

Facebook's data breach

An overview of data breaches, Mark Zuckerberg's testimony to Congress, key players and outcomes of the breach

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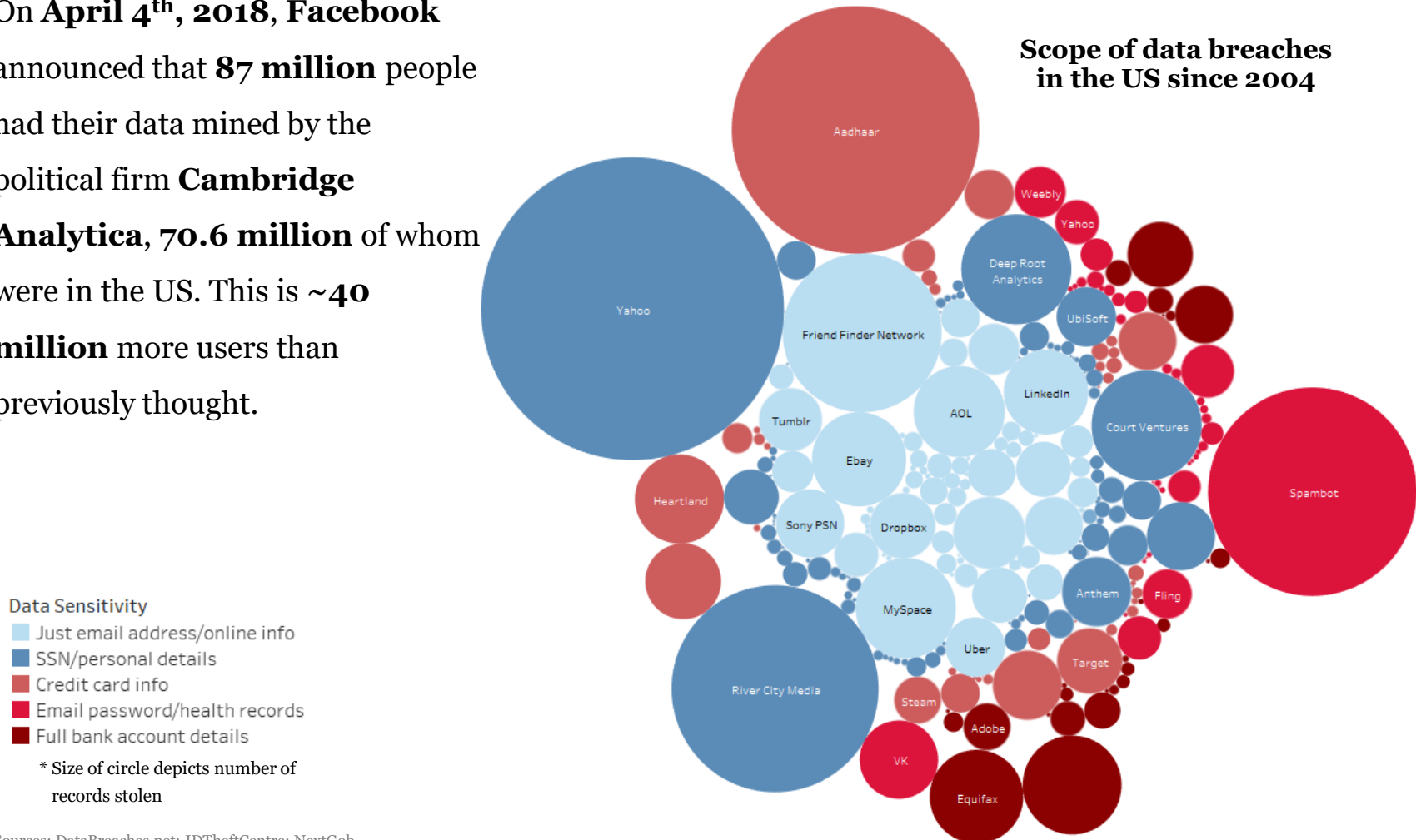
Director

Alistair Taylor

Facebook's data scandal and other data breaches

On **April 4th, 2018**, Facebook announced that **87 million** people had their data mined by the political firm **Cambridge Analytica**, **70.6 million** of whom were in the US. This is **~40 million** more users than previously thought.

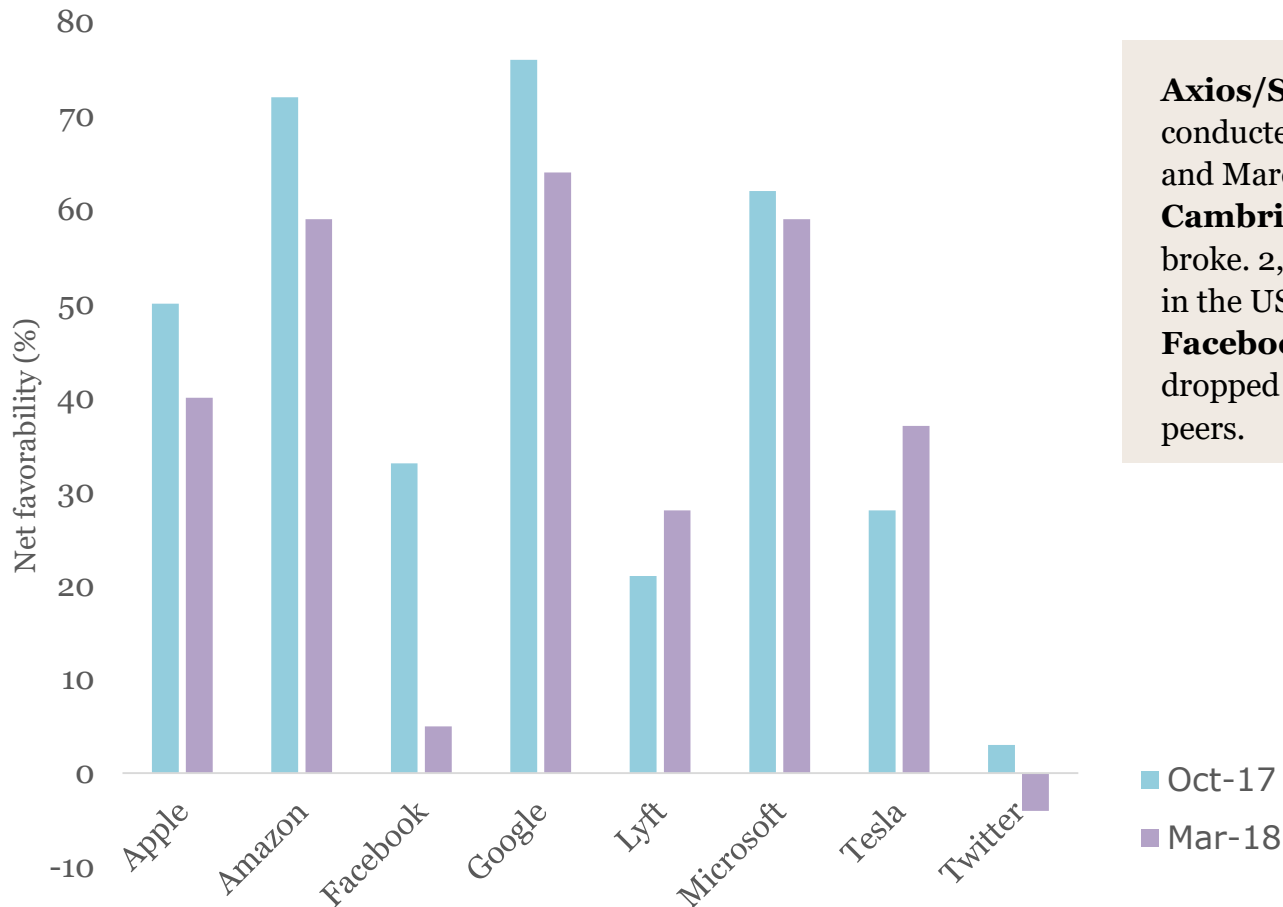
Scope of data breaches in the US since 2004



Sources: DataBreaches.net; IDTheftCentre; NextGov.

Facebook's approval ratings among the American public have plunged in the past five months

Net favorability in October 2017 and March 2018



Axios/SurveyMonkey conducted polls in October 2017 and March 2018, **after** the **Cambridge Analytica** story broke. 2,878 adults were surveyed in the US (error estimate 2.5%). **Facebook's** net favorability dropped **twice as much** as its peers.

Sources: Axios.

Key players in Facebook's data breach

The Facebook logo, consisting of the word "facebook" in white lowercase letters on a blue rectangular background.

Facebook is an American online social media company based in Menlo Park, California. It was launched in 2004 and, as of January 2018, has more than 2.2 billion monthly active users. The company has recently faced increasing pressure to act on fake news, hate speech and bullying, depictions of violence in its content and data privacy issues.



Cambridge
Analytica

Cambridge Analytica is a British political consulting firm that offers data mining, brokerage and analysis services. The company is partly owned by the family of Robert Mercer, an American hedge-fund manager who supports politically conservative causes. Former CEO Alexander Nix said in 2014 that Cambridge Analytica has been involved in 44 US political races.

Key players in Facebook's data breach



Mark Zuckerberg is a co-founder and CEO of Facebook. Over the past several years, Zuckerberg has faced increasing scrutiny over the issue of data privacy on Facebook.



Alexander Nix, the 42-year-old former CEO of Cambridge Analytica, has found himself at the center of Facebook's data mining scandal. Nix was suspended after British broadcaster Channel 4 aired an undercover video in which Nix described questionable data mining practices that he claimed played a decisive role in Trump's 2016 victory.



Aleksandr Kogan was the creator of the app "thisisyourdigitallife," which offered Facebook users personality predictions in exchange for accessing their personal data on Facebook and limited information about their friends. Cambridge Analytica was able to mine tens of millions of profiles through this tool.



Christopher Wylie is the whistleblower who provided the British daily newspaper *The Guardian* with documents that laid out Cambridge Analytica's practices. He was previously the firm's research director.

Outcomes and proposed legislation following Facebook's data breach



Facebook's stock has been **downgraded** for the first time by the research firm OTR Global. Its stock dropped 1.7% following the downgrade. Since the data breach its stock has fallen from \$185.09 (March 16, 2018) to \$152.22 (March 27, 2018), its **lowest price** since **July 2017**.



Senator Amy Klobuchar (D-MN) and John Kennedy (R-LA) have stated they will introduce legislation to address seven key points:

- Give consumers the right to **opt out** and keep their information private by **disabling** data collection.
- Give users greater access to and control over their data.
- Require terms of service agreements to be written in “**plain language**.”
- Ensure users can see what information about them has **already been collected** and shared.
- Mandate that users be notified of a **breach** of their information **within 72 hours**.
- Offer remedies for users when a breach occurs,
- Require online platforms to have a privacy program in place.



Senator Richard Blumenthal (D-CT) and Ed Markey (D-MA) introduced the **CONSENT Act** (Customer Online Notification for Stopping Edge-provider Network Transgressions) on April 10th, 2018.

- The CONSENT Act provides similar provisions as Klobuchar and Kennedy's key points, **but requires explicit consent** from users to use, share, or sell any of their personal information, as well as a **clear notification** any time their data is collected, shared, or used.
- Similar bills have stalled in the Senate, such as the **Honest Ads Act**, introduced in October 2017, which would have regulated political ads on the internet.

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