



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
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June 4, 2015

via electronic mail (b)(6)

Mr. Edward Palmieri
Associate General Counsel, Privacy
Facebook Legal
1155 F. Street, NW Suite 475
Washington, DC 20004

Re: *In the Matter of Facebook, Inc.*, Docket No. C-4365

Dear Mr. Palmieri:

Thank you for the Assessment dated April 13, 2015 (“April 2015 Assessment” or “Assessment”). We write seeking clarification regarding the scope of this Assessment with respect to Facebook’s acquired entities and affiliates.

As you know, Part IV of the Order requires Facebook to establish, implement, and maintain a comprehensive privacy program that is reasonably designed to (1) address privacy risks related to the development and management of new and existing products and services, and (2) protect the privacy and confidentiality of covered information. Part V requires Facebook to obtain third-party Assessments which, among other things, explain how Facebook’s specific privacy controls are appropriate to its size and complexity, the nature and scope of its activities, and the sensitivity of covered information, as well as explain how the implemented privacy controls meet or exceed Part IV’s required protections.

As Facebook acknowledges in its “Privacy Program Overview” prefacing the Assessment, “achieving the objectives of the Privacy Program involves taking a hard look at the privacy practices of any entities acquired by Facebook.” (p. 8 of the Assessment). Facebook states that it “assesses whether its integration of acquired companies effects any material change to Facebook’s operations or business arrangements or has a material impact on the effectiveness of Facebook’s Privacy Program.” It notes that where an acquisition effects a change to Facebook operations or impacts the effectiveness of its Privacy Program, Facebook makes adjustments to ensure the program achieves its objectives: “(1) to address privacy risks related to the development and management of new and existing products and services for Facebook consumers and (2) to protect the privacy and confidentiality of information from or about an individual Facebook consumer.” (b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

Though PricewaterhouseCoopers LLP's ("PwC") cover letter to the Assessment notes that Facebook made acquisitions during the Reporting Period (February 12, 2013 to February 11, 2015), it states it excluded "any independently operated affiliates" from the Assessment. Despite Facebook's assertions, PwC's report does not demonstrate whether and how Facebook addressed the impact of acquisitions on its Privacy Program. For example, the report does not mention any of the entities acquired during the reporting period such as Atlas and WhatsApp – much less indicate whether and how Facebook assessed the acquisition's effect on Facebook's operations and Privacy Program, made adjustments to address any associated privacy risks, or subjected any aspect of the acquisition to its privacy controls. Furthermore, PwC's April 22, 2013 Assessment for Facebook explicitly addressed Instagram¹ (which Facebook had acquired during the August 15, 2012 to February 11, 2013 reporting period²) – whereas the 2015 Assessment does not mention Instagram at all.

To ensure the completeness of the Assessment, we request that PwC verify in detail the extent to which its 2015 Assessment covered, for each entity Facebook acquired during the reporting period, whether and how Facebook addressed the acquisition's impact on its Privacy Program.

If you have any questions, please do not hesitate to contact me at (202) 326-2890 or Reenah Kim at (202) 326-2272.

Sincerely yours,

s/Laura D. Koss
Reenah L. Kim
Attorneys

cc: Carolyn C. Holcomb
Pricewaterhouse Coopers LLP

(b)(6)

¹ See, e.g., 2013 PwC Assessment at pp. 25, 27, 32, 34-41, 43-44, 46, 50-52, 59-60, 64, 66, 73-75.

² In its December 18, 2012 letter to FTC staff, Facebook stated that although it "operates Instagram as a separate brand with distinct product and services," Facebook and Instagram have "integrated business operations (which will continue to be further integrated over time)." It also stated that Facebook has "direct control over Instagram's business operations."