

## NEWS

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

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JEFFERSON CITY, Mo. - Attorney General Eric Schmitt today joined a bipartisan coalition of 48 attorneys general in filing a lawsuit against Facebook Inc., alleging that the company illegally stifles competition to protect its monopoly power.

The filing can be found **here** ([https://ago.mo.gov/docs/default-source/press-releases/facebookcomplaint.pdf?sfvrsn=b4173a09\\_2](https://ago.mo.gov/docs/default-source/press-releases/facebookcomplaint.pdf?sfvrsn=b4173a09_2)). 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. As a result, users were deprived of the benefits of competition and privacy protections and services were reduced — all in an effort to boost its bottom line through increased advertising revenue.

“We are filing this suit on behalf of the millions of consumers and small businesses who have been harmed by Facebook’s predatory behavior,” Schmitt said. “We allege that Facebook has stifled competition to protect its monopoly power, reduced choices for consumers, shut down innovation and weakened privacy protections for millions of Americans.”

Since 2004, Facebook has operated as a personal social networking service that facilitates sharing content online without charging users a monetary fee. Instead, it 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 because of 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, the suit alleges, Facebook employs a variety of methods to impede competing services. As Chairman, Chief Executive Officer, and controlling shareholder Mark Zuckerberg has said, this is in order to “build a competitive moat” around the company. The two most employed 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 use its platform. This allows Facebook to maintain its monopoly over the social networking market and make billions of dollars from advertising.

Facebook’s unlawful monopoly gives it broad discretion to set the terms for how its users’ private information is collected and used to further its business interests. When Facebook cuts off integration to third-party developers, users cannot easily move their own information — such as their lists of friends — to other social networking services. This decision forces users to either stay put or start their online profiles from scratch, if they want to try an alternative.

Because Facebook users have nowhere else to go, the company is now able to make decisions about how to curate content on the platform and use the personal information it collects from users to further its business interests, even if those choices conflict with the interests and preferences of Facebook users.

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 state of New York and other 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 lawsuit is headed by New York Attorney General Letitia James and an executive committee made up of the attorneys general of California, Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee, and the District of Columbia. The executive committee is joined by the attorneys general of Alaska, Arizona, Arkansas, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the territory of Guam.

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