HasOffers acknowledges privacy violation with Facebook user data
HasOffers has grown quickly as a mobile analytics and monetization firm that takes Facebook data and targets ads at users on behalf of game and app publishers. But the company recently ran afoul of Facebook’s user privacy policies, and it has had to change its marketing practices. VentureBeat has learned.

Peter Hamilton, the chief executive of MobileAppTracking and HasOffers (which offers tools that enable companies track the performance of their online ads), said in an e-mail to clients Friday that “it recently has come to our attention that our MobileAppTracking platform was in violation of Facebook’s policies. Specifically, our MobileAppTracking platform inappropriately allowed advertisers to obtain device-level attribution and performance data. This was a mistake on our part.”

What this means is that HasOffers was taking data about a user’s device and sharing it with its customers so that they could target ads at gamers or app users with better accuracy. We have learned that the problem is that the data in question could be theoretically used to identify someone based on their use of mobile apps. For instance, someone may identify themselves as a married father of three on a Facebook page, but that person may be a frequent user of same-sex dating apps. HasOffers shouldn’t distribute this data, but HasOffers sharing this more detailed information on a user level, dubbed “user level attribution,” with clients. These clients could put two and two together and figure out which of their users was the father.

Evidently, Facebook is not at fault in what it permits its advertising partners to do, and HasOffers has taken responsibility for the mistake. But Facebook has gotten into privacy invasion issues before, and the social network has been very cautious since that time. We’ve contacted both HasOffers and Facebook for comment.

Hamilton said in his e-mail to clients, “Our contractual agreement with Facebook only allows us to present aggregate and anonymous level — e.g., at the ad group level — reports and information to our partners and clients. Accordingly, we have updated our MobileAppTracking platform to prevent distribution of non-aggregated and non-anonymized device-level data.”

He added, “Specifically, MobileAppTracking only is able to provide the Facebook Campaign, Adgroup, and Ad parameters on an aggregate level across all MobileAppTracking interfaces. To be clear, Facebook has not changed its privacy or data-sharing policies. This is simply an update to our Platform to ensure we are in compliance with Facebook’s current data policies and our contractual obligations. Should Facebook revise these restrictions in the future, we’ll be sure to let you know. We apologize for any inconvenience that this issue may have caused you.”

HasOffers appears to be the only one of 14 Facebook partners to run into trouble. The company has raised $9.4 million from Accel Partners, RealNetworks founder Rob Glaser, Founder’s Co-op’s Chris DeVore. It was founded in 2009 by Lucas and Lee Brown.

HasOffers is valuable to game publishers or app publishers because it can tell them which of their ad campaigns is working the best in getting valuable users to use their games or apps. Based on information from HasOffers, the publishers can decide which ad networks are getting them real users and which ones are failing. That’s why it has grown fast.
Here’s the text of the message from Has Offers’ Hamilton:

As you likely are aware, it recently has come to our attention that our MobileAppTracking platform was in violation of Facebook’s policies. Specifically, our MobileAppTracking platform inappropriately allowed advertisers to obtain device-level attribution and performance data. This was a mistake on our part. Our contractual agreement with Facebook only allows us to present aggregate and anonymous level (e.g., at the ad group level) reports and information to our partners and clients. Accordingly, we have updated our MobileAppTracking platform to prevent distribution of non-aggregated and non-anonymized device-level data.

Specifically, MobileAppTracking only is able to provide the Facebook Campaign, Adgroup and Ad parameters on an aggregate level across all MobileAppTracking interfaces. To be clear, Facebook has not changed its privacy or data-sharing policies. This is simply an update to our Platform to ensure we are in compliance with Facebook’s current data policies and our contractual obligations. Should Facebook revise these restrictions in the future, we’ll be sure to let you know. We apologize for any inconvenience that this issue may have caused you. If you have questions please do not hesitate to reach out to your account representative or support@mobileapptacking.com.

Thank you again for supporting MobileAppTracking.

Best,

Peter Hamilton
CEO, MobileAppTracking & HasOffers
Hi Chris,

Still trying to find a time on the schedule that works for everyone.

Thanks,
Laura

From: Berger, Laura
Sent: Wednesday, September 11, 2013 4:33 PM
To: Mithal, Maneesha
Subject: RE: FB -- privileged and confidential -- (b)(5)

From: Mithal, Maneesha
Sent: Wednesday, September 11, 2013 7:22 PM
To: Berger, Laura
Subject: Re: FB -- privileged and confidential -- (b)(5)

This is great Laura - thanks!

From: Berger, Laura
Sent: Wednesday, September 11, 2013 6:44 PM
To: Kim, Reenah; Koss, Laura
Cc: Mithal, Maneesha
Subject: FB -- privileged and confidential -- (b)(5)
I will comb through my notes and see if I spot anything else. But those are the highlights.

Talk soon,

Laura
Olsen, Christopher

From: Berger, Laura
Sent: Wednesday, September 11, 2013 3:28 PM
To: Mithal, Maneesha
Cc: Olsen, Christopher
Subject: Fw: Additional Questions

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

From: Kim, Reenah
Sent: Wednesday, September 11, 2013 03:22 PM
To: Berger, Laura
Cc: Koss, Laura
Subject: FW: Additional Questions

From: Beringer, S. Ashlie [mailto:ABeringer@gibsondunn.com]
Sent: Wednesday, September 11, 2013 2:55 PM
To: Kim, Reenah; Edward Palmieri; Daniel Li (dli@fb.com)
Cc: Kohn, James A.; Wolfe, Douglas; Koss, Laura; Hall, Jennifer
Subject: RE: Additional Questions

Reenah –

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

Best regards,
Ashlie
(b)(3):6(f),(b)(4)
Thank you.
-Reenah

Reenah L. Kim
Federal Trade Commission
Bureau of Consumer Protection | Division of Enforcement
600 Pennsylvania Avenue NW | Mail Drop M-8102B | Washington, DC 20580
t:202.326.2272 | f:202.326.2558 | rkim1@ftc.gov

From: Beringer, S. Ashlie [mailto:ABeringer@gibsondunn.com]
Sent: Tuesday, September 10, 2013 1:51 AM
To: Koss, Laura; Edward Palmieri; Daniel Li (dli@fb.com)
Cc: Kim, Reenah; Kohm, James A.; Wolfe, Douglas
Subject: RE: Additional Questions

Laura and Jim-

Are you available to speak tomorrow during the window I proposed last Friday or, alternatively, on Wednesday between 11-1 ET? (b)(3):6(f),(b)(4)

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

Best regards,
Ashlie
Ashlie Beringer

GIBSON DUNN

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Tel +1 650.849.5219 • Fax +1 650.849.5019
ABeringer@gibsondunn.com • www.gibsondunn.com

From: Koss, Laura [mailto:LKROSS@ftc.gov]
Sent: Monday, September 09, 2013 1:00 PM
To: Edward Palmieri; Daniel Li (dli@fb.com)
Cc: Beringer, S. Ashlie; Kim, Reenah; Kohm, James A.; Wolfe, Douglas
Subject: Additional Questions

Following up on Jim Kohm’s email last Friday, we ask that you respond to the following:

Data Use Policy
We look forward to hearing from you.

Laura Koss
Senior Attorney
September 4, 2013

Chairwoman Edith Ramirez
Commissioner Julie Brill
Commissioner Maureen Ohlhausen
Commissioner Joshua Wright
The Federal Trade Commission
600 Pennsylvania Ave., N.W.,
Washington, D.C. 20580

Re: Facebook’s Changes Regarding Sponsored Stories

Dear Madam Chair and Members of the Federal Trade Commission,

We write to bring your attention to proposed changes in Facebook’s Statement of Rights and Responsibilities and Data Use Policy. The changes will allow Facebook to routinely use the images and names of Facebook users for commercial advertising without consent. The changes violate Facebook’s current policies and the 2011 Facebook settlement with the FTC. The Commission must act to enforce its Order.

The pending changes arise from a class action settlement in which the attorneys who purported to represent the interests of Facebook users granted the company a right that was contrary to the company’s policy at the time the litigation was initiated. As a consequence, Facebook users who reasonably believed that their images and content would not be used for commercial purposes without their consent will now find their pictures showing up on the pages of their friends endorsing the products of Facebook’s advertisers. Remarkably, their images could even be used by Facebook to endorse products that the user does not like or even use.

The proposed changes are broad enough to allow Facebook to resurrect programs similar to Beacon, a program that just about everyone including Facebook agreed was wrong and was

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1 See Frey v. Facebook, No. 11-1726 (N.D. Cal. filed Apr. 8, 2011).
2 See Proposed Statement of Rights and Responsibilities, FACEBOOK, https://fbcdn-dragon-a.akamaihd.net/hphotos-ak-prn1/851375_209563965879352_209116475_n.pdf (last visited Sept. 1, 2013) (“You give us permission to use your name, profile picture, content, and information in connection with commercial, sponsored, or related content (such as a brand you like) served or enhanced by us.”); see also Anthony Kosner, Facebook Is Recycling Your Likes To Promote Stories You’ve Never Seen To All Your Friends, FORBES (Jan. 21, 2013), http://www.forbes.com/sites/anthonykosner/2013/01/21/facebook-is-recycling-your-likes-to-promote-stories-youve-never-seen-to-all-your-friends/ (“Facebook is now recycling users’ Likes and using them to promote “Related Posts” in the news feeds of the user’s friends. And one more thing, the users themselves have possibly never seen the story, liked the story or even know that it is being promoted in their name.”).
subsequently shut down. It requires “Alice in Wonderland” logic to see this as anything but a major setback for the privacy rights of Facebook users.

Under the original Statement of Rights and Responsibilities, Facebook said to users:

You can use your privacy settings to limit how your name and profile picture may be associated with commercial, sponsored, or related content (such as a brand you like) served or enhanced by us. You give us permission to use your name and profile picture in connection with that content, subject to the limits you place.

Under the Proposed Statement of Rights and Responsibilities, Facebook now says:

You give us permission to use your name, profile picture, content, and information in connection with commercial, sponsored, or related content (such as a brand you like) served or enhanced by us. This means, for example, that you permit a business or other entity to pay us to display your name and/or profile picture with your content or information, without any compensation to you.

The impact on minors is particularly pernicious. According to the proposed policy changes, Facebook simply asserts:

If you are under the age of eighteen (18), or under any other applicable age of majority, you represent that at least one of your parents or legal guardians has also agreed to the terms of this section (and the use of your name, profile picture, content, and information) on your behalf.

Such “deemed consent” eviscerates any meaningful limits over the commercial exploitation of the images and names of young Facebook users.

Facebook is also proposing to dramatically expand the use of personal information for advertising purposes. Originally, the Facebook Data User Policy said:

We do not share any of your information with advertisers (unless, of course, you give us permission). As described in this policy, we may share your information when we have removed it anything that personally identifies you or combined it with other information so that it no longer personally identifies you. We use the information we

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1 Barbara Ortutay, Facebook to end Beacon tracking tool in settlement, USA TODAY (Sept. 21, 2009), http://usatoday30.usatoday.com/tech/hoi/sites/2009-09-21-facebook-beacon_N.htm?esp=34.

4 Vindu Goel, Facebook to Update Privacy Policy, but Adjusting Settings Is No Easier, NYTOKES (BNS BLOG) (Aug. 29, 2013), http://bits.blogs.nytimes.com/2013/08/29/facebook-to-update-privacy-policy-but-adjusting-settings-is-no-easier?hpw&.r=1 (“It brings to mind Humpty Dumpty in Lewis Carroll’s "Through the Looking Glass." As he told young Alice, “When I use a word, it means just what I choose it to mean — neither more nor less.””)


7 Id.
receive, including the information you provide at registration or add to your account or timeline, to deliver ads and to make them more relevant to you. This includes all of the things you share and do on Facebook, such as the Pages you like or key words from your stories, and the things we infer from your use of Facebook.8

Under the Proposed Data Use Policy, Facebook now says:

... we may use all of the information we receive about you to serve ads that are more relevant to you. For example, this includes:

- information you provide at registration or add to your account or timeline,
- things you share and do on Facebook, such as what you like, and your interactions with advertisements, partners, or apps,
- keywords from your stories, and
- things we infer from your use of Facebook.9

Facebook also makes the remarkable claim under the proposed new policies that “User names and User ID’s are the same thing.” This reflects a profound misunderstanding of privacy protection – names are often ambiguous, User IDs are unique identifiers, and it is the misuse of User IDs that has contributed to many of the privacy problems on Facebook.10

The Federal Trade Commission must act now to protect the interests of Facebook users and to ensure compliance with the 2011 Order.11 The Order requires that, “prior to any sharing of a user’s nonpublic user information by [Facebook] with any third party, which materially exceeds the restrictions imposed by a user’s privacy setting(s),” Facebook must make a “clear[] and prominent[]” disclosure and obtain the “affirmative express consent” of the user.12 “Nonpublic user information” is “covered information that is restricted by one or more privacy setting(s).”13 A privacy setting is “any control or setting provided by [Facebook] that allows a user to restrict which individuals or entities can access or view covered information.”14 “Third parties” are, subject to limited exceptions, “any individual or entity that uses or receives covered information obtained by or on behalf of [Facebook] . . . .”15

Facebook’s proposed policy changes violate the terms of the Order. Under the proposed policy, Facebook may create advertisements using an individual’s “name, and profile picture, content, and information in connection with commercial, sponsored, or related content (such as a brand [they] like) served or enhanced by [Facebook].”16 By associating a user’s “name, profile

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8 Data Use Policy, FACEBOOK, https://www.facebook.com/full_data_use_policy
10 Emily Steel and Geoffrey Fowler, Facebook in Privacy Breach, WALL STREET JOURNAL (Oct. 17, 2010), (revealing that Facebook users’ numeric profile IDs were being leaked to third party advertising companies).
11 See Facebook, Inc., FTC Docket No. C-4365 (2012) (Decision and Order),
12 FTC Facebook Consent Order, ¶ 11.
13 FTC Facebook Consent Order, ¶ 5.
14 FTC Facebook Consent Order, ¶ 6.
15 FTC Facebook Consent Order, ¶ 8.

Letter to FTC re: Sponsored Stories 3 Sept. 4, 2013
picture, content, and information” with commercial content, Facebook creates new
advertisements. These advertisements represent “nonpublic user information” because they
consist of information that had previously been restricted by the user’s privacy settings,
specifically the user’s choice whether or not to disclose information for a particular purpose.17
Furthermore, these advertisements are disclosed to “third parties”: the user’s Facebook contacts.
Thus, Facebook’s proposed policy violates the Order’s prohibition on sharing information without
user consent.

Furthermore, as quoted above, the amended language involving teens—far from getting
affirmative express consent from a responsible adult—_attempts to “deem” that teenagers
“represent” that a parent, who has been given no notice, have consented to give up teens’ private
information. This is contrary to the Order and FTC’s recognition that teens are a sensitive group,
owed extra privacy protections.18

The urgency of FTC action is underscored also by specific actions taken by Facebook to
deprive users of the opportunity to express their views on proposed changes and even to organize
with other users. On November 21, 2012 Facebook revised its governing documents to prevent
users from voting on proposed changes.19 In 2010 FB shut down all of the privacy groups on
Facebook, including “FB users against new TOS,” which had more than 150,000 members.20 And
Facebook subsequently revised its governing documents to prevent the use of the company’s name
in any Facebook group, including groups that were formed to protest Facebook’s business
practices.21

We urge you to act. The right of a person to control the use of their image for commercial
purposes is the cornerstone of modern privacy law.22 Consumer privacy groups have worked
diligently to preserve this right and to protect the interests of Facebook users. Now it is up to the
FTC based on the Order that is already in place.

17 See Data Use Policy, Part II, FACEBOOK, https://www.facebook.com/full_data_use_policy (last visited Sept. 1,
2013) (describing the privacy settings under “control each time you post” and “control over your timeline”).
18 FTC, PROTECTING CONSUMER PRIVACY IN AN ERA OF RAPID CHANGE 60 (2012), available at
19 Elliot Schrage, Proposed Updates to Our Governing Documents, FACEBOOK (Nov. 21, 2012),
https://www.facebook.com/notes/facebook-site-governance/proposed-updates-to-our-governing-
documents/10152304935685301.
20 See Shiv Malik, Facebook Accused of Removing Activists’ Pages, THE GUARDIAN, Apr. 29, 2011,
see also Facebook Old Groups Migration to New Groups: What You Need to Know, FACEBOOK (May 10, 2011),
https://www.facebook.com/notes/mari-smith/facebook-old-groups-migration-to-new-groups-what-you-need-to-
know/10150249514781340
22 See Robertson v. Rochester Folding Box Co., 171 N.Y. 538, 557, 64 N.E. 442, 448 (1902) disapproved of by
Vanderbilt v. Mitchell, 72 N.J. Eq. 910, 67 A. 97 (1907). After Robertson, the New York state legislature enacted a
statute protecting against the unauthorized use without consent of “the name, portrait or picture of any living person”
for “advertising purposes, or for the purposes of trade.” 1903 N.Y. Laws ch. 132, §§ 1-2. Similar exists now in
virtually every state in the country.

Letter to FTC re: Sponsored Stories 4 Sept. 4, 2013
Respectfully,

/s/ Marc Rotenberg
Marc Rotenberg, Executive Director
Electronic Privacy Information Center (EPIC)

/s/ Jeff Chester
Jeff Chester, Executive Director
Center for Digital Democracy (CDD)

/s/ John Simpson
John Simpson, Privacy Project Director
Consumer Watchdog

/s/ Deborah Peel
Deborah Peel, Founder and Chair
Patient Privacy Rights

/s/ Edmund Mierzwinski
Edmund Mierzwinski, Consumer Program Director
U.S. PIRG

/s/ Beth Givens
Beth Givens, Director
Privacy Rights Clearinghouse

Cc:
Mark Pryor, Chairman, Senate Commerce Subcommittee on Consumer Protection, Product Safety, and Insurance
Marco Rubio, Ranking Member, Senate Commerce Subcommittee on Consumer Protection, Product Safety, and Insurance
Lee Terry, Chairman, House Energy Subcommittee on Commerce, Manufacturing and Trade
Jan Schakowsky, Ranking Member, House Energy Subcommittee on Commerce, Manufacturing and Trade

J.B. Van Hollen, President, National Association of Attorneys General (NAAG)
Yes please.

(b)(5)

Please let me know if you have questions. Thanks!

FYI, here are FB's updated responses to Enforcement. I am trying to find out the schedule for asking FB more follow up questions, so we can make sure all our issues are covered. Will let you know.
Laura Koss  
Senior Attorney  
Federal Trade Commission | Division of Enforcement  
600 Pennsylvania Ave., N.W. | Mail Drop M-8102B | Washington DC 20580  
t: 202.326.2890 | f: 202.326.3558 | lkoss@ftc.gov

From: Beringer, S. Ashlie (mailto:ABeringer@gibsondunn.com)  
Sent: Thursday, September 12, 2013 8:48 PM  
To: Koss, Laura; Edward Palmieri; Daniel Li (dli@fb.com)  
Cc: Kim, Reenah; Kohm, James A.; Wolfe, Douglas; Hall, Jennifer  
Subject: RE: Additional Questions

Dear Laura, James, and Reenah,

Thank you for your time, both in speaking with us on Tuesday and in reviewing our answers to your questions. We appreciate your feedback.

(b)(3):6(f),(b)(4)
Best regards,

Ashlie Beringer

GIBSON DUNN

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ABeringer@gibsondunn.com • www.gibsondunn.com

From: Koss, Laura [mailto:LK oss@ftc.gov]
Sent: Monday, September 09, 2013 1:00 PM
To: Edward Palmieri; Daniel Li (dli@fb.com)
September 17, 2013

Edith Ramirez
Chairwoman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairwoman Ramirez:

As organizations concerned about the health and welfare of America’s teens, we urge you to protect this vulnerable group from the proposed new Facebook policy on marketing and advertising. Facebook’s policy will give it permission to use the name, profile picture, content, and other actions of teens (and all other users) for commercial purposes without compensation. It also requires 13-to-17-year-olds, as a new condition of service, to “represent that at least one of your parents or legal guardians has also agreed to the terms of this section (and the use of your name, profile picture, content, and information) on your behalf.” The FTC, which has acknowledged that teens require special privacy safeguards, must act now to limit the ways in which Facebook collects data and engages in targeted marketing directed at adolescents.
Children’s Advocacy Institute
Children Now
Consumers Union
Consumer Watchdog
Corporate Accountability International
Pediatrics Now
Prevention Institute
Public Citizen
Public Health Advocacy Institute
Public Health Institute
Media Alliance
Media Literacy Project
Mercy Hospital’s Young People’s Healthy Heart Program
National Collaboration for Youth
Shaping Youth
United Church of Christ, OC Inc.
Yale Rudd Center for Food Policy and Obesity

cc: Commissioner Julie Brill
Commissioner Maureen K. Ohlhausen
Commissioner Joshua D. Wright
African American Collaborative Obesity Research Network
American Academy of Child and Adolescent Psychiatry
American Academy of Pediatrics
Benton Foundation
Berkeley Media Studies Group
Campaign for a Commercial-Free Childhood
Center for Digital Democracy
Center for Global Policy Solutions
Center for Media Justice
Center for Science in the Public Interest
Children's Advocacy Institute
Children Now
Consumers Union
Consumer Watchdog
Corporate Accountability International
Pediatrics Now
Prevention Institute
Public Citizen
Public Health Advocacy Institute
Public Health Institute
Media Alliance
Media Literacy Project
Mercy Hospital's Young People's Healthy Heart Program
National Collaboration for Youth
Shaping Youth
United Church of Christ, OC Inc.
Yale Rudd Center for Food Policy and Obesity
cc: Commissioner Julie Brill
    Commissioner Maureen K. Ohlhausen
    Commissioner Joshua D. Wright