



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, DC 20580

**Prepared Remarks of Chairman Joseph Simons¹
Privacy Shield Annual Review
Washington, D.C.
September 12, 2019**

Good morning. Secretary Ross, Director-General Astola, Chairman Karadjov, it is a pleasure to join you today to launch the third Privacy Shield annual review and discuss the continued success of the Privacy Shield framework, which preserves beneficial transatlantic data flows and provides important privacy protections.

I am pleased to update you on the FTC's recent major accomplishments in our privacy program. We collected a record-breaking \$5 billion penalty against Facebook and imposed unprecedented new accountability requirements on the company.² Our settlement also holds Facebook and its executives accountable for the decisions they make about privacy in the future, and prohibits misrepresentations related to the Privacy Shield and similar frameworks. We also announced actions against Alexander Nix, Aleksandr Kogan, and Cambridge Analytica, LLC.³

¹ These remarks reflect my own views. They do not necessarily reflect the views of the Commission or any other individual Commissioner.

² FTC Press Release, *FTC Imposes \$5 Billion Penalty and Sweeping New Privacy Restrictions on Facebook* (July 24, 2019), <https://www.ftc.gov/news-events/press-releases/2019/07/ftc-imposes-5-billion-penalty-sweeping-new-privacy-restrictions>.

³ See FTC Press Release, *FTC Sues Cambridge Analytica, Settles with Former CEO and App Developer* (July 24, 2019), <https://www.ftc.gov/news-events/press-releases/2019/07/ftc-sues-cambridge-analytica-settles-former-ceo-app-developer>.

In our action against Cambridge Analytica, we alleged two Privacy Shield counts for a false claim of participation and a failure to affirm ongoing protections for data.⁴

Since the last review, the FTC has brought seven new actions enforcing the Privacy Shield framework, bringing our total to fifteen Privacy Shield cases. We brought five actions this year for “false starts”—companies that begin signing up with the framework, do not complete the process, yet continue to claim participation.⁵

We also took action against a company that allowed its certification to lapse, but misrepresented its continued participation in the program.⁶ The FTC also challenged that same company’s failure to comply substantively.⁷ Participants are required to verify that the claims in their Privacy Shield policies are true and that their policies have been implemented, but the company failed to carry out that certification. In this and other cases involving lapsed companies, we have also required those companies to affirm their ongoing commitment to protect data collected while they participated in the program.

Beyond Privacy Shield, the FTC pursued other major privacy enforcement efforts this year. This month, the Commission announced a \$170 million settlement with Google and YouTube, resolving charges that YouTube violated COPPA by illegally collecting personal information from children—in the form of persistent identifiers—without their parents’ consent.⁸ In July, Equifax agreed to pay at least \$575 million, and potentially up to \$700 million, as part of

⁴ *Cambridge Analytica, LLC*, Dkt. No. 9383 (filed July 24, 2019), <https://www.ftc.gov/enforcement/cases-proceedings/182-3107/cambridge-analytica-llc-matter>.

⁵ FTC Press Release, *Five Companies Settle FTC Allegations that they Falsely Claimed Participation in the EU-U.S. Privacy Shield* (Sept. 3, 2019), <https://www.ftc.gov/news-events/press-releases/2019/09/five-companies-settle-ftc-allegations-they-falsely-claimed>; *SecurTest, Inc.*, No. C-4685 (Aug. 21, 2019). <https://www.ftc.gov/enforcement/cases-proceedings/182-3152/securtest-inc>.

⁶ *EmpiriStat*, Matter No. 1823195 (Sept. 3, 2019) (proposed consent agreement), <https://www.ftc.gov/enforcement/cases-proceedings/182-3195/empiristat-matter>.

⁷ *Id.*

⁸ FTC Press Release, *Google and YouTube Will Pay Record \$170 Million for Alleged Violations of Children’s Privacy Law* (Sept. 4, 2019), <https://www.ftc.gov/news-events/press-releases/2019/09/google-youtube-will-pay-record-170-million-alleged-violations>.

a global settlement with the Federal Trade Commission, the Consumer Financial Protection Bureau (CFPB), and 50 U.S. states and territories.⁹ The credit reporting company allegedly failed to take reasonable steps to secure its network, which led to a data breach that affected approximately 147 million people. And in March, social networking app Musical.ly, now known as TikTok, agreed to pay \$5.7 million to settle FTC allegations that it illegally collected personal information from children without parental consent, in violation of COPPA.¹⁰

Privacy Shield and other enforcement is only part of the story of our efforts to address privacy. For example, as part of the FTC's *Hearings on Competition and Consumer Protection in the 21st Century*, we held a series of panels that specifically explored consumer privacy and data security issues.¹¹ And next month, we will hold a workshop to examine whether to update the COPPA Rule in light of evolving business practices and changes in technology.¹² We welcome observations and contributions from our European colleagues, including their experiences with children's privacy protection under the EU General Data Protection Regulation.

The FTC will continue to do its part to ensure that the Privacy Shield remains a robust mechanism for protecting privacy and enabling transatlantic data flows. Our FTC staff, including the head of our privacy enforcement division, will further discuss the FTC's work on this critical program. Thank you.

⁹ FTC Press Release, *Equifax to Pay \$575 Million as Part of Settlement with FTC, CFPB, and States Related to 2017 Data Breach* (July 22, 2019), <https://www.ftc.gov/news-events/press-releases/2019/07/equifax-pay-575-million-part-settlement-ftc-cfpb-states-related>.

¹⁰ *U.S. v. Musical.ly & Musical.ly, Inc.*, No. 2:19-cv-01439 (C.D. Cal. filed Feb. 27, 2019), <https://www.ftc.gov/enforcement/cases-proceedings/172-3004/musically-inc>.

¹¹ See FTC Press Release, *FTC Announces Sessions on Consumer Privacy and Data Security as Part of Its Hearings on Competition and Consumer Protection in the 21st Century* (Oct. 26, 2018), <https://www.ftc.gov/news-events/press-releases/2018/10/ftc-announces-sessions-consumer-privacy-data-security-part-its>.

¹² FTC Workshop, *The Future of the COPPA Rule*, Oct. 7, 2019, <https://www.ftc.gov/news-events/events-calendar/future-coppa-rule-ftc-workshop>.