Facebook’s FTC fine will be $5 billion—or one month’s worth of revenue

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The Federal Trade Commission and Facebook have reportedly agreed on a $5 billion fine that would settle the FTC’s privacy investigation into the social network.

With Facebook having reported $15 billion in revenue last quarter, the $5 billion fine would amount to one month’s worth of revenue.

The FTC voted 3-2 to approve the settlement this week, with three yes votes from Republican commissioners and two no votes from Democrats, The Wall Street Journal reported today, citing anonymous sources. Democrats on the commission were “pushing for tougher oversight,” the Journal wrote.

The FTC hasn’t announced the deal publicly.

“The matter has been moved to the Justice Department’s civil division, and it is unclear how long it will take to finalize,” the Journal wrote. “Justice Department reviews are part of the FTC’s procedure but typically don’t change the outcome of an FTC decision.”

The settlement is “expected to include other government restrictions on how Facebook treats user privacy,” but the Journal didn’t get details on what those restrictions will be.

FTC officials had reportedly discussed whether to hold Facebook CEO Mark Zuckerberg personally accountable for his company’s privacy failures, but there was no word on any punishment for Zuckerberg today.

The FTC investigation began in March 2018 after revelations that up to 87 million users’ information was improperly shared with Cambridge Analytica, a political consulting firm that did work for Donald Trump’s presidential campaign. The investigation focused on whether Facebook violated the terms of its 2011 settlement with the FTC, which prohibited Facebook from misrepresenting the privacy or security of user information and required Facebook to get consumers’ express consent before making changes that override their privacy settings.

Facebook warned investors in April that it would face an FTC fine of $3 billion to $5 billion, and said it does not expect the fine to be tax-deductible. The company reported net income of $2.4 billion in the first quarter, but that was after accounting for the expected legal expense of at least $3 billion. Facebook share prices were up 1.8% today.

Democratic members of Congress blasted the settlement. “This reported $5 billion penalty is barely a tap on the wrist, not even a slap,” Sen. Richard Blumenthal (D-Conn.) said in a statement. “Such a financial punishment for purposeful, blatant illegality is chump change for a company that makes tens of billions of dollars every year. Will Facebook be compelled to alter its present, systematic abuse of privacy? Based on the reported settlement, the answer is sadly, no.”

Sen. Ron Wyden (D-Ore.) agreed. “Despite Republicans’ promises to hold big tech accountable, the FTC appears to have failed

miserably at its best opportunity to do so," Wyden said. "No level of corporate fine can replace the necessity to hold Mark Zuckerberg personally responsible for the flagrant, repeated violations of Americans' privacy. That said, this reported fine is a mosquito bite to a corporation the size of Facebook."

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