

Attorney General Frey Joins Multistate Lawsuit Seeking to End Facebook's Illegal Monopoly

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Bipartisan Coalition of 48 Attorneys General Charge Anticompetitive Conduct

Facebook Thwarted Competition, Reduced Consumer Privacy for Profits

AUGUSTA - Attorney General Aaron M. Frey today joined a bipartisan coalition of 48 attorneys general in filing a lawsuit against Facebook Inc., alleging that the company has and continues today to illegally stifle competition to protect its monopoly power. The lawsuit alleges that, over the last decade, the social networking giant illegally acquired competitors in a predatory manner and cut services to smaller threats, depriving users from the benefits of competition and reducing privacy protections and services along the way - all in an effort to boost its bottom line through increased advertising revenue.

"Free and fair competition is a bedrock principle of the American economy," said Frey. "Consumers are negatively impacted when companies like Facebook illegally stifle competition, reduce privacy protections, and diminish the quality of services."

Since 2004, Facebook has operated as a personal social networking service that facilitates sharing content online without charging users a monetary fee, but, instead, provides these services in exchange for a user's time, attention, and personal data. Facebook then monetizes its business by selling advertising to firms that attach immense value to the user engagement and highly targeted advertising that Facebook can deliver due to the vast trove of data it collects on users, their friends, and their interests.

In an effort to maintain its market dominance in social networking, Facebook employs a variety of methods to impede competing services and as Chairman, Chief Executive Officer, and controlling shareholder Mark Zuckerberg has stated to "build a competitive moat" around the company. The two most utilized strategies have been to acquire smaller rivals and potential rivals before they could threaten Facebook's dominance and to suffocate and squash third-party developers that Facebook invited to utilize its platform allowing Facebook to maintain its monopoly over the social networking market and make billions from advertising. As one market participant noted, if an application (app)

encroached on Facebook's turf or didn't consider selling, Zuckerberg would go into "destroy mode," subjecting small businesses to the "wrath of Mark."

Facebook is specifically charged with violating Section 2 of the Sherman Act, in addition to multiple violations of Section 7 of the Clayton Act.

The coalition asks the court to halt Facebook's illegal, anticompetitive conduct and block the company from continuing this behavior in the future. Additionally, the coalition asks the court to restrain 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.

The complaint was filed in the U.S. District Court for the District of Columbia.

Separately, but in coordination with the multistate coalition, the Federal Trade Commission (FTC) also today filed a complaint against Facebook in the U.S. District Court for the District of Columbia. The coalition wishes to thank the FTC for its close working relationship and collaboration during this investigation.

The lawsuit is brought by the attorneys general of Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, 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.

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Supporting documents

[Facebook Complaint](#)

Credits

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