

# Facebook- Cambridge Analytica Scandal

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## Case Overview

### **Facebook- Cambridge Analytica Scandal**

**a. Description:**

- This case involved the improper use of data from millions of Facebook users by a political consulting firm, Cambridge Analytica. The firm harvested data without user consent via a personality quiz app and used the information to target political ads during the 2016 U.S. presidential election and the Brexit campaign

**b. Location and Date:**

- Locations of where the breach and legal procedures took place: United Kingdom and United States.
- Date of commenced investigations: 2018.
- The data was improperly harvested since 2014, the unauthorized use occurred in the period up to 2016, with the misuse coming to light in 2018.
- Latest settlement reached: 2022.

## Reflection questions

- If a person over the phone asks you to forward them personal information of a colleague, how would you proceed, and why?
- Would you double check the email address from a new sender in your inbox?
- How frequently do you audit your data access policies to ensure that only authorized individuals have access to sensitive information?
- What would you do if you noticed an unusual login activity on your company account?
- If a service provider would request admin-level access to company software, but offers little information on their data security measures, what actions would you take in this case?
- Do you feel confident enough that you would be well-prepared to handle a data breach or breach of sensitive information in your company?
- In case of a breach, how would you rebuild trust with your customers, partners, and employees?
- You are working from a café whilst handling sensitive data. How can you ensure nobody else can see or access this information?
- Are you aware of the latest phishing and hacking tactics and what to look out for in suspicious emails or messages?
- If you are unsure about a data protection procedure, do you seek guidance before proceeding?
- How proactive are you in taking responsibility for the data you handle, even if you are not directly responsible for data security?

- What would you do if you had to work remotely but could only access public Wi-Fi? How would you ensure data protection?
- What would you do if you saw a coworker posting about their work with potentially sensitive or identifying details on social media?

## Impact

1. **Outcome:** The Federal Trade Commission imposed penalties and fines on Facebook due to the result of the privacy violations. Fines were imposed also from the UK by the maximum penalties under the old Data Protection Act. The scandal accelerated the enforcement of stricter privacy regulations, such as the GDPR, which was implemented shortly afterward in the EU. The U.S. also saw rising pressure for a federal privacy law.
2. **Judgements/Penalties:**
  - Facebook was fined approximately 5 billion USD from the Federal Trade Commission of the United States, while also being fined around 500,000 Pounds
  - Cambridge Analytica was dissolved because of the scandal.
  - Facebook Parent company Meta paid 725 million USD to settle related privacy suit.

## Integrity Issue

### Specific concern:

- Cambridge Analytica harvested personal data from millions of Facebook users without proper consent, highlighting Facebook's lack of control over third-party access to user information.
- Facebook lacked strong data governance policies, allowing the misuse of data for political profiling and targeted advertising.
- Facebook did not initially disclose the full extent of the data breach, which eroded public, as well as consumer trust and undermined transparency in data usage.
- The data obtained was used to manipulate voter behavior during political campaigns.
- The scandal led to regulatory investigations in multiple countries, including violations of GDPR (General Data Protection Regulation) standards in Europe.

### Related SDGs:

- **SDG 10: Reduced Inequalities**  
The scandal exposed how data can be manipulated to disproportionately influence certain socio-economic groups and political minorities, particularly by targeting vulnerable populations with misinformation.
- **SDG 9: Industry, Innovation and Infrastructure**  
The misuse of data for political profiling and manipulation showed how technological innovation could be exploited to undermine democracy and consumer trust.

- **SDG 16: Peace, Justice and Strong Institutions**  
The scandal eroded public trust in technology companies, governments, and electoral processes. The misuse of data by Cambridge Analytica to influence elections showed how digital platforms could be exploited to interfere in democratic processes, undermining transparent and accountable institutions.

## Public Response

The scandal led to a significant erosion of trust in Facebook and other social media platforms. Users felt betrayed by the platform's failure to protect their personal data. A major movement, #DeleteFacebook, emerged with users publicly announcing their decision to delete or deactivate their accounts. This campaign gained traction as a protest of Facebook's handling of personal data. Also, Facebook CEO Mark Zuckerberg was summoned to testify before the U.S. Congress and the European Parliament in 2018. These hearings focused on Facebook's role in allowing user data to be exploited and its failure to regulate how third-party apps accessed sensitive information.

## Learnings:

### Key takeaways:

- Failure to protect user data can result in massive regulatory fines and loss of trust.
- Users and consumers need to be made aware from the side of the company on how their data is collected and used.
- Companies need to be responsible for how third parties handle their data, especially in cases where it could be used for unethical purposes.
- Transparency with customers and the public, especially during crises, is crucial to maintaining trust.

### Impact on sustainability:

- Facebook's long-term sustainability as a business was threatened by the erosion of trust between the platform and its users, impacting user retention and data-driven business models.
- Stricter data privacy regulations were introduced in the aftermath of the scandal, such as GDPR, which increased compliance costs for Facebook and impacted the long-term sustainability of its ad-based revenue model.
- The scandal also highlighted how unethical data usage could damage a company's social license to operate, with calls for stricter regulation and the ethical use of AI and big data technologies.

## Applying Learnings in Your Organization

- For the user:
  - Implement comprehensive data privacy policies that comply with local laws (such as GDPR) and provide clear guidance on data collection, storage, and sharing practices.
  - Ensure that users give informed consent before data is collected. This can be done through transparent privacy notices and opt-in methods.
- For the company:

- Audit and vet third-party service-providers that have access to customer data. Establish contractual obligations for them to comply with data privacy laws.
- Develop and test a data breach response plan that includes immediate notification to customers and regulators in the event of a data breach. Employees should be able to recognize phishing attempts (e.g., fraudulent emails or messages) and report them to their IT department.
- Adopt a “data minimization” approach: only collect the data that is necessary for business operations. Avoid collecting sensitive or excessive information that could become a liability if compromised.
- Implement systems that track who is accessing personal data, and regularly audit these records to ensure there is no unauthorized access or misuse of information.

## References

### News Articles:

- [Facebook sued over Cambridge Analytica data scandal \(bbc.com\)](https://www.bbc.com/news/technology-58111111)
- [Facebook parent Meta agrees to pay \\$725 million to settle privacy lawsuit : NPR](https://www.npr.org/2018/06/27/631111111)

### Videos:

- [D.C. sues Mark Zuckerberg over Facebook's Cambridge Analytica scandal \(youtube.com\)](https://www.youtube.com/watch?v=581111111)
- [Facebook named in multiple lawsuits over handling of Cambridge Analytica scandal \(youtube.com\)](https://www.youtube.com/watch?v=631111111)