

EMERGENCY ALERTS

Coronavirus Updates and Information

Get notified by text, email, or phone in your preferred language. Sign-up for COVID-19 alerts. *Dec. 5th, 2020, 5:00 pm*

[Read more](#) ♦

For the latest information on COVID-19 Cases, Travel, & Reopening. *Dec. 6th, 2020, 5:00 pm* [Read more](#) ♦

HIDE ALERTS

Mass.gov

PRESS RELEASE

AG Healey Joins Multistate Lawsuit Seeking to End Facebook's Illegal Monopoly

Coalition Alleges Facebook Illegally Thwarted Competition, Put Profits Over Customer Privacy

FOR IMMEDIATE RELEASE:

12/09/2020

Office of Attorney General Maura Healey

MEDIA CONTACT

Chloe Gotsis

Phone

(617) 727-2543 (tel:6177272543)

Online

Chloe.Gotsis@mass.gov (mailto:Chloe.Gotsis@mass.gov)

BOSTON — Massachusetts Attorney General Maura Healey today joined a bipartisan coalition of 47 attorneys general in suing Facebook, alleging that the social networking service has spent the last

decade illegally stifling competition in an effort to maintain its monopoly in the market and boost its profits, resulting in reduced privacy protections and services for consumers.

“For nearly a decade, Facebook and Mark Zuckerberg ran an illegal monopoly in the social media sphere by buying out companies that showed promise as potential competitors and blocking others – and they did this at the expense of their users’ time and privacy,” AG Healey said. “We are suing to stand up for the millions of consumers and small businesses that have been harmed by Facebook’s illegal business practices.”

Since 2004, Facebook has operated under the model of allowing consumers to share content online at no monetary cost, but instead, provided these services in exchange for the user’s personal data. The vast array of personal data Facebook acquires from its users and their connections allows Facebook to sell targeted advertising that firms highly value. The coalition alleges that Facebook maintains its dominance in the marketplace by employing a variety of methods to deny users other choices for social networking, including by acquiring smaller rivals – such as Instagram and WhatsApp – before they become a threat. The coalition alleges the company also maintains its monopoly by cutting off the access that third party app developers have to its site after Facebook uses those companies to expand Facebook’s user base and functionality.

Reduced Privacy

According to the [lawsuit \(/doc/facebook-complaint\)](#), Facebook uses its illegal monopoly to set the terms for how its users’ private information is collected and used. By cutting off third-party developers’ access to its platform, Facebook deprives users of the choice of social networking sites to use and the company is able to make decisions about how to curate content on its website and use the data it collects to further its profits.

Acquisition of competitors

According to the lawsuit, Facebook employs unique data gathering tools to monitor new apps that come onto the market in an effort to see what is gaining traction with users. The data helps Facebook determine which potential rivals pose the greatest threat to its dominance. Once the company selects its next potential acquisition, the coalition alleges that the company’s Chief Executive Officer Mark Zuckerberg offers the target vast amounts of money, which inflates the value of the target. Facebook has determined that if these smaller companies may not otherwise be inclined to sell, they seriously consider, and often agree to sell, if Facebook offers a “high enough price.” This method of operating, the coalition alleges, allows Facebook to maintain its monopoly. Facebook employed this strategy with its acquisitions of Instagram and WhatsApp.

The coalition alleges that Facebook saw Instagram as an immediate threat after initially trying to build its own version of the photo-sharing site and determining it would be better to buy the company. Facebook ultimately acquired Instagram for \$1 billion, despite the company not having any revenue and valuing itself at \$500 million.

In 2014, WhatsApp was viewed as the leader in messaging apps with more than 400 million active users worldwide. The coalition alleges Facebook saw WhatsApp as a major threat to its business and it ultimately acquired the company for nearly \$19 billion – far more than the \$100 million another competitor had offered.

‘Buy or Bury’ Approach

The coalition alleges that Facebook targets its potential rivals with a ‘buy or bury’ approach: if the company refuses to be bought out, Facebook suffocates the rival by blocking its access to Facebook. The company allegedly understands that abruptly cutting off an app’s access to Facebook can be devastating to the company – especially one that is new to the market. An app that suddenly loses access to the site is not only hurt because its users can no longer transfer their friend list to the new app, but it also suggests to potential users that the app is unstable. As a result, the app experiences a rapid drop-off in user engagement.

The coalition contends that this response to competitors not only serves as a warning to potential new apps, but also as a deterrence to venture capitalists who are considering investing in companies that Facebook may see as rivals.

Facebook is specifically alleged to be in violation of the federal Sherman Act, which prohibits any monopolization of the marketplace, and the federal Clayton Act, which prohibits mergers and acquisitions which may lessen competition.

The lawsuit seeks to permanently stop Facebook’s illegal anticompetitive conduct. The coalition is specifically asking the court to prevent Facebook from making further acquisitions valued at or in excess of \$10 million without advance notice to the plaintiff states. Finally, the court is asked to provide any additional relief it determines is appropriate, including the divestiture or restructuring of illegally acquired companies, or current Facebook assets or business lines.

Today’s complaint was filed in the U.S. District Court for the District of Columbia. The Federal Trade Commission (FTC) also filed a separate complaint today against Facebook in the same court. The FTC coordinated with the multistate coalition in its investigation.

In addition to Massachusetts, and led by New York, today’s lawsuit was also joined by the attorneys general of Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the territory of Guam.

This matter is being handled in Massachusetts by Assistant Attorney General and Division Chief Will Matlack and Assistant Attorney General and Deputy Division Chief Michael MacKenzie.