



Jason Kint @jason_kint Tue Sep 21 13:20:32 +0000 2021

!!! news. mother of all lawsuits quietly filed last month vs Facebook in Delaware. I'll explain why it avoided notice until now in a bit but Zuckerberg, Sandberg, CFO, board inc Peter Thiel and Palantir are defendants - it's a result of sealed docs between FB execs and board. /1 <https://t.co/FSWtV8T8MG>

Plaintiffs,)	PUBLIC INSPECTION VERSION
)	FILED AUGUST 6, 2021
v.)	
MARK ZUCKERBERG, SHERYL)	
SANDBERG, PEGGY ALFORD,)	
MARC ANDREESSEN, KENNETH)	
CHENAULT, PETER THIEL, JEFFREY)	
ZIENTS, ERSKINE BOWLES, SUSAN)	
DESMOND-HELLMANN, REED)	
HASTINGS, JAN KOUM,)	
KONSTANTINOS PAPAMILTADIS,)	
DAVID FISCHER, MICHAEL)	
SCHROEPFER, and DAVID WEHNER)	
Defendants,)	
)	
-and-)	
FACEBOOK, INC.,)	

Major new plaintiff allegations - many long concerning:

- 1 FB spent billions to protect Zuckerberg personally
- 2 claims "epic corporate governance breakdown"
- 3 adds list of "insider trading" defendants
- 4 documents Zuckerberg misled Congress /2 <https://t.co/XyKkLu82K4>

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It's a whopping 390 pages and there is a related 220 page suit filed in same court on the same day. Together they bring the kitchen sink on allegations as to how the platform gained market power, failed its 2012 FTC Consent Decree, covered-up and failed to disclose data harms. /3 <https://t.co/MKmb9qxcF4>

and analysis of: (a) Facebook's public filings with the United States Securities and Exchange Commission ("SEC"); (b) press releases and other publications disseminated by Facebook, related parties and other related non-parties; (c) press releases, public letters, and other publicly disseminated information regarding

investigations into the Company by the Federal Trade Commission (the "FTC"), including the FTC's repository of documents, which includes the FTC consent order entered following the FTC's investigation into Facebook's disclosures and privacy practices in 2011 ("2012 Consent Order")¹, the FTC's Complaint for Civil Penalties, Injunction, and Other Relief ("2019 FTC Complaint")², and the Stipulated Order For Civil Penalty, Monetary Judgment, and Injunctive Relief ("2019 Consent Order")³ entered in the action captioned as *U.S.A. v. Facebook, Inc.*, No. 19-cv-2184 (D.D.C.); (d) press releases, public letters, and other publicly disseminated information regarding investigations into the Company by the Department of Justice ("DOJ"), SEC, Federal Bureau of Investigation ("FBI"), Congress, and the Information Commissioner's Office of the United Kingdom ("ICO"); (e) certain of Facebook's internal Board minutes, Board-level materials, and email communications obtained through an action pursuant to 8 Del. C. § 220 seeking the inspection of Company books and records, which was successfully prosecuted by Plaintiffs under the caption *In re Facebook, Inc. Section 220 Litig.*, C.A. No. 2018-0661-JRS (the "Section 220 Action"); (f) the proceedings of a related pending shareholder derivative action filed on behalf of the Company, captioned *In re Facebook, Inc. Shareholder Derivative Privacy Litigation*, No. 4:18-cv-01792-HSG (N.D. Cal.); (g) Facebook's policies, statements, terms of service, and other Facebook documents published on Facebook's website and prior versions of data policies, terms of use, application developer policies, and related documents located on the Internet Archive; (h) transcripts of testimony, written statements, and documents submitted in connection with the U.K.'s House of Commons' Digital, Culture, Media and Sport Committee the "U.K. Committee"; (i) the U.K. Committee's Final Report on Disinformation and "fake news," dated February 14, 2019 (the "U.K. Disinformation Report");⁴ (j) written statements and testimony by Cambridge Analytica whistleblower Christopher Wylie, former Facebook Operations Manager, whistleblower Sandy Parakilas, and Facebook's former Chief Security Officer Alex Stamos; (k) transcripts of testimony given by Zuckerberg

The central allegation kicking this off is the FTC's draft settlement named Zuckerberg personally which would have caused all sorts of issues for him. The board, entirely controlled by Zuckerberg, refused and paid \$5B to protect him so FTC didn't name him personally. /5 <https://t.co/Xu9I5sBF2v>

28. The Board's lack of independence from Zuckerberg in his pursuit of an illegal business plan continued through the Company's negotiation of the FTC's settlement regarding Facebook's violation of the 2012 Consent Order. Specifically, when the FTC pursued personal accountability for Defendant Zuckerberg for the data and privacy abuses, the Board demurred, categorically refusing to negotiate any settlement that included personal liability for Zuckerberg. The Board was thereby beholden to Zuckerberg and favored him in disregard of its duty of loyalty to the Company. The Board's failure to cabin Zuckerberg's conflicts caused the Board to

The allegations in this new derivative lawsuit upon seeing the board docs is that all of this is a result of the lawsuit calls an "epic governance failure," more on that in a minute. /6 <https://t.co/zJ8I94GDzL>

personal data was being shared with third parties without the user's consent. Instead, Facebook's internal audit efforts focused on [REDACTED]

19. During the course of this epic corporate governance failure, the Individual Defendants were well aware of (or at best recklessly disregarded) the tremendous risks that Facebook's illegal course of conduct posed to the Company, in light of: (a) the steady drumbeat of numerous red flags that marched past each Individual Defendant warning that user privacy and data sharing liability issues plagued the Company and were not being addressed; (b) a core business strategy that

Original suit of course was filed due to Cambridge Analytica. New lawsuit has more details than anything I've seen (many sealed). Reminder, case centers on millions of stolen and sold Facebook users' data. According to suit, only .31% had consented to it being shared. /7 <https://t.co/M8ggXuQCi6>

168. By gaining access to personal user information, including the personal information of users' friends, in total, Kogan provided Cambridge Analytica with over 87 million raw profiles from Facebook, even though only about 270,000 users had actually participated in the survey and consented to the use of their data. Facebook thus obtained the consent of roughly 0.31% of users whose data was shared. The data including enough information to construct detailed profiles about

As Zuckerberg's close buddy, Bosworth, helped broadcast at the time - Facebook claimed it wasn't a "breach" or "hack" because the systems were designed and known to work the way they did. The platform was the hack. But of course, a reminder, Facebook doesn't sell your data. /8 <https://t.co/U2jZCZ9WzA>

178. One day after the March 17, 2018, *The New York Times* article was published, Facebook mobile advertising executive Andrew Bosworth tweeted: "This was unequivocally not a data breach. No systems were infiltrated, no passwords or information were stolen or hacked." This was true. Cambridge Analytica had no need to hack Facebook in order to obtain vast amounts of personal user information.

179. The Individual Defendants allowed Kogan to harvest vast amounts of personal user information from Facebook without user consent and sell that information to Cambridge Analytica. As Kogan has publicly noted, the terms of service of the app he used to collect Facebook user information were for a typical

As we learned in earlier discovery from Attorney General of DC combined with pressure and hearings from the UK, employees knew about Cambridge Analytica. They called it "sketchy" even before Guardian brought their attention to it.

/9 <https://t.co/sa58oPiMbG>

191. By 2015, Facebook knew that the personal user information it had been openly sharing with partners through Platform Applications was being used for nefarious ends by Cambridge Analytica. The Office of the Attorney General for the District of Columbia obtained and later released documents showing that Facebook's employees raised concern about "sketchy" Cambridge Analytica months before Facebook initially claimed to have knowledge of Cambridge Analytica's data harvesting. In connection with the release of such documents in 2019, the Office of the Attorney General for the District of Columbia stated that, according to the documents, "Facebook employees were raising alarms about political partners and

Here is another reference to knowledge which was confirmed by the UK data commissioner, too. AOC famously asked about the knowledge and awareness in a hearing in late 2019 causing Zuckerberg appeared to stumble on his answer to keep his story straight. /10 <https://t.co/DzwMvE2gXE>

195. The UK Disinformation Report confirms that Facebook had known about the Cambridge Analytica data breach for years before it had become public in 2018. As the UK Disinformation Report noted, the ICO confirmed that at least three "senior managers" at Facebook were involved in email exchanges in early 2015 concerning the Cambridge Analytica data breach. But, because there was a "profound failure of governance within Facebook," the Company failed to treat the fact that Cambridge Analytica had obtained vast amounts of personal user information with the seriousness it merited.

And it was politically sensitive. A Fall 2020 Channel 4 News documentary even reported and uncovered more details on how the data was used for voter suppression and microtargeting in key battleground states. But that's for a different thread. /11 <https://t.co/pdwB1KS0Uc>

170. As noted, the Facebook data was also used by Cambridge Analytica during the 2016 election cycle, when it worked for the campaigns of Senator Ted Cruz and President Donald Trump. Cambridge Analytica used data from Facebook to design target audiences for digital ads and fund-raising appeals, model voter turnout, determine where television ads should be bought, and determine where President Trump should travel to best drum up support.

This lawsuit even includes the fact Facebook hired one of the co-founders of the company that mined and sold the Facebook data to Cambridge Analytica at a sensitive time. His entire tenure and existence is still a deep mystery in all of this but good to see in the lawsuit. /12 <https://t.co/cDFAsC9fME>

hidden behind obfuscation.” Facebook refused to give evidence to the UK Committee, then was forced to respond to revelations regarding its unlawful business plans unearthed by internal documents released to the public.

218. Facebook’s response was to try to cast the Platform Applications that Facebook shared data with as “sketchy apps.” But, as the UK Disinformation Report noted, Joseph Chancellor, a director of GSR, the organization responsible for the Platform Application that shared user information with Cambridge Analytica (“Chancellor”), was hired by Facebook as a quantitative researcher on the User Experience Research team within two months of his leaving the purportedly “sketchy” company.) Facebook provided the UK Committee with no explanation for its recruitment of Chancellor, despite Facebook presenting his company’s work as a

and again, this lawsuit isn’t about politics but instead antitrust, governance and SEC-related failures. A reminder to the antitrust matters: one core allegation is Facebook accelerated its shift to mobile leveraging data reciprocity deals. It’s very much in here, too. /13 <https://t.co/PnogP5NNCC>

Facebook accounts and profiles. The Individual Defendants required this information to be fed back into Graph API, thereby allowing Facebook, through its users’ accounts, to collect data on virtually every aspect of a user’s social and personal life, including highly sensitive personal information, totaling *more than 52,000 data points*.

4. In exchange for access to the platform, which included the trove of personal information that Facebook collected on its hundreds of millions, and now billions, of users, Facebook insisted that developers share the user data they collect

We know this from previously unsealed emails and messages which showed the constructs of cutting off data feeds to apps that were seen as competitive threats or weren’t willing to provide revenues for Facebook. Again, ladies and gentlemen, they didn’t sell your data. /14 <https://t.co/wwGnnA9ffL>

still share personal user data if NEKO spending was high enough:

Key points:

1/ Find out what other apps [] are out there that we don’t want to share data with and figure out if they spend on NEKO

** Communicate in one-go to all apps that don’t spend that those permission [sic] will be revoked*

** Communicate to the rest that they need to spend on NEKO at least \$250K a year to maintain access to the data*

2/ Review future submissions and reject/approve as per the requirements above

3/ Update our policies if need be

4/ Comms / PR plan if # of apps affected is significant

A hat tip at this point to UK Parliament, specifically MP Damian Collins, who really led the world in uncovering as much of the details here either through accountability pressure and leaked docs as they tried to get Facebook leadership to answer questions at hearings. /15 <https://t.co/2xU3DfVfMw>

Zuckerberg’s statement that “we’ve never sold anyone’s data” is simply untrue.

The evidence that we obtained from [internal Facebook] documents indicates that Facebook was willing to override its users’ privacy settings in order to transfer data to some app developers, to charge high prices in advertising to some developers, for the exchange of that data, and to starve some developers . . . of that data, thereby causing them to lose their business. *It seems clear that Facebook was, at the very least, in violation of its Federal Trade Commission settlement.*

The Information Commissioner told the Committee that Facebook needs to significantly change its business model and practices to maintain trust. **From the documents we received . . . it is evident that Facebook intentionally and knowingly violated both data privacy and anti-competition laws.** The ICO should carry out a detailed investigation into the practices of the Facebook Platform, its use of users’ and users’ friends’ data, and the use of ‘reciprocity’ of the sharing of data.

There is a lot in the lawsuit around Facebook’s failure to honor its 2012 Consent Decree. This includes sealed sections that at least appear to suggest the board and leadership never even reviewed required PWC audits or connected any

dots to Cambridge Analytica. /16 <https://t.co/FBDda9O7DM>

requirements). Given (a) management's ability to control the information presented to PwC; (b) the fact that PwC conducted its assessments only every other year; (c) the obvious conflicts between Facebook's post-2012 Consent Order core business plans to increasingly monetize personal user information; and (d) the 2012 Consent Order's paramount object of protecting user privacy; no Board acting in good faith would have relied solely on PwC to assure ongoing compliance (especially so without any scrutiny of PwC's work). Additionally, a Board cannot rely on the assurances of reports they have not reviewed.)

Speaking of PwC, this is new to me. It appears they did an investigation in 2019 after everything hit the fan for Facebook but their engagement was ended before the report was finalized. (note, 220 docs are board materials turned over as part of original suit). /17 <https://t.co/gKz45G7OEn>

321. *PwC further noted that although it had been unable to complete the investigation, it had still done enough to conclude "that Facebook's privacy controls were not operating with sufficient effectiveness to provide reasonable assurance to protect the privacy of covered information." The firm's investigation was submitted to Facebook on June 6, 2019, and the terms and reasons for why PwC's engagement was ended before it could finish its report were not known.*

Facebook and PwC declined to comment. There is no evidence that this assessment was ever reviewed by the Board in the 220 Documents produced to Plaintiffs.

Of course, Zuckerberg's control of the board is not new and is drawn on the separate class of stock (negotiated with assistance by current board member, Marc Andreessen), he controls voting power. He even controls the Nominating Committee to the board among allies. /18 <https://t.co/qU5GHpyITG>

Compensation, Nominating & Governance Committee was given the power to recommend nominees to the Board. However, Zuckerberg retained through his absolute voting power the ability to veto any candidate, effectively allowing him to choose who the Company's directors will be. In addition, as of May 11, 2020, the three members of the Compensation, Nominating & Governance Committee are Andreessen and Thiel, the longest-serving directors, who were both early investors in Facebook, and Houston, Zuckerberg's close friend that he nominated to the Board, and these directors have the most personal and professional ties to Zuckerberg.

The lawsuit allegations claim this results in a board where directors are ousted regularly and are mostly in some way conflicted in their relationships to the leadership or the company. These is a lot of pages on this issue. /19 <https://t.co/J2EzwYhjle>

20. Facebook's profound governance failures have also led to a complete breakdown in Board independence, leaving no one to check Zuckerberg's consolidation of decision-making power as any director attempting to assert independence, or even disagree with Zuckerberg, faces the serious threat of removal. The litany of directors forced out include Defendants Koum, Hastings, Desmond-Hellmann, Bowles, Chenault, and Zients.

21. Unfortunately, the Individual Defendants' failure to take action to institute proper governance, shore up Board independence, and secure the personal information of its users has brought significant harm upon the Company. On July

Lawsuit also claims, "Congress Calls Defendant Zuckerberg To Question And Is Met With Dishonesty" regarding false or misleading answers to Congress. I've documented these concerns in threads previously but good to see claims going before a court. /20 <https://t.co/D9Jdf5vt2X>

but failed to cause Facebook to acknowledge or disclose this information. Instead, the Individual Defendants caused Facebook to actively obfuscate the extent of its information privacy and compliance failures. The Individual Defendants

-10-

4821-8897-9442, v. 1

dishonesty knew few limits, as Zuckerberg misled United States Congress in hearings conducted in the wake of Cambridge Analytica, and UK authorities found that Facebook's responses to its inquiries had been conducted in "bad faith."

in testimony, Zuckerberg regularly claimed users maintain control over their data - there are several pages of examples in the lawsuit. However, NYT reported Facebook was actually whitelisting companies to still receive user data through and after his testimony. /21 <https://t.co/652cASKXe>

200. First, Zuckerberg falsely insisted that, despite the Cambridge Analytica breach, Facebook users had full control over their data. For example, as reflected in the transcript of his April 10, 2018 Senate testimony:

a. When asked whether he considered a user's personally identifiable data to be "the company's data, not [the user's] data?," Zuckerberg stated: "No, Senator. Actually, the first line of our terms of service say that you control and own the information and content that you put on Facebook.

b. In describing Facebook's core principles, Zuckerberg stated: "This is the most important principle for Facebook: Every piece of content that you share on Facebook, you own and you have complete control over who sees it and—and how you share it, and you can remove it at any time. That's why every day, about 100 billion times a day, people come to one of our services and either post a photo or send a message to someone, because they know that they have that control and that who they say it's going to go to is going to be who sees the content. And I think

a. First, even as Zuckerberg was testifying in 2018, Facebook continued to have numerous "whitelisting" agreements in place, including with other large companies such as Amazon, Microsoft, Netflix, Spotify and the United Parcel Service—and Facebook was also snooping on Android phone users' telephone call logs, text messages and location data to amass even more personal and private information on its users.

b. Similarly, *The New York Times* reported on June 3, 2018 that "most of [Facebook's] whitelisting partnerships remained in effect, as Facebook had exempted the companies it favored from any data sharing restrictions." On December 18, 2018 the *New York Times* also revealed that *Facebook had whitelisting agreements with more than 150 companies, many of which continued past the date of Zuckerberg's testimony*, from tech businesses, online retailers and

Zuckerberg and Facebook also made a big deal how they reacted quickly in Dec 11, 2015 when they found out - supposedly from press reports - what Cambridge Analytica was doing including implying they scrambled to get legal certification the data was deleted. Not so much. /22 <https://t.co/TI9q1BRVpu>

208. *Third*, in his April 2018 Congressional testimony, Zuckerberg gave a highly misleading defense of Facebook's failure to verify that the data appropriated by Prof. Kogan and Cambridge Analytica had been deleted, and of Facebook's failure to notify Facebook users that their data had been breached.

209. Among other things, Zuckerberg testified in his prepared statement for the Senate Hearing as follows:

In 2015, we learned from journalists at The Guardian that Kogan had shared data from his app with Cambridge Analytica. *It is against our policies for developers to share data without people's consent, so we immediately banned Kogan's app from our platform*, and demanded that Kogan and other entities he gave the data to, including Cambridge Analytica, formally certify that they had deleted all improperly acquired data—*which they ultimately did*.

210. It did not take long to identify that Zuckerberg was not telling the truth. Contradicting Zuckerberg's testimony, during the April 10, 2018 Senate Hearing itself, Senator Richard Blumenthal ("Blumenthal") noted that Facebook's policies violated the 2012 Consent Order. Blumenthal noted that the terms of service Facebook agreed to enter into with Kogan, the researcher who sold the user data of 87 million Facebook users to Cambridge Analytica for \$800,000, explicitly allowed Kogan to sell user information. Blumenthal further noted that these terms of service, which allowed third parties to sell user data, conflicted with the 2012 Consent Order,

211. Further, as Zuckerberg knew, Facebook did not obtain certifications from Kogan or Cambridge Analytica until June 2016 from Kogan and until 2017 from Cambridge Analytica, well after Facebook first learned of the data breach.⁶⁹ As confirmed by the UK Committee's observations from its investigation into Facebook's practices (*infra* ¶¶217–26), Kogan's app was not an outlier and did not stand outside Facebook's policies: instead, Facebook "*worked with such apps as an intrinsic part of its business model,*" many other Platform Applications conducted the same personal user data mining operations, and Facebook's arguments to the contrary were in "*bad faith.*" This shows a shocking lack of regard for ensuring the privacy of data misappropriated for 87 million Facebook customers. Also, Facebook knew that both Kogan and Cambridge Analytica had

⁶⁹ Previously, Facebook had relied solely on oral confirmations.

Another allegation in the lawsuit of misleading testimony is Zuckerberg suggesting Facebook doesn't collect data from other apps. It doesn't mince words.

"The Zuckerberg testimony quoted in the immediately preceding paragraph is materially false and misleading." /23
<https://t.co/0ilTNqXgT4>

Senator BLUNT. Am I able to opt out? Am I able to say it is OK for you to track what I am saying on Facebook, but I do not want you to track what I am texting to somebody else off Facebook on an android phone?

Mr. ZUCKERBERG. Oh, OK. Yes, Senator. *In general, Facebook is not collecting data from other apps that you use.* There may be some specific things about the device that you are using that Facebook needs to understand in order to offer the service, *but if you are using Google or you are using some texting app, unless you specifically opt-in that you want to share the texting app information, Facebook would not see that information.*

205. The Zuckerberg testimony quoted in the immediately preceding paragraph was materially false and misleading. Simply stated, a Facebook user on Lawsuit expands further with research that "61% of apps...automatically transfer data to Facebook" upon launch. Yes, that's why Facebook is freaking out about Apple's new privacy rules which kneecap Facebook's surveillance ads business (which continues to thrive on Android). /24 <https://t.co/yY4Dx7PXVu>

207. The extent to which Facebook extracted personal user without consent is highlighted by a December 2018 report by Privacy International entitled *How Apps on Android Share Data with Facebook*. As that report concluded, based on testing conducted earlier that month, "*at least 61 percent of apps we tested automatically transfer data to Facebook the moment a user opens the app. This happens whether people have a Facebook account or not, or whether they are logged into Facebook or not.*" A March 2019 updated report from Privacy International, *Investigating Apps interactions with Facebook on Android*, similarly concluded that "many apps still exhibit the same behaviour we described in our

The "Insider Trading" allegations relate and document the hundreds of millions to billions made by insiders who would have been aware or neglected their governance duties as documents and risks were filed with SEC making *actual* harms realized read like *hypothetical* risk. /25 <https://t.co/uieTVU0aWX>

487. Overall, during the Relevant Period, Zuckerberg and entities he controls sold 84,971,095 shares of Facebook stock, for total proceeds of \$9,670,019,692. Although Zuckerberg continued to control more than 376 million shares, the vast dollar amount of his sales and their timing make them highly suspicious.

B. Sheryl Sandberg

488. Defendant Sandberg also sold massive amounts of Facebook stock during the Relevant Period while in possession of material adverse information concerning the company. From July 10, 2013 to July 10, 2019, Sandberg sold And of course, the lawsuit even catches up to reports in 2021 noting the lack of change in Facebook attitude as they treated news in April 2021 of 530 million records being exposed as an issue only if the press volume didn't continue to decline. PR also confused press on it. /26 <https://t.co/HEVcykDXNp>

24. Investigations and litigation concerning Facebook's corporate misconduct remain ongoing. And Facebook still faces the possibility of substantial additional liability in numerous other private lawsuits by consumers and other Facebook stakeholders. It has also suffered a severe loss of user and public trust, and Facebook's size and business have been subsequently placed under a regulatory spotlight, the full impact of which remains unknown.

25. Despite the extreme damages continuing to inure to the Company as a result of the foregoing governance failures, Facebook remains rudderless with respect to protecting its users' information. In fact, in April 2021, cybersecurity experts discovered that a vast trove of *the user data of over 530 million users had been scraped from Facebook's website and made freely available online*. The information included full names, locations, birthdays, email addresses, phone numbers, and relationship status of the Facebook users.⁸

⁸ Facebook likely harbors many more undiscovered truths about what it is really doing with user data. Facebook's stated policy of prioritizing "image management" and profits over the data transparency foreseeably indicates that Facebook, once again, controls what the public knows and needs to know about its policies concerning personal user information. See Kevin Rose, *Inside Facebook's Data Wars*, N.Y. TIMES (July 14, 2021), available at:

26. Facebook's initial response to this additional revelation of its abuse of user information was as disappointing as it was familiar: the Company failed to notify any of its customers that their information had been exposed. And as a leaked internal Company memoranda later evidenced, Facebook's broader planned response to its failure to secure the user data of over 530 million users was *not* to take steps to sufficiently secure personal information or ensure that users were aware that their data had been exposed. Instead, Facebook internally wrote, "[a]ssuming press volume continues to decline, we're not planning additional statements on this issue."⁹ Instead of taking appropriate action, the internal memo further indicated Facebook's plans to "*normalize* the fact that this [scraping of user data] activity is ongoing and avoid criticism that we aren't being transparent about particular incidents." Facebook thereby deliberated that it would not attempt to comply with its obligations to safeguard user data, further reflecting the Company's pervasive internal governance failures and the Individual Defendants' continuing breaches of fiduciary duty.

<https://www.nytimes.com/2021/07/14/technology/facebook-data.html?referringSource=articleShare>.

Final point, the lawsuit asks for this in relief but I would also note there is a lot of sealed board docs. The Attorney General of DC is also deep into discovery and depositions (hearing next Tue 9/28 @ 2:30pm) in much-related case. Someone needs to wake up the SEC, though. /27 <https://t.co/mrjhrKAli7>



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

KAREN SBRIGLIO, FIREMEN'S
RETIREMENT SYSTEM OF ST.
LOUIS, CALIFORNIA STATE
TEACHERS' RETIREMENT SYSTEM,
CONSTRUCTION AND GENERAL
BUILDING LABORERS' LOCAL NO.
79 GENERAL FUND, CITY OF
BIRMINGHAM RETIREMENT AND
RELIEF SYSTEM, and LIDIA LEVY,
derivatively on behalf of Nominal
Defendant FACEBOOK, INC.,

C.A. No. 2018-0307-JRS

Plaintiffs,

PUBLIC INSPECTION VERSION
FILED AUGUST 6, 2021

v.

MARK ZUCKERBERG, SHERYL
SANDBERG, PEGGY ALFORD,
MARC ANDREESSEN, KENNETH
CHENAULT, PETER THIEL, JEFFREY
ZIENTS, ERSKINE BOWLES, SUSAN
DESMOND-HELLMANN, REED
HASTINGS, JAN KOUM,
KONSTANTINOS PAPAMILTADIS,
DAVID FISCHER, MICHAEL
SCHROEPFER, and DAVID WEHNER

Defendants,

-and-

FACEBOOK, INC.,

I see this is taking off so a reminder to everyone this is the plaintiffs' claims. But it does bring together an enormous amount -and- they decided to file after inspecting board docs. Everything was from the 2nd complaint, there is also the Rhode Island suit filed same day.

For the @aoc fans, the R.I. lawsuit also includes Zuckerberg's bumbling answers when surprised during a crypto hearing which certainly appeared as if he was trying to keep his story straight. <https://t.co/B9DkyyYIXw>

26. When did Mark Zuckerberg know about Cambridge Analytica?

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.

223. What the letter did not disclose is that Zuckerberg was, in fact, aware of Cambridge Analytica even before the Guardian's first report in December 2015.

In October 2019, Representative Ocasio-Cortez asked Zuckerberg: "Did anyone on your leadership team know about Cambridge Analytica prior to the initial report by The Guardian on December 11, 2015?" Zuckerberg replied, "Congresswoman, I believe so, in that some folks were tracking it internally. . . . I'm actually,—as you're asking this, I do think I was aware of Cambridge Analytica as an entity earlier. I just—I don't know if I was tracking how they were using Facebook specifically."

Here is Bloomberg Law on the original lawsuit victory to inspect the documents. If you want my highlighted versions, shoot me an email or DM. If someone posts the lawsuits, I'll add a link here. <https://t.co/vIHOJZzEgO>

Here is a thread for those interested in going down the rabbit hole on video of unanswered questions and misleading answers from the various hearings. <https://t.co/7INjGjfeef>

Also, strongly encourage anyone with the complaint to read it thoroughly, there are a lot of allegations in it particularly how conflicts of interest and the board governance. I just had to end my thread.

And yes, newsrooms and press should work to get these unsealed. The largest settlement, by far, in history in which the leadership was able to squeeze into the board committee meetings and influence the outcome deserve more sunlight. <https://t.co/pwprxjUlha>

[REDACTED]

[REDACTED] FB220-00025565.

431. The Special Committee met again on April 7, 2019, again with Andreessen, Chenault, Zients, Bowles, and Desmond-Hellmann in attendance. FB220-00025567. The meeting focused on [REDACTED]

[REDACTED]

[REDACTED] *The Board heard that the* [REDACTED]

[REDACTED] FB220-00025567 at FB220-00025568.

432. The Special Committee met the next day, on April 8, 2019, including attendees Andreessen, Chenault, and Zients. FB220-00025570. Desmond-Hellmann and Bowles did not attend. *After having just heard about the* [REDACTED], *however, the Special Committee allowed Zuckerberg to attend this meeting, and failed to hold an executive session where actions beneficial to the Company could be discussed independently from Zuckerberg.* Chenault then informed the Special Committee that they would discuss [REDACTED]

[REDACTED]

436. The Special Committee next met on April 11, 2019. FB220-00025579. Andreessen, Chenault, Zients, Bowles, and Desmond-Hellmann attended. Zuckerberg and Sandberg also attended. [REDACTED] informed the Special Committee that [REDACTED]

[REDACTED]

437. On April 15, 2019, the Special Committee again met, with Andreessen, Chenault, and Zients attending. FB220-00025582. The meeting was in between a Board meeting on April 15, 2019. [REDACTED]

[REDACTED]

[REDACTED] The Special Committee also resolved and [REDACTED]

[REDACTED] FB220-00025582 at FB220-

[REDACTED] and the meeting appeared to close with no further discussion.

434. On April 10, 2019, the Special Committee again met, with Andreessen, Chenault, Zients, Bowles, and Desmond-Hellmann in attendance. FB220-00025576. Zuckerberg and Sandberg also attended. [REDACTED] informed the Special Committee that [REDACTED]

[REDACTED]

[REDACTED] This was the report prepared by PwC discussed *supra* ¶¶320–21, finding, *inter alia*, that Facebook’s privacy controls were not operating with sufficient effectiveness to provide reasonable assurance to protect the privacy of covered information.

435. Additionally, at the April 10, 2019 meeting of the Special Committee, the Special Committee was informed [REDACTED]

[REDACTED] The Special Committee was also informed that *the* [REDACTED]

[REDACTED]

433. The Special Committee met again the next day, on April 9, 2019. FB220-00025573. Andreessen, Chenault, Zients and Bowles attended, as well as Zuckerberg and Sandberg. The Special Committee was informed [REDACTED]

[REDACTED]

4821-8897-9442, v. 1

■ Chair of the Special Committee that would review the \$5 billion settlement emailing Sandberg as everything hit the fan.

Sheryl,

-Ken <https://t.co/509QDLOD18>

the claims asserted. The CalSTRS Group pleads many claims, including a *Caremark* claim against the entire Board and a *Brophy* insider trading claim that, if proven, would recover tens of billions of dollars on behalf of the Company.¹⁶ In contrast, the RI Group alleges a strong entire fairness claim, sets forth strong lack-of-independence allegations, and asserts a claim against Palantir Technologies, Inc. that is not asserted by the CalSTRS Group.¹⁷ The entire fairness claim is tailored to focus on the \$5 billion FTC settlement agreed to by Facebook, which the RI Group alleges was a transaction entered into by Facebook at an unfair price, following an unfair process, for the purpose of benefitting certain Facebook insiders.¹⁸ In other words,