

— ANONYMOUS WHISTLEBLOWER DISCLOSURE —

[REDACTED]

SEC Office of the Whistleblower
Via Online Portal & Fax

Re: Supplemental Disclosure of Securities Law Violations by Facebook, Inc. (NASDAQ: FB), SEC TCR # [REDACTED]

Facebook misled investors and the public about its promotion of human trafficking / slavery / servitude.

To the SEC Office of the Whistleblower:

1. The instant letter is one of multiple disclosures related to the above-captioned matter. Our anonymous client is disclosing original evidence showing that **Facebook, Inc. (NASDAQ: FB)** has, for years past and ongoing, violated U.S. securities laws by making **material misrepresentations and omissions in statements to investors and prospective investors**, including, *inter alia*, through filings with the SEC, testimony to Congress, online statements and media stories.
2. **Summary.** In particular, despite reassuring investors and the public that “a lot of work” has been done on human trafficking and related issues,¹ Facebook’s internal investigation confirms that the “platform enables all three stages of the human exploitation lifecycle,” even leading Apple to threaten removal from the App Store and causing significant and long-term risks to Facebook and its investors.
3. On the Apple App Store, Instagram is approved for ages “12+,” because it contains “infrequent/mild sexual content” and “infrequent/mild mature/suggestive themes.”² (Note that Instagram’s policy requires users to be at least 13 years of age; there is an apparent discrepancy between Apple and Instagram policies for 12-year-old children.)

¹ Facebook defines “human trafficking” as including slavery, servitude, forced or compulsory labor, and other activities. [https://s21.q4cdn.com/399680738/files/doc_downloads/2020/06/2020-Facebook's-Anti-Slavery-and-Human-Trafficking-Statement-\(FINAL\).pdf](https://s21.q4cdn.com/399680738/files/doc_downloads/2020/06/2020-Facebook's-Anti-Slavery-and-Human-Trafficking-Statement-(FINAL).pdf).

²<https://apps.apple.com/us/app/instagram/id389801252>.

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FACEBOOK HAS MADE MATERIAL MISSTATEMENTS AND OMISSIONS**4. Facebook's Public Pages and Policies.**

5. Facebook's Community Standards state:

"In an effort to disrupt and prevent harm, we remove content that facilitates or coordinates the exploitation of humans, including human trafficking."³ (emphasis added)

6. Facebook's Anti-Slavery and Human Trafficking Statement further provides:

"Facebook is opposed to all forms of human trafficking, slavery, servitude, forced or compulsory labor, and all other trafficking-related activities (together, "human trafficking"). We are committed to fully complying with all applicable labor and employment laws, rules, and regulations, and to working to mitigate the risk of human trafficking in our business and supply chains . . . In an effort to disrupt and prevent harm, we remove content on Facebook that facilitates or coordinates the exploitation of humans, including human trafficking."⁴ (emphasis added)

7. Facebook's Statements to the Media and in Litigation.

8. CBS reported that Facebook made the following representations to CBS, as reported in the article updated June 10, 2021:

"Sex trafficking and child exploitation are abhorrent and we don't allow them on Facebook. We have policies and technology to prevent these types of abuses and take down any content that violates our rules. . . We also work with safety groups, anti-trafficking organizations and other technology companies to address this and we report all apparent instances of child sexual exploitation to the National Center for Missing and Exploited Children."⁵ (emphasis added)

³ https://www.facebook.com/communitystandards/human_exploitation.

⁴ [https://s21.q4cdn.com/399680738/files/doc_downloads/2020/06/2020-Facebook's-Anti-Slavery-and-Human-Trafficking-Statement-\(FINAL\).pdf](https://s21.q4cdn.com/399680738/files/doc_downloads/2020/06/2020-Facebook's-Anti-Slavery-and-Human-Trafficking-Statement-(FINAL).pdf).

⁵ <https://www.cbsnews.com/news/facebook-sex-trafficking-online-recruitment-report/>

9. Further, in multiple lawsuits claiming that Facebook has not implemented effective safeguards against sex trafficking on the platform, for example by prioritizing advertising revenue over public service announcements, Facebook has tried to raise Section 230 as a shield against liability, which recent case law has rejected.⁶

FACEBOOK'S KNOWLEDGE OF HUMAN TRAFFICKING ON ITS PLATFORMS.

10. **Internal company documents show that Facebook and Instagram were, and are, being used to promote human trafficking and domestic servitude.** An internal Facebook record created no later than April 2019 states:

"We have observed increasing number of reported content that indicates that the platform is being used to coordinate and promote domestic servitude . . . real world harm caused by domestic servitude as well as risk to the business due to potential PR fires . . ." (emphasis added)

11. BBC Arabic Investigation.

12. Notably, there was widespread media coverage of an "undercover investigation by BBC News Arabic" in or around October 2019, which found that "domestic workers are being illegally bought and sold online in a booming black market . . . on Facebook-owned Instagram, where posts have been promoted via algorithm-boosted hashtags, and sales negotiated via private messages."⁸
13. As reported by BBC News, this practice on Facebook/Instagram and other apps was identified as a "quintessential example of modern slavery" by a UN representative.⁹
14. However, even after this news coverage, Facebook's regular SEC filings continually omitted specific references to trafficking, domestic servitude, human slavery, and the Apple App Store escalation.

⁶ *In re Facebook, Inc.*, 625 S.W.3d 80 (Tex. 2021); <https://www.bloomberg.com/news/articles/2021-06-25/facebook-must-face-claims-linked-to-sex-trafficking-judge-says>.

⁷ See 28/27 *Domestic Servitude Global Analysis document*, at 1.

⁸<https://www.bbc.com/news/technology-50228549>.

⁹<https://www.bbc.com/news/technology-50228549>.

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15. **In fact, Facebook’s failure to solve human trafficking and servitude on its platforms threatened its distribution on the Apple App Store.** Moreover, as the enclosed Facebook records show, Facebook’s statements about human trafficking were false. For example, Facebook has confirmed:

“On 23rd October [2019] we received communication from Apple where the company threatened to pull FB & IG apps from its App Store due to them identifying content promoting ‘domestic servitude’ . . .

Apple escalation was linked to the findings of the BBC investigation into Domestic Servitude content on IG & FB, which identified our apps (and Apple’s platform, Apps Store) being used to buy and sell domestic workers in the Gulf Region. At the time, BBC approached Facebook in relation to the investigation prior to the Apple escalation and shared violating hashtags . . .

However, due to the underreporting of this behaviour and absence of proactive detection, newly created and existing content not captured in the IG sweep meant that domestic servitude content remained on the platform.¹⁰ (emphasis added)

“Was this issue known to Facebook before BBC enquiry and Apple escalation? Yes.”¹¹

“we found users did discover the IG domestic servitude accounts using Search . . . currently we aren’t logging the information to determine how users found the IG accounts.”¹²

*“FB is the primary vehicle that domestic workers from the Philippines - - probably the most significant source country - - use to communicate with recruitment agencies about off-platform exploitation . . . 89% . . . were undetectable for scaled review. . . Our best opportunity to reduce this type of human exploitation on the platform is a preventive educational campaign . . . We also propose several recommendations to improve our enforcement . . . by using our current approach, **we are under-enforcing on confirmed abusive activity with a nexus to the platform.**”¹³ (emphasis added)*

¹⁰ See [REDACTED] Apple Escalation - How we made it through this SEV document, at p. 2.

¹¹ See [REDACTED] Apple Escalation - How we made it through this SEV document, at p. 3.

¹² See [REDACTED] Domestic Servitude and Tracking in the Middle East - a SEV Deep Dive document, at 2.

¹³ See [REDACTED] Domestic Servitude document, at pp. 1-4, 12.

*“Our investigative findings demonstrate that . . . **our platform enables all three stages of the human exploitation lifecycle** (recruitment, facilitation, exploitation) via complex real-world networks . . . The traffickers, recruiters and facilitators from these ‘agencies’ used FB profiles, IG profiles, Pages, Messenger and WhatsApp”¹⁴ (emphasis added)*

“Human Trafficking . . . Unresolved model for investigative flows led to ambiguity on responsibilities . . . Understand exercise for HEx [human exploitation] deprioritized.”¹⁵

*“**encryption will preclude investigators’ access to inboxes and potentially make it impossible to accurately evaluate the violating status of recruitment-related agencies** . . . [but a] preventative approach could lead to a significant reduction in real-world domestic servitude abuse . . . via the Facebook platform.”¹⁶ (emphasis added)*

16. Facebook’s public statements, cited above, contradicted Facebook’s actual internal knowledge of how its platforms were being used, and constituted material misstatements and/or omissions.

17. Facebook Has Admitted That Human Trafficking is a Material Issue.

18. Investors would have been very interested to learn the truth about Facebook almost losing access to the Apple App Store because of its failure to stop human trafficking on its products. In its public securities filings (e.g., 10-K¹⁷ and 10-Q¹⁸) Facebook has acknowledged that it depends heavily on the Apple App Store:

*“We generate substantially all of our revenue from advertising. **The loss of marketers, or reduction in spending by marketers, could seriously harm our business** . . . **Our advertising revenue can also be adversely affected by a number of other factors, including** . . . changes to third-party policies that limit our ability to deliver, target, or measure the effectiveness of advertising, including **changes by mobile operating system and browser providers such as Apple and Google.**” (emphasis added)*

¹⁴ See [REDACTED] *Domestic Servitude and Tracking in the Middle East - a SEV Deep Dive document*, at pp. 3-6.

¹⁵ See [REDACTED] *Human Trafficking 2020H1 i3 Roadmap document*, at 1.

¹⁶ See [REDACTED] *Domestic Servitude Awareness Project - Preventative Approach document*, at p. 5.

¹⁷<https://sec.report/Document/0001326801-21-000014/>.

¹⁸<https://sec.report/Document/0001326801-21-000049/>.

19. **Role for the SEC.** The SEC is charged with enforcing the laws that protect investors in public companies like Facebook. Facebook's investors care about misrepresentations and omissions by Mark Zuckerberg and other Facebook executives on the topic of human trafficking for two reasons: First, to the extent that users and their parents become aware of the dangers that Facebook platforms present, they are likely to use the platforms less, leading to lower advertising revenue and lower profits. Second, some investors simply will not want to invest in a company that facilitates human trafficking and then engages in misstatements and omissions on the topic.

20. Whistleblower Aid is a non-profit legal organization that helps workers report their concerns about violations of the law safely, lawfully, and responsibly. We respectfully request the SEC's assistance ensuring that our client never faces retaliation.

21. On information and belief, none of the documents enclosed here constitute attorney-client communications, were obtained during a meeting with an attorney, or otherwise indicate that they are in any way privileged.

22. We plan to continue supplementing this disclosure with additional information and evidence. Our client would be happy to meet with investigators at your convenience. Please feel free to contact us using the information below.

23. We are representing an anonymous whistleblower who is making the above disclosures solely for reporting the suspected violation of laws as outlined.

Sincerely,



John N. Tye, Attorney at Law
Chief Disclosure Officer



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Andrew Bakaj, Attorney at Law
Of Counsel

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[REDACTED]

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Enclosures: Internal Facebook documents including —

- [REDACTED] Domestic Servitude
- [REDACTED] Human Exploitation Investigative Trends
- [REDACTED] Apple Escalation - How we made it through this SEV
- [REDACTED] Domestic Servitude and Tracking in the Middle East - a SEV Deep Dive
- [REDACTED] Domestic Servitude and Tracking in the Middle East - a SEV Deep Dive
- [REDACTED] Human Trafficking 2020H1 i3 Roadmap
- [REDACTED] Domestic Servitude Global Analysis
- [REDACTED] Domestic Servitude Reading
- [REDACTED] Trends in Domestic Servitude
- [REDACTED] Three Examples of Domestic Servitude Disruptions
- [REDACTED] Domestic Servitude 2020 Q4 Investigation
- [REDACTED] Domestic Servitude Awareness Project - Preventative Approach
- [REDACTED] Understanding the Intersection between Criminal Organizations and Human Trafficking