



# Digital, Culture, Media and Sport Committee

House of Commons, London SW1A 0AA  
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Sir Nick Clegg  
Vice President of Global Affairs and Communications  
Facebook Inc.  
1 Hacker Way  
Menlo Park  
CA  
94025

1 August 2019

Dear Sir Nick,

## Concerns arising from the recent SEC Complaint

Further to our letter dated 17 July 2019, we would also like to raise several concerns considering recent charges made against Facebook by the US Securities and Exchange Commission on Wednesday 24 July. The SEC Complaint seemingly directly contradicts written and oral evidence we received from Facebook representatives over the course of our inquiry into ‘Disinformation and “fake news”’ on several points raised below, and we request clarity on these issues.

## Red flags raised about Cambridge Analytica

Though your representatives have asserted that Facebook learned that Facebook user data had been compromised by Global Science Research and Cambridge Analytica from a *Guardian* article published in December 2015, the SEC Complaint states that Facebook employees were agitating for an investigation into Cambridge Analytica several months prior:

In September 2015, employees in Facebook’s political advertising group requested an investigation into possible “scraping” – the automated and unauthorised aggregation of Facebook user data – by Cambridge. After the *Guardian* article was published in December 2015, these employees recognized Cambridge as a well-known firm within the political advertising space and a client of Facebook’s advertising business, and had described it as a “sketchy (to say the least) data modeling company that has penetrated our market so deeply.”<sup>1</sup>

When asked explicitly on 26 April 2018 when Facebook found out about GSR and Cambridge Analytica’s misuse of data, Mike Schroepfer, Chief Technical Officer at Facebook, replied: “[m]y understanding is we found out about this in December 2015 from *The Guardian* report and that is when we initiated our proceedings to contact all the parties and make sure that the data was deleted.”<sup>2</sup> Mr. Schroepfer later clarified that “all the parties” included “Mr. Kogan, Cambridge Analytica and others”.<sup>3</sup>

On 27 November 2018, Lord Richard Allan, Vice President of Policy Solutions, was also asked if “Facebook first learned of the GSR/Cambridge Analytica data incident from the press in December 2015”. He acknowledged that “that is when I first learned about that incident, yes, and I think that is where people generally in the company who were following these issues would learn about it – from the press.”<sup>4</sup>

<sup>1</sup> *SEC v. Facebook, Inc.* Complaint, pp.8-9.

<sup>2</sup> DCMS Committee (26 April 2018), Oral evidence, HC 363, Q2145 [Mr. Schroepfer]

<sup>3</sup> *Ibid.* Q2154 [Mr. Schroepfer]

<sup>4</sup> International Grand Committee (27 Nov 2018), Oral evidence, HC 363, Q4132 [Ian C. Lucas MP, Lord Allan]



We therefore request a response on whether the SEC Complaint is accurate that employees did raise concerns about Cambridge Analytica before December 2015 and how these discrepancies in evidence have occurred. We also ask for clarity regarding the timeline of Facebook employees' awareness of both Cambridge Analytica and GSR's activity and data misuse.

### **Ongoing concerns about data misuse**

Further to the red flags raised by Facebook employees in 2015, the SEC Complaint notes that several Facebook employees were also aware of data misuse throughout 2016 and beyond. Despite these concerns, Facebook seemingly was content to take Cambridge Analytica at its word through legal certification that all data and derivatives had been deleted.<sup>5</sup> Again, from the SEC Complaint:

Following the *Guardian* article, several Facebook employees became aware of media reports on Cambridge's use of personality profiles to target advertising in the summer and fall of 2016. Facebook lawyers and employees in the company's political advertising group saw and discussed an October 27, 2016, article in *The Washington Post* reporting that Cambridge combined psychological tests with "likes" on "social-media sites." Employees responsible for coordinating Facebook's response to the *Guardian* article also circulated a link to a video of a marketing presentation by Cambridge's chief executive officer about the firm's ability to target voters based on personality. As an additional indication to Facebook that Cambridge might have been misusing Facebook user data, some employees on Facebook's political advertising team knew from August 2016 through November 2016 that Cambridge named Facebook and Instagram advertising audiences by personality trait for certain clients that included advocacy groups, a commercial enterprise, and a political action committee.<sup>6</sup>

Despite this awareness, Facebook publicly maintained to have taken Cambridge Analytica at their word that the latter had deleted all GSR data and derivatives. On 8 February 2018, Simon Milner, Policy Director at Facebook, denied that Cambridge Analytica held a "large chunk of Facebook user data".<sup>7</sup> Later, when asked to comment on Mr. Milner's answer, Mr. Schroepfer argued that "the reason we have reopened all this is that, as you all have learned and we have learned last month [March 2018], there are allegations that that data still existed at Cambridge Analytica."<sup>8</sup>

We therefore request that you provide information on any and all instances where concerns about Cambridge Analytica were raised by employees and why no action was taken until 2018. We also seek clarity as to why our Committee was not informed about these concerns in evidence sessions with either Mr. Milner or Mr. Schroepfer despite the opportunities to do so.

### **Lack of communication to senior management**

We have serious and justifiable concerns that, despite the significant and continuous red flags raised by Facebook employees about Cambridge Analytica since potentially as early as September 2015, these incidents did not reach senior management, deliberately or otherwise.

The SEC Complaint describes how, at quarterly meetings to prepare for Facebook's earning announcements and identify issues, these red flags were not raised with corporate officers:

Although several employees in Facebook's legal, policy, and communications groups who attended these meetings [...] were aware of the researcher's improper transfer of data to

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<sup>5</sup> DCMS Committee (26 April 2018), Oral evidence, HC 363, Q2158-60 [Jo Stevens MP, Mr. Schroepfer]

<sup>6</sup> *SEC v. Facebook, Inc.* Complaint, p.9.

<sup>7</sup> DCMS Committee (8 Feb 2018), Oral evidence, HC 363, Q442 [Mr. Milner]

<sup>8</sup> DCMS Committee (26 April 2018), Oral evidence, HC 363, Q2161 [Mr. Schroepfer]



Cambridge, that incident was never discussed. As a result, Facebook senior management and relevant legal staff did not assess the scope, business impact, or legal implications of the researcher's improper transfer of data to Cambridge, including whether or how it should have been disclosed in Facebook's public filings or whether it rendered, or would render, any statements made by the company in its public filings misleading.<sup>9</sup>

In a letter to the Committee dated 14 May 2018, Rebecca Stimson, Facebook's UK Head of Public Policy, confirmed that "Mr. Zuckerberg did not become aware of allegations that Cambridge Analytica may not have deleted data about Facebook users obtained through Dr. Kogan's app until March of 2018, when these issues were raised in the media."<sup>10</sup>

Lord Allan similarly stated that: "[m]y understanding from those written answers – I will double check – is that it was March 2018, when the second round of stories occurred, that [Mr. Zuckerberg] was made aware of this situation. There were others of us who were closer to what was happening in the United Kingdom who had read the original *Guardian* stories by Harry Davies in December 2015."<sup>11</sup>

This is concerning, given that Mr. Schroepfer told us directly that the Cambridge Analytica issue was important enough to warrant significant dialogue between himself and Mark Zuckerberg, stating unequivocally that "[o]ver the last few months, these topics are pretty much all we discuss."<sup>12</sup> This is unsurprising, given that Mr. Schroepfer also confirmed, within the company's corporate structure, that management responsibility for serious issues such as "the systemic problem of using fake accounts to manipulate democratic procedures" would "report through Mark".<sup>13</sup>

We therefore request that you respond to our concerns as to why senior management, including Mark Zuckerberg, were not informed about these incidents until they were reported in the press. We believe this to be particularly egregious given that we have been told that these issues should have been reported through senior management and that the buck ultimately stops with Mr. Zuckerberg himself.

We request these clarifications alongside the response to our previous letter by 12 August 2019.

Yours sincerely,

Damian Collins MP  
Chair, Digital, Culture, Media and Sport Committee

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<sup>9</sup> *SEC v. Facebook, Inc.* Complaint, p.9.

<sup>10</sup> Rebecca Stimson, Facebook (14 May 2018), Correspondence, p.13

<sup>11</sup> International Grand Committee (27 Nov 2018), Oral evidence, HC 363, Q4136 [Lord Allan]

<sup>12</sup> DCMS Committee (26 April 2018), Oral evidence, HC 363, Q2424 [Mr. Schroepfer]

<sup>13</sup> *Ibid*, Q2299-302 [Christian Matheson MP, Mr. Schroepfer]