion in the value of the company has to hurt. It would be difficult to imagine the company bouncing back from those losses anytime soon. Investors tend to avoid falling stocks like the plague. In a market where the value of a company is driven by investor trust, there is a point-of-no-return when stocks begin crashing. Whether Facebook is at (or near) that point is hard to say. It is also beside the point, since the company has other serious problems with which to grapple even while trying to rebound in the market.

And even as Facebook desperately scrambles to recover those market losses — which may explain CEO Mark Zuckerberg's sudden change of heart about government regulation of his industry in general and his company in specific — the company has been hit with multiple lawsuits from both investors and users. As of last week, at least four lawsuits had already been filed against Facebook as a result of the Cambridge Analytica data breach.

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Three of those four lawsuits could become class-action suits. As SFGate [reported](#), one of those is from a Facebook user in Maryland who filed her suit in San Jose, California, in an effort to represent the 50 million users whose data was harvested by Cambridge Analytica and used to manipulate them in the 2016 election. That Facebook user, Lauren Price, claims that Facebook acted with “absolute disregard” for her private information after promising that it would never disclose that information to another without permission or notice. Price said she was “frequently targeted with political ads while using Facebook.” While that may seem obvious — everyone gets hit with ads, political and otherwise — what makes Price's claim of Facebook's “absolute disregard” of her private data credible is that the advertising was “targeted.” It's not the same as listening to the radio or watching television and hearing and seeing the same ads as everyone else; The “political ads” Price saw were designed based on the data Facebook had harvested from her. That private information was used to manipulate Price. For that matter, at least 50 million other Americans can say the same thing.



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SFGate also reported: “Two other lawsuits were filed in San Francisco Tuesday and San Jose on Thursday by individual shareholders Fan Yuan and Robert Casey against Facebook, Chief Executive Mark Zuckerberg and Chief Financial Officer David Wehner.”

Those suits both also seek class-action status. The shareholders filing those suits claim that Facebook and its officers are responsible for the losses shareholders incurred as a result of Facebook’s practice of wholesale data harvesting. Those suits were filed after Facebook had lost roughly 10 percent of its value — or around \$50 billion. Now that those losses have doubled and the company seems prepared to lose even more, there will likely be more lawsuits.

The fourth lawsuit is similar to the two filed by Fan Yuan and Robert Casey in that it was filed by a shareholder. But according to SFGate, it claims that “the officers and directors violated their fiduciary duty and also unjustly profited from previous sales of their own shares by failing to prevent, remedy or disclose the exploitation of Facebook users’ personal profiles.”

Any one of these suits could be enough to push Facebook closer to the edge of the cliff it has built for itself. Together, they could push it over.

In addition to those woes, Facebook is also facing backlash from government agencies at both the federal and state levels. In 2011 — three years before the 2014 Cambridge Analytica breach — Facebook entered into a consent agreement with the Federal Trade Commission (FTC). That agreement obligated the company to safeguard users’ data — something the company clearly failed to follow through on. As a result of that agreement, the social media giant could face FTC fines of \$40,000 per violation per day.

Jessica Rich, former head of the FTC’s consumer protection bureau, [told](#) Bloomberg that she bets that when FTC investigators look into the circumstances surrounding the data breach “they will find violations.”

And David Vladeck, the former head of the FTC’s Bureau of Consumer Protection (who signed the consent order with Facebook — binding the company to the agreement until 2031), said it was “a serious breach” of the agreement.

With at least 50 million users impacted by just this one data breach, if the span of that breach lasted even a week (the actual timeline of the breach could be measured in months or even years; that information is not known for certain), the fines would be catastrophic to the company. Those fines could be more than the total value of Facebook. If the FTC levied the full fines against Facebook for each of those violations for each of those days, one week’s worth of fines would equal \$14 trillion.

In reality, the FTC — not wanting to milk a cow to death — would likely negotiate a fine the company could handle. Even at that, Facebook’s other troubles — combined with those fines — could cause the company to put up a [404 error](#) where the website now exists.

Besides the FTC investigation and the other issues listed above, Facebook is now in the crosshairs of investigations at the state level. Missouri Attorney General Josh Hawley announced this week that he is launching a probe into the data breach and how it impacted residents of the Show Me State. He is not alone among state authorities wanting to know what happened. As Bloomberg [reported](#), Hawley joined other attorneys general in signing a March [letter](#) requesting information about Facebook’s policies and practices for protecting consumer data.

Both the U.S. Congress and British Parliament have asked Zuckerberg to appear to answer questions



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about business practices that threaten users' privacy.

Just to top all of this off, the ongoing #DeleteFacebook campaign is continuing to gain ground, with users abandoning the platform every day. This writer, finally fed up with the culture of surveillance (of which Facebook is major part), did so last week. Many more are looking to April 17 as a type of official "Delete Your Facebook" day.

Considering all of the well-deserved problems facing the company after years of harvesting user data, it may soon be curtains for Facebook. If you have any data on Facebook that you want to keep, this might be a good time to [download it](#) while it's still there. Besides your pictures and videos, you might just be surprised at what you see there.



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