

# Facebook Besieged by Wall Street, Washington and Europe

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[Facebook Inc.](#)'s grim week is getting grimmer.

The company on Tuesday was beset on two continents by governments suddenly focused on data security and investors unliked its stock to the point that it lost \$60 billion in value.

The Menlo Park, California, company, whose social network is a ubiquitous venue for social and political life, is drawing the unaccustomed unwelcome attention after the disclosure that it released the personal data of 50 million users to an analytics firm that helped elect President Donald Trump. The company, Cambridge Analytica, has been implicated in [dirty tricks](#) [in elections around the globe](https://www.bloomberg.com/news/articles/2018-03-20/cambridge-analytica-used-disappearing-emails-in-campaign-report).

Facebook has struggled to respond to the fast-moving imbroglio, and even Facebook workers have been in the dark. The company held a staff meeting Tuesday to address their questions about what Facebook knew and when. Chief Executive Officer Mark Zuckerberg plans to address employees on Friday at a previously scheduled all-hands meeting. For those not privy to the internal meetings, here are the latest developments:

## **[Parliaments Request Mr. Zuckerberg's Presence <https://www.bloomberg.com/news/articles/2018-03-20/u-k-data-chief-seeks-to-search-cambridge-analytica-over-breach>](https://www.bloomberg.com/news/articles/2018-03-20/u-k-data-chief-seeks-to-search-cambridge-analytica-over-breach)**

CEO Zuckerberg may have to do a tour of [European parliaments](https://www.bloomberg.com/news/articles/2018-03-20/u-k-data-chief-seeks-to-search-cambridge-analytica-over-breach) to appease lawmakers. Damian Collins, head of a U.K. parliament committee investigating the impact of social media on recent elections, invited Zuckerberg to answer for a “catastrophic failure of process.” Shortly thereafter an invitation followed from European Parliament President Antonio Tajani.

Separately, EU Justice Commissioner Vera Jourova said she also plans to discuss the matter with Facebook during a visit in the U.S. this week while Italian telecommunications regulator AGCOM requested Facebook to provide information on data use.

Zuckerberg and Chief Operating Officer Sheryl Sandberg [haven't yet spoken publicly](#) about the data leak, despite the global firestorm. When Zuckerberg addresses staff on Friday, he's certain to face questions about the controversy.

## **[U.S. Regulators Would Like a Word <https://www.bloomberg.com/politics/articles/2018-03-20/ftc-said-to-be-probing-facebook-for-use-of-personal-data>](https://www.bloomberg.com/politics/articles/2018-03-20/ftc-said-to-be-probing-facebook-for-use-of-personal-data)**

The U.S. Federal Trade Commission is looking into whether Facebook [broke the terms](https://www.bloomberg.com/politics/articles/2018-03-20/ftc-said-to-be-probing-facebook-for-use-of-personal-data) of a 2011 consent decree. The FTC is the lead agency for enforcing companies' adherence to their own privacy policies and could fine the company if it finds Facebook violated the agreement.

Facebook said it would conduct staff-level briefings of six congressional committees Tuesday and Wednesday. That includes House and Senate judiciary committees, as well as the commerce and intelligence panels of both chambers.

Senator Dianne Feinstein, the top Democrat on the Senate Judiciary Committee, said in a statement that that it would "be helpful for Facebook to testify about how the company protects user privacy and what steps it's taking to combat bad actors."

The attorneys general of New York and Massachusetts [sent](#) demand letters to the company, the first step in a joint investigation.

### **[A loss as big as a car \(company\) <https://www.bloomberg.com/news/articles/2018-03-20/facebook-sees-tesla-sized-chunk-vanish-from-market-cap-in-2-days>](https://www.bloomberg.com/news/articles/2018-03-20/facebook-sees-tesla-sized-chunk-vanish-from-market-cap-in-2-days)**

Facebook's stock price fell as much as 6.2 percent in New York and the stock was down over 11 percent since Friday's close, [giving up \\$60 billion in market capitalization <https://www.bloomberg.com/news/articles/2018-03-20/facebook-sees-tesla-sized-chunk-vanish-from-market-cap-in-2-days>](#). That's more than the total value of Tesla Inc.

The world's largest social media network [was sued <https://www.bloomberg.com/news/articles/2018-03-20/facebook-sued-by-investors-over-voter-profile-harvesting>](#) in San Francisco federal court Tuesday by shareholders in a class action who said they suffered losses after the disclosure that Cambridge Analytica improperly obtained profile information on 50 million users.

Free fall aside, Wall Street analysts [remain upbeat <https://www.bloomberg.com/news/articles/2018-03-20/facebook-bulls-aren-t-throwing-in-the-towel-over-latest-hiccup>](#). Buy recommendations continue to roll in and price targets reflect a potential return of 35 percent.

Out of the 43 analysts who recommend buying Facebook shares, not one has downgraded the stock over the crisis. However, many acknowledge that bad publicity could keep the stock under pressure.



**[Cambridge Analytica <https://www.bloomberg.com/news/articles/2018-03-21/understanding-the-facebook-cambridge-analytica-story-quicktake>](https://www.bloomberg.com/news/articles/2018-03-21/understanding-the-facebook-cambridge-analytica-story-quicktake)**

The political consulting company whose own troubles engendered Facebook’s was also rocked Tuesday.

- Cambridge Analytica’s board suspended [CEO Alexander Nix](https://www.bloomberg.com/news/articles/2018-03-20/cambridge-analytica-s-board-suspends-ceo-nix-pending-inquiry) after he was shown on video discussing entrapping politicians with bribes and prostitutes and spreading disinformation.
- Britain’s Channel 4 News aired the third part of an undercover investigation [that showed Nix bragging of running research, data and targeting for the Trump campaign and deriding U.S. lawmakers.](https://www.bloomberg.com/news/articles/2018-03-20/cambridge-analytica-s-board-suspends-ceo-nix-pending-inquiry) He also said the company used an email server to communicate with clients and eliminate evidence of contact.
- Kenya’s opposition party demande [d a probe](https://www.bloomberg.com/politics/articles/2018-03-20/kenya-opposition-urges-probe-of-cambridge-analytica-role-in-vote) after Channel 4’s disclosure that Cambridge Analytica spread propaganda amid election-related violence that left 92 people dead.

**Signing Out**

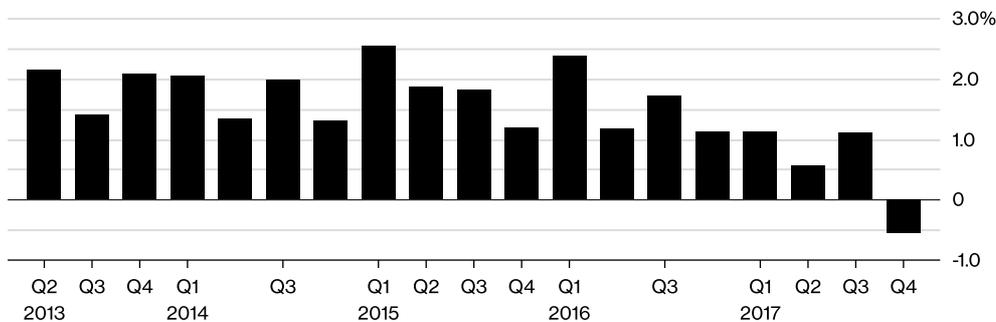
Facebook users don’t have to look far for instructions on how to extricate themselves or their data: Across the Twittersphere and blogospheres, outraged users have said they’re deleting their accounts and how-to instructions are making the rounds. Tech sites have published guides on how to deactivate [or control](https://www.pcmag.com/article2/0,2817,2476574,00.asp) [carefully curated social media accounts.](https://www.eff.org/deeplinks/2018/03/how-change-your-facebook-settings-opt-out-platform-api-sharing)

The brushfire comes at an inauspicious moment. Daily active user growth in the U.S. and Canada declined from 185 million in the third quarter to 184 million in the period, the company reported last quarter. That signals the first loss on a quarter-over-quarter basis in the company’s history.

**That’s a First**

Facebook user growth in North America was negative for the first time ever last quarter

North American daily active user growth



Source: Bloomberg

**[Understanding the Facebook-Cambridge Analytica Story: QuickTake <https://www.bloomberg.com/news/articles/2018-03-21/understanding-the-facebook-cambridge-analytica-story-quicktake>](https://www.bloomberg.com/news/articles/2018-03-21/understanding-the-facebook-cambridge-analytica-story-quicktake)**