

Shocking Leak Reveals Facebook Leveraged User Data To Reward Friends, Punish And Attack Enemies

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As traders focused on bank earnings and the outlook for global growth, [NBC News](#) wrested the market's attention back toward Facebook by publishing a report on what appears to be the largest leak of internal documents since the data privacy scandal that has dogged the company for more than a year erupted with the first reports about Cambridge Analytica's 'improper' leveraging of Facebook user data to influence elections.

 [Facebook](#)

Some 4,000 pages of documents shared with the network news organization by a journalist affiliated with the ICIJ, the same organization that helped bring us the Panama Papers leaks, revealed that **Facebook had employed sensitive user data as a bargaining chip to attract major advertisers and close other deals between 2011 and 2015, when the company was struggling to cement its business model following its botched 2012 IPO.**

The thousands of newly shared documents were anonymously leaked to the British investigative journalist Duncan Campbell, who shared them with a handful of media organizations: NBC News, Computer Weekly and Süddeutsche Zeitung. Campbell, a founding member of the International Consortium of Investigative Journalists, is a computer forensics expert who has worked on international investigations including on offshore banking and big tobacco. The documents appear to be the same ones obtained by Parliament in late 2018 as part of an investigation into Facebook. **Facebook did not question the authenticity of the documents NBC News obtained.**

Facebook essentially offered companies like Amazon unfettered access to its data in exchange for agreeing to advertise on Facebook's platform, according to the documents, only a small fraction of which have been previously reported on. **All of this was happening at a time when the company publicly professed to be safeguarding user data.**

As the documents show, CEO Mark Zuckerberg and his board found ways to tap the company's massive trove of user data to reward Facebook's customers and business partners.

The documents, which include emails, webchats, presentations, spreadsheets and meeting summaries, show how Zuckerberg, along with his board and management team, found ways to tap Facebook's trove of user data - including information about friends, relationships and photos - as leverage over companies it partnered with.

In some cases, **Facebook would reward favored companies by giving them access to the data of its users.** In other cases, it would deny user-data access to rival companies or apps.

Facebook also leveraged its user data as a cudgel to punish rivals whom it felt were growing too strong.

For example, Facebook gave Amazon extended access to user data because it was spending money on Facebook advertising and partnering with the social network on the launch of its Fire smartphone. In another case, **Facebook discussed cutting off access to user data for a messaging app that had grown too popular and was viewed as a competitor, according to the documents.**

Documents showed this strategy was part of a plan to require third-parties to compensate FB, in one form or another, for access to users' data. The company decided to not directly sell the data, and instead opted to dole it out to 'friends'.

But the documents show that behind the scenes, in contrast with Facebook's public statements, the company came up with several ways to require third-party applications to compensate Facebook for access to its users' data, including direct payment, advertising spending and data-sharing arrangements. While it's not unusual for businesses that are working together to share information about their customers, Facebook has access to sensitive data that many other companies don't possess.

Facebook ultimately decided not to sell the data directly but rather to dole it out to app developers who were

considered personal “friends” of Zuckerberg or who spent money on Facebook and shared their own valuable data, the documents show.

The documents appear to have been collected as part of a lawsuit involving Facebook and California startup Six4Three, which [had also surrendered some documents from the case to Parliament.](#)

After NBC contacted FB, the company reached out to the judge in the case to accuse Six4Three of leaking the documents and demanded that the company's founders be deposed. Six4Three has denied leaking the documents to NBC's source.

When Facebook finally abandoned its data-patronage policy in 2015, it had devastating repercussions for thousands of developer-partners who had come to rely on the data, prompting one engineer to compare Zuckerberg to a villain from Game of Thrones. Another called the decision "sort of unethical."

When Facebook ultimately cut off broad access to user data in 2015, the move contributed to the decline of thousands of competitors and small businesses that relied on what Facebook had previously described as a “level-playing field” in terms of access to data. In addition to Pikinis, the casualties included Lulu, an app that let women rate the men they dated; an identity fraud-detecting app called Beehive ID; and Swedish breast cancer awareness app Rosa Bandet (Pink Ribbon).

The strategy orchestrated by Zuckerberg had some of his employees comparing the company to villains from Game of Thrones, while David Poll, a senior engineer, called

the treatment of outside app developers “sort of unethical,” according to the documents. But Zuckerberg’s approach also earned admiration: Doug Purdy, Facebook’s director of product, described the CEO as a “master of leverage,” according to the documents.

After the Cambridge Analytic scandal exploded into view, Facebook claimed that it had changed its policies surrounding the handling of user data in 2014 and 2015 over concerns about privacy. However, the leaked documents revealed that privacy concerns were rarely discussed during that decision. Instead, Facebook's primary concern was sidelining rivals, whom it had made dependent on access to its data, to try and consolidate its power in the market.

In the wake of the Cambridge Analytica scandal in early 2018 and rising awareness of the Six4Three case, Facebook has attempted to frame changes it made to its platform in 2014 and 2015 as being driven by concerns over user privacy. In statements to media organizations, Facebook has said it locked down its platform to protect users from companies that mishandled user data, such as Cambridge Analytica, as well as apps that spammed users’ news feeds or were creepy, such as Six4Three’s bikini-spotting app Pikinis.

However, among the documents leaked, there’s very little evidence that privacy was a major concern of Facebook’s, and the issue was rarely discussed in the thousands of pages of emails and meeting summaries. Where privacy is mentioned, it is often in the context of how Facebook can use it as a public relations strategy to soften the blow of the sweeping changes to developers’ access to user data. **The**

documents include several examples suggesting that these changes were designed to cement Facebook's power in the marketplace, not to protect users.

Every time the Facebook data privacy controversy seems to be dying down, some new embarrassment emerges to hammer the company's stock. Earlier this month, a team of researchers [found troves of FB user information hiding in plain sight](#) on the AWS cloud. The news sent FB shares tumbling in premarket trade.



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