

Facebook has had a terrible, horrible, no good, very bad week. Francis Haugen, the whistleblower who revealed thousands of pages of Facebook's internal documents to the Wall Street Journal, revealed her identity on Sunday in a *60 Minutes* interview and testified before a U.S. Senate subcommittee on Tuesday. This bad news was compounded by the outage of Facebook's servers for Facebook, Instagram, Whatsapp for the greater portion of Monday, the longest outage that Facebook had suffered for two years. This outage led to a nosedive in Facebook's stock price, costing both Mark Zuckerberg and shareholders collectively billions of dollars.

Allegations from Haugen include familiar accusations that Facebook sows political discord by the posts and information they promote to users' feeds. Facebook has invested billions of dollars to try to combat this problem, including hiring 40,000 content moderators and using machine learning to try to eliminate hate speech and disinformation, such as anti-vaccine content.<sup>1</sup> Haugen specifically alleges that Facebook disbanded its "civic integrity" team after the 2020 election. This unit worked to fight disinformation and other attacks on democratic elections.

These and similar allegations over the past five years have not discouraged investors, as the stock price has steadily climbed. One new allegation raised by Haugen, however, might be a cause for concern to investors. Haugen claims that Facebook misled its investors and advertisers about the count of its users. Facebook does not factor in the amount of accounts that may be duplicates or fake. This can lead to discrepancies in statistics that are important to investors, for their calculations of revenues per user, and advertisers, for accurate counts on the audience their advertisements reach.<sup>2</sup>

On the heels of the whistleblower documents, Facebook suffered an outage on its social media platforms for anywhere from six to eight hours on Monday. This outage was caused by configuration changes on Facebook's routers that coordinate internet traffic between Facebook's servers, leaving users unable to contact Facebook's servers with their devices.<sup>3</sup>

The outage and Facebook's inability to resolve it quickly could shake investor, user, and advertiser confidence in the company. Businesses who rely on Facebook as a platform for advertisements and sales were also collateral damage in the outage, as they lost an entire day of work.

Mounting pressure from allegations of disseminating disinformation, allowing hateful content, and misleading investors and advertisers combined with Monday's technological struggles and their consequences have led to renewed calls for regulation of Facebook in both the United States and Europe. Following her testimony in front of the Senate subcommittee, Haugen has been in touch with politicians in Europe about tech regulation, including Thierry Breton, a European commissioner responsible for drafting European Union legislation on tech companies. Some proposed solutions include forcing Facebook and other big tech platforms to disclose information about their algorithms and moderation practices to government regulators.<sup>4</sup>

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<sup>1</sup> <https://www.ft.com/content/2dbf79af-6dc5-4c98-90f0-af396c13e3ad>

<sup>2</sup> <https://www.ft.com/content/3efd0b49-0dc3-41c5-b4b5-1f553d7bbc23>

<sup>3</sup> <https://www.npr.org/2021/10/05/1043211171/facebook-instagram-whatsapp-outage-business-impact>

<sup>4</sup> <https://www.nytimes.com/2021/10/06/technology/facebook-european-union-regulation.html>

While it remains to be seen if this pressure will materialize into regulation of major tech platforms, Facebook will certainly be eager to stay out of the news after this week.

Article summary: Facebook was rocked this week by a whistleblower revealing thousands of internal documents and a long outage of its most popular platforms. Fallout from these events is leading to increased political pressure to regulate Facebook and other social media platforms.

Personal summary: Jonathan is 2L at Vanderbilt Law School from Grand Rapids, Michigan. Jonathan will be focusing on a corporate practice at Honigman in Grand Rapids next summer and enjoys watching basketball and playing the guitar in his free time.