Concurring Statement of Commissioner Christine S. Wilson and Commissioner Noah Joshua Phillips

Twitter

Matter No. 2023062

May 25, 2022

Today's settlement with Twitter, Inc., years in the making, ¹ illustrates once again that the Federal Trade Commission takes seriously both the protection of consumers' privacy and the enforcement of Commission orders. The settlement provides meaningful relief, including a \$150 million civil penalty and extensive injunctive provisions. We thank our knowledgeable and experienced career staff who investigated this case and negotiated this order – they and their colleagues work tirelessly to make the FTC the most effective privacy enforcer in the world.

In March 2011, the Commission finalized an order with Twitter ("2011 Order"), settling allegations that it deceived consumers and put their privacy at risk by failing to (1) use reasonable and appropriate security measures to protect nonpublic user data from unauthorized access, and (2) honor consumers' privacy choices. That 2011 Order prohibited Twitter from misrepresenting the extent to which it maintains and protects the security and privacy of nonpublic data and honors users' privacy choices. As alleged in the complaint filed today, Twitter failed to live up to its obligations. Specifically, Twitter allegedly collected telephone numbers and email addresses from consumers for security purposes, but then used that information for targeted advertisements.

When consumers hand over personal information for specific security purposes, such as multifactor authentication, account recovery, or re-authorization, they reasonably expect the information to be deployed for those purposes. When companies use those data for non-security purposes, like advertising, they undermine trust in critical security measures to the detriment of consumers and businesses alike.

The complaint alleges that this conduct violated both the 2011 Order and Section 5 of the FTC Act. The complaint also alleges that Twitter misrepresented its compliance with the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, which prohibit participants from processing personal information in a way that is incompatible with the purposes for which it was originally collected.³

¹ See Twitter, Inc., Quarterly Report (Form 10-Q) (Aug. 3, 2020), https://sec.report/Document/0001418091-20-000158/.

² In the matter of Twitter, Inc., FTC File No. 0923093 (March 2011), https://www.ftc.gov/legal-library/browse/cases-proceedings/092-3093-twitter-inc-corporation.

³ This settlement demonstrates the Commission's continued commitment to take action against companies that misrepresent their compliance with Privacy Shield, any successor program, or similar agreements that protect privacy and facilitate international data transfers.

The new Twitter order employs the model that the FTC has built during two decades of vigorous privacy and data security enforcement. Observant readers will spot many injunctive remedies the Commission has employed repeatedly in its privacy and data security orders. For example, the order requires Twitter to create and implement a privacy and security program that includes privacy risk assessments, detailed privacy reviews for new or modified products, documentation, data access controls, technical measures to monitor unauthorized access, training, and certifications.

But the FTC's enforcement model is not static; the Commission has refined and updated it to address evolving business practices and technologies. Some of the provisions in today's order reflect recent refinements. For example, Twitter is required to use either multifactor authentication or a widely adopted mechanism that provides equivalent security. The Commission first included a requirement to use multifactor authentication in our March enforcement action against CaféPress. Today's order also requires Twitter to design and implement both a privacy and an information security program, a dual obligation we first imposed in our 2019 enforcement action against Facebook.

And, in each case, the Commission tailors its enforcement to the specific unlawful conduct and harms alleged in each case. This Twitter order includes a data use restriction tied to the core

⁴ In the Matter of Twitter, Inc., C-4316, Decision and Order (May 2022) (Section IV).

⁵ See In the Matter of CafePress, No. 192-3209 (Mar. 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/Residual%20Pumpkin%20Agreement%20Containing%20Consent%20Order.pdf (Section II.E.7). This obligation builds on provisions in prior Commission orders that require encryption or other security features. See, e.g., In the Matter of Zoom Video Communications, Inc., C-4731 (Feb. 2021), https://www.ftc.gov/system/files/documents/cases/1923167 c-4731 zoom final order.pdf (requiring "[p]rotections, such as encryption, tokenization, or other same or greater protections, for Covered Information collected, maintained, processed, or stored by Respondent, including in transit and at rest" (Section II.E.11)); In the Matter of LightYear Dealer Technologies, LLC, No. C-4687 (Sept. 2019), https://www.ftc.gov/system/files/documents/cases/172_3051_c-4687_dealerbuilt_decision_order.pdf (requiring encryption of all Social Security numbers and financial account information on Respondent's computer networks (Section I.E.4)).

⁶ Part V of the Facebook order requires that it: "implement, and thereafter maintain, a comprehensive information security program that is designed to protect the security of Covered Information. In addition to any security-related measures associated with Respondent's Privacy Program under Part VII of this Order, the information security program must contain safeguards appropriate to Respondent's size and complexity, the nature and scope of Respondent's activities, and the sensitivity of the Covered Information." Part VII of the order requires that it: "establish and implement, and thereafter maintain a comprehensive privacy program ('Privacy Program') that protects the privacy, confidentiality, and Integrity of the Covered Information collected, used, or shared by Respondent." U.S. v. Facebook, No. 1:19-cv-2184 (D.D.C. July 24, 2019),

https://www.ftc.gov/system/files/documents/cases/182_3109_facebook_order_filed_7-24-19.pdf; In the Matter of Facebook, Inc., C-4365 (Apr. 2020),

https://www.ftc.gov/system/files/documents/cases/c4365facebookmodifyingorder.pdf, see also 2019 Order Fact Sheet (Jul. 24, 2019), https://www.ftc.gov/system/files/attachments/press-releases/ftc-imposes-5-billion-penalty-sweeping-new-privacy-restrictions-facebook/2019 order fact sheet facebook.pdf (noting that the order requires Facebook to create a comprehensive data security program and a mandated privacy program); Statement of Chairman Joseph J. Simons and Commissioners Noah Joshua Phillips and Christine S. Wilson Regarding the Matter of Facebook (Jul. 24, 2019), <a href="https://www.ftc.gov/legal-library/browse/cases-proceedings/public-statements/statement-chairman-joe-simons-commissioners-noah-joshua-phillips-christine-s-wilson-regarding-matter (discussing the inclusion of a requirement for both a privacy and security program).

allegation of illegality in the complaint: the company may not use for advertising any phone numbers or email addresses that had been gathered for security purposes. The 2019 Facebook order contained a similar use restriction, flowing from a similar allegation of illegality.

Precisely because this order builds on established precedent and the Commission's expertise in privacy enforcement, it provides meaningful and effective relief. The value of these types of injunctive provisions and accountability mechanisms has long been clear to us. But strikingly similar settlements in the past have been subjected to (sometimes vitriolic) criticism for alleged failings that today's order would share. No executives are named, or obligated personally. There is no admission of liability, or disgorgement of algorithms. There is no change to Twitter's business model.

⁷ See Statement of Chairman Joseph J. Simons and Commissioners Noah Joshua Phillips and Christine S. Wilson, *In re Sunday Riley Modern Skincare, LLC*, (Nov. 6, 2020), https://www.ftc.gov/system/files?file=documents/cases/2020.11.6 sunday riley majority statement final.pdf (discussing the effectiveness of injunctive and other non-monetary relief); *see also* Statement of Chairman Joseph J. Simons and Commissioners Noah Joshua Phillips and Christine S. Wilson Regarding the Matter of Facebook (Jul. 24, 2019), https://www.ftc.gov/legal-library/browse/cases-proceedings/public-statements/statement-chairman-joe-simons-commissioners-noah-joshua-phillips-christine-s-wilson-regarding-matter (describing the breadth and scope of the non-monetary relief in the order). Commissioner Wilson also has spoken at length about the effectiveness of non-monetary relief. *See, e.g.,* Christine S. Wilson, One Step Forward, Two Steps Back: Sound Policy on Consumer Protection, Remarks at NAD (Oct. 5, 2020), https://www.ftc.gov/system/files/documents/public_statements/1581434/wilson_remarks_at_nad_100520.pdf; Christine S. Wilson, Remarks at Global Antitrust Institute, FTC v. Facebook (Dec. 11, 2019), https://www.ftc.gov/system/files/documents/public_statements/1557534/commissioner_wilson_remarks_at_global_antitrust_institute_12112019.pdf.

⁸ See, e.g., Dissenting Statement of Commissioner Rohit Chopra Regarding Zoom Video Communications, Inc. (Feb. 1, 2021),

https://www.ftc.gov/system/files/documents/public_statements/1586865/20210129_final_chopra_zoom_statements_0.pdf (asserting that the final order is "weak," provides "no money" and that the injunctive relief constitutes "paperwork requirements" with no real accountability). In addition, then-Commissioner Chopra stated that the order "doesn't fix the incentives causing these repeat privacy abuses. It doesn't stop \$FB from engaging in surveillance or integrating platforms. There are no restrictions on data harvesting tactics — just paperwork." Rohit Chopra, Twitter (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; see also Center for Digital Democracy Press Release: Groups Join Legal Battle to Fight Ineffective FTC Privacy Decision on Facebook (Jul. 26, 2019), https://www.democraticmedia.org/article/groups-join-legal-battle-fight-ineffective-ftc-privacy-decision-facebook (citing several organizations that criticized and challenged the settlement). Notably, the groups stated that the settlement was "woefully insufficient," "provides no meaningful changes to Facebook's structure or financial incentives" and that the "fine is a mere cost of doing business," "a parking ticket," a "get-out-of jail free card." Id.; see also Dissenting Statement of Commissioner Rohit Chopra, In re Facebook, Inc. (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf. See also, Dissenting Statement of Commissioner Rohit Chopra, In the matter of Google LLC and YouTube, LLC (Sep. 4, 2019),

https://www.ftc.gov/sytem/files/documents/public statements/1542957/chopra google youtube dissent.pdf.

⁹ See FTC v. Google LLC and YouTube, LLC, No. 1:119-cv-2642 (D.D.C. Sep. 4, 2019), https://www.ftc.gov/legal-library/browse/cases-proceedings/172-3083-google-llc-youtube-llc; In the matter of Facebook, Inc, No. 1:19-cv-02184, (D.D.C. Jul. 24, 2019), https://www.ftc.gov/legal-library/browse/cases-proceedings/172-3004-musically-inc (naming corporate entities only).

The order in the 2019 Facebook case met with condemnation from some quarters, so it is worth comparing today's settlement to the alleged shortcomings of the Facebook order: 10

Criticism of Order	Facebook Order	Twitter Order
"Mere paperwork" requirements ¹¹	Privacy risk assessments for new or	Privacy risk assessments for new or
	modified products	modified products
"Mere paperwork" requirements 12	Privacy reviews and reports	Privacy reviews and reports
"Mere paperwork" requirements ¹³	Covered incident reports	Covered incident reports
Certifications only ensure that	Certifications by CEO and Chief	Certifications by senior corporate
paperwork has been completed ¹⁴	Privacy Officer	management or senior officer (not
		CEO)
No accountability for executives 15	No executives named, no IH of	No executives named, no IH of
	CEO or other executives cited in	CEO or other executives cited in
	statements supporting settlement	statements supporting settlement

¹⁰ The Facebook order included stronger and more sweeping provisions, and a penalty measured in the billions. The differences in approach are appropriate, as there were more Section 5 and order violations alleged in Facebook.

¹¹ Rohit Chopra, Twitter (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹² Rohit Chopra, Twitter (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹³ Rohit Chopra, Twitter (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹⁴ Rohit Chopra, Twitter (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://twitter.com/chopracfpb/status/1154010756079390720?s=19; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹⁵ Dissenting Statement of Commissioner Rebecca Kelly Slaughter, *In the matter of FTC v. Facebook* (Jul.24, 2019), https://www.system/files/documents/public_statements/1536918/182_3109_slaughter_statement_on_facebook_7-24-19.pdf; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

Penalty is a mere cost of doing	\$5 billion	\$150 million
business ¹⁶	2018 Annual Revenues: \$55.8	2021 Annual revenues:
	billion	\$5.077 billion ¹⁷
	Penalty: 9% of annual revenue	Penalty: 3% of annual revenue
Company receives majority of	Can still use data for advertising	Can still use data for advertising
revenue from advertising and order	purposes; prohibited from	purposes; prohibited from
does nothing to change the business	misrepresenting the extent to which	misrepresenting the extent to which
structure or incentives 18	Respondent maintains and protects	Respondent maintains and protects
	the privacy, security,	the privacy, security,
	confidentiality, or integrity of	confidentiality, or integrity of
	Covered Information	Covered Information
Company governance unchanged ¹⁹	Board of Directors restructured to	No governance changes
	include Privacy Committee with	
	oversight authority	
No meaningful restrictions on	Use restriction for phone numbers;	Use restriction for phone numbers;
ability to collect, share, and use	requirement to identify material	requirement to identify material
personal information ²⁰	risks to privacy of covered	risks to privacy of covered
	information and prepare privacy	information and prepare privacy
	review statements documenting	review statements documenting
	efforts to control for the risk	efforts to control for the risk

We support this order, which is a strong one. The Facebook order included more stringent obligations and greater relief because more egregious conduct was alleged. We reject the view that the provisions in orders like these constitute "mere paperwork" that provide no meaningful restrictions or accountability. And we reject the characterization of substantial penalties as "a slap on the wrist." Penalties matter, then and now. And so do the privacy programs and

¹⁶ Nancy Scola and Steven Overly, "FTC strikes \$5B Facebook settlement against fierce Democratic objections," POLITICO (July 24, 2019), https://www.politico.com/story/2019/07/24/ftc-facebook-settlement-1428432 (quoting Representation Cicilline as stating that the \$5B fine is "disappointing" and Senator Blumenthal as stating that the penalty is "[a] tap on the wrist, not even a slap"); see also Dissenting Statement of Commissioner Rohit Chopra, In re Facebook, Inc. (Jul. 24, 2019),

https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹⁷ See Twitter Revenue 2011-2022|TWTR, Macrotrends, https://www.macrotrends.net/stocks/charts/TWTR/twitter/revenue.

¹⁸ Dissenting Statement of Commissioner Rebecca Kelly Slaughter *In the matter of FTC v. Facebook* (Jul. 24, 2019), https://www.system/files/documents/public_statements/1536918/182_3109_slaughter_statement_on_facebook_7-24-19.pdf; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

¹⁹ Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

²⁰ Dissenting Statement of Commissioner Rebecca Kelly Slaughter, *In the matter of FTC v. Facebook* (Jul. 24, 2019),

https://www.system/files/documents/public_statements/1536918/182_3109_slaughter_statement_on_facebook_7-24-19.pdf; Dissenting Statement of Commissioner Rohit Chopra, *In re Facebook, Inc.* (Jul. 24, 2019), https://www.ftc.gov/system/files/documents/public_statements/1536911/chopra_dissenting_statement_on_facebook_7-24-19.pdf.

assessments that orders like today's command. Both orders also create processes that require the companies to consider the risks to the privacy and security of the information they collect, evaluate the safeguards they have in place, and adjust procedures to address those risks. Both orders require assessments by third-party experts, approved by the FTC, to evaluate the companies' privacy programs and issue reports evaluating compliance with the mandated program. Both orders require executives in the company to certify to compliance. These processes force companies under order to consider privacy, account for privacy, and be accountable for failing to protect it.

The Commission recognizes that its orders are not perfect. For this reason, we approach each new order with care, fine-tuning provisions and considering alternative ways to address violations.²¹ We hope that the bipartisan approval of this order, one very much in line with prior orders, signals the beginning of a more constructive dialogue about how to continue refining our enforcement program. If this case can close the door on unfounded and gratuitous attacks on the FTC's privacy enforcement program, that closure would serve consumers, provide clarity to stakeholders, and advance the mission of the agency.

The resolution of this matter also demonstrates the general deterrent effect of Commission orders. In our July 2019 complaint and order against Facebook, ²² the Commission for the first time found it unlawful for companies to collect consumer information for security purposes and then use it to target advertising. Shortly after the Facebook order was announced, in October 2019, Twitter disclosed its similar misuse of consumers' email addresses and phone numbers. ²³ This timeline suggests that Twitter was paying attention to the FTC's actions and underscores the value of sending signals to the marketplace through orders like these.

A side note. In August 2020, Twitter publicly disclosed that the FTC was investigating it for potential order violations, taking an accounting reserve to pay a \$150 million fine.²⁴ Nearly two full years have passed, and Twitter now is paying the anticipated fine. An observer might ask what took so long, and why now. Despite (and because of) the coincidence in timing with

new-privacy-restrictions-facebook.

²¹ See, e.g., Statement of the Federal Trade Commission Regarding Unixiz, Inc. d/b/a i-Dressup.com and Zhijun Liu and Xichen Zhang individually & James V. Grago, Jr. d/b/a ClixSense.com (Apr. 2019), https://www.ftc.gov/system/files/documents/cases/2019-03-19 idressupclixsense statement final.pdf (announcing new requirements that go beyond requirements from previous data security orders); see also In the Matter of LightYear Dealer Technologies, LLC, No. C-4687 (Sept. 2019), https://www.ftc.gov/system/files/documents/cases/172 3051 c-4687 dealerbuilt decision order.pdf (including additional data security requirements such as encryption of all Social Security numbers and financial account

information on Respondent's computer networks).

22 FTC Press Release, FTC Imposes \$5 Billion Penalty and Sweeping New Privacy Restrictions on Facebook, July 24, 2019, https://www.ftc.gov/news-events/news/press-releases/2019/07/ftc-imposes-5-billion-penalty-sweeping-

²³ Twitter Support (@TwitterSupport), TWITTER (Oct. 8, 2019, 4:02 PM), https://twitter.com/twittersupport/status/1181661080033955840?ref_src=.

²⁴ See Kate Conger, F.T.C. Investigating Twitter for Potential Privacy Violations, N.Y. TIMES (Aug. 3, 2020), https://www.nytimes.com/2020/08/03/technology/ftc-twitter-privacy-violations.html.

unrelated headlines concerning Twitter,²⁵ it is important to be clear that this settlement has nothing to do with Twitter's potential sale or new ownership, the company's content moderation policies, or anything other than the facts alleged in the Complaint.

This settlement is about ensuring that Twitter safeguards consumer privacy and vindicates the Commission's authority through zealous enforcement of its orders. It is an excellent settlement. We commend staff on their stellar work.

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²⁵ See, e.g., Cara Lombardo, Meghan Bobrowsky & Georgia Wells, *Twitter Accepts Elon Musk's Offer to Buy Company in \$44 Billion Deal*, WALL St. J. (Apr. 25, 2022, 5:48PM), https://www.wsj.com/articles/twitter-and-elon-musk-strike-deal-for-takeover-11650912837.