

Facebook Imposed with 5 Billion Dollar Fine and Agrees for Privacy Changes with the FTC

TOPICS: Platform Policies, Social Media, Privacy, FTC, US

The Federal Trade Commission ("FTC") [imposed](#) a \$5 billion penalty against Facebook, the largest ever imposed on any company for violating consumers' privacy, and one of the largest penalties ever imposed by the U.S. government for any violation. The settlement order also sets a series of obligations on Facebook's business operations by restructuring its approach to privacy.

The settlements follows the FTC's assessment regarding Facebook's steps to deal with apps that were found to be violating its platform policies and misleading users about their ability to control the privacy of their personal information.

In addition to the fine, Facebook agreed to a 20-year settlement that aims to change the company's privacy governance and increase transparency. In that regard, the settlement establishes an independent privacy committee of Facebook's board of directors, which will be appointed by an independent nominating committee. Facebook must also designate compliance officers who will be responsible for the privacy program and must generate a quarterly privacy review report.

As part of Facebook's order-mandated privacy program, which covers WhatsApp and Instagram, **Facebook must conduct a privacy review of every new or modified product, service, or practice before it is implemented, and document its decisions about user privacy.** The settlement also requires Facebook to document incidents when data of 500 or more users has been compromised and its efforts to address such an incident. The company must also assess and document, at least once a year, risks within each area of its operation, including partnerships with covered third parties and sharing of data with third parties.

Other specific topics are also addressed, such as Facebook's facial recognition "tagging" functionality. Following the settlement, the company must delete any existing Facial Recognition Templates unless Facebook clearly and conspicuously discloses (such as in a stand-alone disclosure or notice), how it will use the Facial Recognition Template and obtain users' affirmative express consent. Facebook is also prohibited from continuing to use telephone numbers obtained to enable a security feature (e.g., two-factor authentication) for other purposes, such as advertising.

This is the second major privacy-related fine that Facebook faced this year, following Germany's Competition Authority [imposing](#) far-reaching restrictions in the processing of user data on

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Facebook. This is also the second major privacy-related fine applied to big tech this year, as the largest GDPR fine was [applied](#) by CNIL against Google, in the value of €50 million.